

FY 2021 Performance and Accountability Report



Selective Service System

SELECTIVE SERVICE SYSTEM

November 15, 2021

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From the Director

The Selective Service System (SSS) presents the Performance and Accountability Report (PAR) for Fiscal Year (FY) 2021. This report contains the results of this year's audit of the Agency's financial statements, measures performance against FY 2021 goals and objectives, highlights the past year's accomplishments, and identifies future challenges.

The Agency made significant advances towards the goals and objectives in the Strategic Plan for FY 2021 and performed multiple operational exercises that continued to improve the ability to conduct a draft in the event of a national emergency. The IT Directorate advanced modernization efforts, delivering new tools for employees and registration customers while ensuring the cybersecurity of the Federal Government's 4th largest database containing personally identifiable information (PII). Most importantly, the Agency took care of its greatest assets, the Selective Service employees, and was recognized by the Partnership for Public Service as one of the Best Places to Work all while navigating the complex challenges of COVID-19.

The financial statements contained in the FY 2021 PAR fairly represent the Agency's financial position and were prepared in accordance with generally accepted accounting principles and the Office of Management and Budget Circular A-136, Financial Reporting Requirements. Due to the extraordinary efforts of the SSS team in addressing the shortfalls uncovered in our FY 2020 audit, I am delighted to report that SSS received an unmodified ("clean") financial audit opinion.

Craig T. Brown
Acting Director
November 15, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AGENCY AT A GLANCE

VISION

We are a trusted, actively engaged National Defense partner, and the sole source of conscripted talent for national security in the event of a national emergency.

MISSION

To register men and maintain a system that, when authorized by the President and Congress, rapidly provides personnel in a fair and equitable manner while managing an alternative service program for conscientious objectors.

Although the registration process is the only component publicly visible today, other components of our mission increase timeliness, fairness, and equity in the event of an actual return to conscription. The higher the registration rate, the more fair and equitable any future draft will be for each registrant. The Agency works through its registration and compliance programs to: (1) register all eligible men; (2) identify non-registrants and remind them of their obligation to register; and (3) inform young men that they need to register to remain eligible for numerous federal and state benefits, which include student financial aid, job training, government employment, state driver's licenses, and U.S. citizenship for male immigrants.

Many states and U.S. territories reinforce the registration requirement by implementing laws that require or allow men to register with the Selective Service System (SSS) for job training, employment, and/or student financial aid, as well as when they apply for a state driver's license or identification card. Providing more accessible ways for electronic registrations (through sources such as driver's license legislation, the Internet, and interactive voice recognition by phone) reduces the cost per registration and advances the efficiency of the overall registration process.

The essential requirement of the statutory SSS mission is to manage a conscription program for the U.S. Armed Forces, if authorized by Congress and directed by the President. In this event, SSS will hold a national draft lottery, contact those registrants selected through the lottery process, and transport them to a Military Entrance Processing Station (MEPS) for testing and evaluation for military service.

Once notified of the results of his evaluation at the MEPS, a registrant may choose to file a claim for exemption, postponement, or deferment. If a claimant is re-classified by his local board as a conscientious objector (CO), he has a requirement to serve in a non-military capacity for two years. The SSS places these workers into its Alternative Service Program with non-military employers and tracks their fulfillment of the two-year service requirement.

As the Agency embraces its traditional mission, it also focuses on the future. The SSS leadership understands that both national and international events require fresh perspectives and a clear recognition of changing realities. Therefore, SSS stands ready to respond to future events at the level of readiness determined by elected national policy makers and available resources.

HISTORY

For more than 100 years, SSS and the registration requirement for America's young men have served as a backup system to provide manpower to the U.S. Armed Forces during times of national crisis.

In 1917, the Selective Service Act established SSS as an independent federal civilian agency, while the Selective Training and Service Act of 1940 initiated the first draft to conscript during peacetime. Other than a brief suspension of the registration requirement from 1975 to 1980, registration has continued uninterrupted.

To accommodate the uncertainty of the future, the Agency has built flexibility into its programs, systems, and plans. The Agency has used its resources as efficiently and effectively as possible and appropriately adjusted program readiness to satisfy budgetary constraints and policy guidance.

As the bipartisan National Commission on Military, National, and Public Service testified before Congress, this year, they recommended the need to "Maintain a military draft mechanism in the event of national emergencies: To meet military personnel needs in the face of future threats and to demonstrate America's resolve to international allies and adversaries, the nation needs the Selective Service System to remain a viable U.S. national security institution."

ORGANIZATION

The SSS has a diverse cadre of full-time civilian employees, part-time state directors and military personnel, and part-time volunteer private citizens dedicated to satisfying its statutory goals of peacetime registration and maintaining the capability to conduct conscription. By far, the largest component of the Agency's workforce is the pool of approximately 9,300 volunteers. These volunteers are civilian men and women who serve as local, district, and national appeals board members. When activated, these citizen volunteers will determine the classification status of men within their community seeking exemption or deferment, based on conscientious objection, hardship to dependents, or their status as ministers or ministerial students, as well as postponements for college students finishing their current semester or college seniors enrolling for their last full academic year.

PERFORMANCE HIGHLIGHTS

GOALS OVERVIEW

The SSS has five strategic goals directed toward the achievement of its statutory mission.

Goal 1: Provide timely manpower to the Department of Defense.

Goal 2: Maintain a robust structure for managing alternative service for conscientious objectors (COs).

Goal 3: Ensure management excellence by promoting economy, efficiency, and effectiveness throughout Selective Service System programs and supporting operations.

Goal 4: Ensure all internal agency systems are modernized, operationally ready and are appropriately scalable, capable, and optimized to meet national security requirements with maximum efficiency and minimum cost.

Goal 5: Create and maintain a high-performance culture.

GOAL 1: Provide timely manpower to the Department of Defense.

Objective 1 – Increase registration and improve data integrity.

Registration is a critical component of Selective Service’s readiness and a key part of our mission during peacetime. The intent of this objective is to reach out to young men and their key influencers to emphasize the message that registration is the law while ensuring the data we receive is accurate and securely managed. The Public and Intergovernmental Affairs (PIA) Directorate supported this objective by using a variety of advertising platforms, including quarterly digital media campaigns, email campaigns, and outside-of-home advertising to touch as many individuals as possible.

Ultimately, the desired result for these registration initiatives is to boost the overall registration rate in the 18-year-old demographic. The higher the national registration compliance rate, the more fair and equitable the draft would be for each registered individual. The Agency performs a full spectrum of registration awareness activities, together with automated compliance endeavors, to: (1) identify non-registrants and remind them of their obligation to register, and (2) inform young men of the requirement to register to remain eligible for student financial aid, job training, government employment, and U.S. citizenship for male immigrants.

For Calendar Year (CY) 2020, the latest complete year of registration statistics, the national overall estimated registration compliance rate was 91 percent, a one percentage point decrease from CY 2019 for men ages 18 through 25.

Objective 2 – Improve the ability to call, classify, and deliver manpower to DoD when required.

The Agency’s primary mission is to manage a conscription program for the Department of Defense, if authorized by Congress and directed by the President. To accomplish this mission, SSS has to be ready to execute a national draft lottery, contact registrants selected through the lottery process, and arrange for their transportation to a Military Entrance Processing Station (MEPS) for testing and evaluation before induction for military service. Once notified of the results of his evaluation at MEPS, a registrant receiving induction orders would then have the opportunity to file a claim for deferment, exemption, or postponement.

If the President and Congress agree that a return to conscription is required, SSS will undergo a massive expansion. The Agency must rapidly hire personnel, procure equipment, and expand its presence to hold a draft lottery, issue orders for induction, and reclassify inductees. To do that, current plans rely on a series of agreements with key partners, a network of military Reservists and local and district appeals board volunteers.

In FY 2021, SSS increased the scope of its Exercise Program, diving deeper into the Agency’s capability of holding a fair and equitable lottery while performing a number of the required tasks remotely. Exercise

expansion included Region-led local board exercises and a Navy-led table top exercise on initial mobilization steps. The identified improvements will be the focus as the Agency moves into FY 2022.

During FY 2021, the Agency delivered new initial training for approximately 9,300 board members to ensure the retention and enhancement of operational knowledge in the event the nation returns to conscription. The Agency continues to develop continuation training that will be added to SSS' online arsenal. SSS also upgraded the online training software for better compatibility to all possible platforms being used by local board members.

Objective 3 – Update relationships with stakeholders.

The SSS does not operate in a vacuum and shares dozens of partnerships at the federal, state, and local levels. The Agency leverages these relationships every day, and the codification of these relationships becomes critical in an expansion scenario. In the event of a national emergency, SSS will rely on these partnerships established over the course of over 80 years of operations.

In FY 2021, the Agency leveraged Regions, State Directors, and Reserve Service Members to develop key stakeholders throughout each state to increase the Agency's outreach efforts.

The Agency had a series of successful meetings during FY 2021 with The White House, Office of Management and Budget, Department of Education, Office of Personnel Management, Department of Veterans Affairs, House and Senate Armed Services Committees Professional Staff, members of Congress and their staff, Department of Justice, and multiple state governments.

During FY 2021, the PIA Directorate implemented a direct email campaign to ensure various stakeholders were provided sufficient information regarding the Agency's role in the event of a national emergency. Additionally, PIA created four informative toolkit that outlined specific Selective Service information for our stakeholders. Most noteworthy was a Teacher's Guide Lesson Plan. The Teacher's Guide, shared with chief educators and state of education directors across the nation, included the history of the Selective Service System and elaborated on the opportunities provided to young men when registering with Selective Service. The SSS also continued its longstanding partnership with the National Federation of State High School Associations (NFHS) and delivered the registration awareness message through video, digital, and print advertising platforms. To complement this partnership, the Agency created an NFHS Leader's Toolkit to enable athletic directors, coaches, and administrators to amplify registration requirement for all men.

Additionally, in FY 2021, the PIA Directorate created and updated other information toolkits to increase registration awareness and facilitate information to key partners through supplementary resources, including available outreach materials for volunteers and community leaders.

Goal 2: Maintain a robust structure for managing alternative service for conscientious objectors (COs).

Objective 1 – Refine the alternative service employer network structure.

A second, but equally important, part of the SSS mission is to provide employment that is important to the nation for those who conscientiously object to serving in the military. Whereas inductees who are mentally, morally, and physically fit to serve in the military and do not request further reclassification are managed by DoD, SSS is responsible for the entire scope of the Alternative Service Program:

identification of potential employers that comply with federal law, placement, monitoring, reassignment if required, and reclassification once work is complete. The Alternative Service Program relies heavily on peacetime agreements with federal, state, and corporate entities. These memoranda of understanding (MOUs) create the relationship that will be further defined if there is a return to induction.

The SSS continues to sign MOUs with new federal agencies, and added multiple state agencies as well.

Objective 2 – Improve the ability to execute an Alternative Service Program (ASP) when required.

If an inductee was to be reclassified as a conscientious objector (CO) by his local board, he has a requirement to serve in a non-military capacity for two years. The SSS would place these alternative service workers into its Alternative Service Program with non-military employers and track their fulfillment of two years of service in the Alternative Service Employment Network. In effect, SSS would act as a national (and potentially international) employment service for COs. This mission aspect requires detailed plans to comply with the Military Selective Service Act's requirement that SSS be in "active standby."

In FY 2021, the Agency continued documenting and creating agreements with large organizations that will help provide Alternative Service opportunities in the event of a future mobilization.

GOAL 3: Ensure management excellence by promoting economy, efficiency, and effectiveness throughout Selective Service System programs and supporting operations.

Objective 1 – Provide courteous, timely, and accurate customer service to internal and external customers.

In addition to maintaining an accurate database that would serve as the foundation for induction and appeals in the event of a national emergency, accurate and timely processing of public inquiries provides positive customer experience to men applying for benefits associated with the registration requirement.

Providing excellence in public service is a major objective of the Agency. For external customers, SSS provides information pertaining to legislative matters, policies, procedures, and information contained in specific records. Such information is provided to both individuals and to public and private institutions. Processing and responding to inquiries addressing SSS matters are important in an open, transparent government and warrant the highest level of customer service.

In addition, collaborative input from the National Call Center and feedback from mailboxes is reviewed and implemented to improve customer experience when navigating through the Agency's public-facing website and Call Center's phone menu.

The Agency has significantly increased its proactive disclosures using social media platforms, resulting in a reduction in FOIA requests from the previous year. The Agency responds to FOIA requests within 20 days or less. In addition, FOIA quarterly reports, FOIA Annual Report, and the Chief FOIA Officer Report are submitted to Department of Justice.

Objective 2 – Provide collaborative, efficient, and effective financial management.

During FY 2021, SSS continued to refine policies, practices, processes, and systems (via a Shared Service Provider) for planning, programming, budgeting, and executing its annual appropriation. This enabled

the Agency's programs to effectively and efficiently manage funds according to established statutes, regulations, and best practices, and to execute organizational objectives in accordance with the Strategic Plan.

The Agency continued its adherence to, and strengthening of, internal controls. These actions prevented any loss, improper payment, or other misuse of funds that might have led to a statutory violation. The Agency's received an unmodified ("clean") financial audit opinion; the independent audit of the financial statements found no material misstatements. A similar review of the Agency's payments using statistical sampling found SSS's risk for improper payments to be low. The Agency's annual self-assessment, conducted in accordance with OMB Circular No. A-123, identified no material weaknesses in internal controls. The Agency will continue to review and improve processes during FY 2022.

SSS deployed the new user-friendly Budget Formulation Tool to accumulate the data necessary for the Agency's FY 2023 Budget Estimate Submission. This tool maximizes the functionality inherent in commercial off-the-shelf (COTS) software, while allowing the Agency to make minor modifications to comply with SSS budget process requirements and has already provided efficiencies in budget activities.

Objective 3 – Manage and promote Agency programs through effective public / intergovernmental communications and outreach.

Since its inception in 1940, the SSS has remained a crucial insurance policy for the national defense of our country. In peacetime, registration and readiness are the focal objectives of the Agency in preparation for a mobilization of manpower in the event of a national emergency. However, many young men and their influencers have become less aware of the SSS, and either miss or do not understand the registration requirement to register. The PIA Directorate's focus is to communicate to key audiences the federal requirement that men ages 18 through 25 must register and that registration can make a positive difference in their lives and in the communities where they live.

To inform the public of the registration requirement and convey the consequences of failing to register, PIA has taken an aggressive approach to reorient its communication plans to reach today's youth. Our strategic, integrated effort aims to increase awareness and educate youth and those who influence them about the importance of registration and compliance with federal law to ensure men protect their future and eligibilities for benefits and programs contingent upon their registration with SSS. Our primary focus is to reach as many eligible young men and their influencers as possible. It is the singular most important initiative behind SSS's efforts to increase registration compliance, particularly in regions with lower than average rates.

The PIA Directorate's mission is to raise registration awareness of men ages 18-25 and educate the youth and their influencers on the benefits of registering with the Selective Service. Numerous advertising and outreach endeavors are developed to increase registration awareness while continuing to cultivate and strengthen relationships with outside organizations through partnerships with educational and community-based groups.

Advertising campaigns are implemented and measured, as is the strategic approach to increase registration awareness using a precise social media algorithm to target individuals unfamiliar with the Selective Service registration requirement. Additionally, digital media campaigns focus on areas with low registration compliance rates, and planned quarterly advertising campaigns identify new milestones in which baseline analytics will help maximize outreach efforts to ensure the successful registration of eligible men in these targeted low compliance registration areas.

To maximize effectiveness, our advertising strategy continues to incorporate a mix of both traditional and non-traditional mediums, with unified messaging and visuals from one medium to the next, interplaying the digital and traditional advertising methodologies. Our print, outside-of-home and other traditional advertising outlets are mirrored with a digital campaign so we reach readerships consistently both in print and online as youth browse other websites. Thus, the ad saturation reach the same market multiple times, which is now more necessary than ever before.

Our integrative approach involves extensive outreach to states and territories with collaborative efforts by agency leadership, national headquarters and regional staff, and local board and state resource volunteers. Our field presence augments the advertising component of the outreach strategy overcoming citizen complacency and increasing registration awareness. In addition to advertising and its social media presence, PIA disseminates the registration message through outreach, direct-mail campaigns, and ongoing updates to the public website, with a continued focus on targeting states of high density populations having low registration rates.

Objective 4 – Ensure resource management systems and personnel structure are scalable for mobilization.

The SSS has effective systems in place for our everyday operations. It is critical that the Agency retains and exercises the capability to rapidly scale all enabling functions (Logistics, Human Resources, Information Technology, etc.) in the event of a national emergency.

In FY 2021, SSS continued a complete review of current operational plans to identify areas that can become more effective and efficient. The Agency exercised multiple phases of these plans and has a path set to continue these exercises in upcoming years culminating in a future mass exercise that will include USMEPCOM and DoD partners.

Objective 5 – Collect and share insights and experiences, institutional knowledge, and innovative ideas across the organization.

Collectively known as knowledge management practices, SSS will enhance employee effectiveness by increasing the ease and assurance of locating critical knowledge and leveraging all forms of operational data as a strategic asset towards the Agency's organizational and business objectives.

In FY 2021, the Agency adopted SharePoint as the system of record for knowledge management and drafted a Governance Plan to manage its use.

Objective 6 – Establish an SSS Strategic Alignment and Compliance Board.

The SSS is a small agency on a very tight budget. And, like many agencies, there is more work to be done than there are people to do it. To ensure the Agency continues along the correct path in executing the Strategic Plan, the Director continues to hold quarterly meetings to validate that key agency efforts and investments align with the Strategic Plan.

GOAL 4: Ensure all internal agency systems are modernized, operationally ready and are appropriately scalable, capable, and optimized to meet national security requirements with maximum efficiency and minimum cost.

Objective 1 – Update and modernize the Agency's technology infrastructure to deliver day-to-day capabilities as well as the necessary capabilities for mobilization.

The SSS continues to make mission focused and risk informed capital investments in its IT infrastructure to sustain 24/7/365 operational excellence, deliver the highest standards of cybersecurity, while continually preparing to scale IT/Cyber operations for the execution of our potential mobilization mission. The Office of the Chief Information Officer (OCIO) is strategically migrating to cost effective 'Cloud Smart' solutions to support emerging requirements and sustain all operational needs for the Agency's mission.

We have continued to execute our IT Modernization Plan to mature our enterprise architecture (towards Cloud Solutions), IT governance, and IT business processes to provide state-of-the-art enterprise solutions and align IT risk-based decision-making to successful mission outcomes. We are delivering to our employees the technology platforms and secure remote network solutions in support of a highly agile and collaborative organization and to our applications to enhance mobility options for both our employees and other stakeholders. The benefits of such modernization include enhanced cyber security, service resiliency, improved collaboration solutions, knowledge sharing, enhanced data integrity, reduced paper file storage or manual archiving/disposition requirements. These improved capabilities empower a highly mobile workforce with secure, reliable IT solutions for mission success. The end state result is to leverage the Agency's information systems and data as strategic assets as a strategic asset to enable SSS to make better, faster decisions and to improve overall operational efficiency throughout the Agency's national enterprise.

In FY 2021, the Agency continued a comprehensive IT modernization initiative that delivered transformational improvements to robust and fortify its aging network and systems infrastructure. These substantial improvements included replacement of all network hardware to improve performance, data transport, and storage security encryption. Through the efficient funding of technology upgrades the infrastructure upgrades to firewalls and commensal circuits at National Headquarters (NHQ) and the Data Management Center (DMC) were fully completed in FY 2021 on schedule, on budget, and with cost efficiencies.

This past year, the OCIO upgraded network Mission Critical Managed Trusted Internet Protocol Service (MTIPS) and its infrastructure to increase network bandwidth in support of the Agency's need to support and sustain a secure remote workforce and maintain continuity of operations. Additionally, these FY 2021 improvements posture the Agency for a transition to a secure cloud architecture, prepare the Agency for a Microsoft O365 cloud migration, and improve telework remote work across the entire Agency for the National Headquarters, three regional headquarters, and the Data Management Center.

In FY 2021, the Network engineers completed the successful deployment of a CISCO Adaptive Security Appliance (ASA) Next Generation Firewall for internal firewall segmentation enhancing the Agency's network security posture with an advanced defense in depth and zero trust architecture approach to cybersecurity. The National Headquarters also transitioned from a commercial wireless network provider and implemented a secure agency-wide enterprise-class wireless network solution. The wireless network provided a secure ad-hoc work-group collaboration environment with access to network resources while the guest network provided Internet access for visitors without allowing access to organization resources. These technical accomplishments represent a substantial advancement in secure service delivery while remaining in continual compliance with the May 12, 2021 Executive Order to "Improve the Nation's Cybersecurity and Protect Federal Government Networks."

Objective 2 – Improve delivery of agency technology services.

As international and domestic persistent threat actors pose 24/7/365 cybersecurity threats to National Security, a core mission of IT is to continue to harden the SSS' cyber security capabilities, enterprise network, high value assets (HVAs), critical systems, and sensitive data from both internal and external cyberattacks. SSS will continuously mature the techniques set forth in policy and strategies to enable a strong cybersecurity posture in full compliance with Federal Information Security Management Act (FISMA), Department of Homeland Security (DHS), and Office of Management and Budget (OMB) Directives.

In the last year, Selective Service System continued to mature its IT Modernization Plan in FY 2021. The Agency responded to Executive Order (EO) 14028 by developing a Cloud Strategic Plan and Cloud Roadmap that aligns with the Federal Cloud Smart Strategy and its three pillars: security, procurement and workforce. The cloud strategy and roadmap will provide the Agency with a more modern innovative cloud enterprise infrastructure that will be more agile, interoperable, scalable, and secure. The cloud environment will adapt to evolving business needs and a critical national defense mission when called upon.

Through coordination and partnership with the Department of Homeland Security (DHS) during FY 2021, the Selective Service System upgraded the Continuous Diagnostics and Mitigation (CDM) Shared Services Platform 1.0 to the Shared Services Platform 2.0, which established a dynamic secure cloud environment that will continue grow with Government cybersecurity needs and adapt to changes in the cyber threat environment. Continuous Diagnostics and Mitigation shared services directly supports the Office of Management and Budget Chief Information Officer's Federal Cloud Computing Strategy ("Cloud First") and the Federal Information Technology Shared Services Strategy ("Shared First") while also meeting the security objectives of the CDM Program.

The Agency continued to create a high-performing IT workforce through an IT Workforce Certification Program, which will ensure baseline capabilities meet the current and future needs of the Agency. The program will strictly follow National Institute of Standards and Technology (NIST) Special Publication 800-181 National Initiative for Cybersecurity Education (NICE). SSS will acquire, develop, and retain a highly qualified, blended federal and contract workforce appropriately sized to deliver secure, scalable, and consumer-friendly IT products and services.

During FY 2021, the Agency continued its implementation of a continuous diagnostic monitoring (CDM) project through the Cybersecurity and Infrastructure Security Agency (CISA). The CISA-CDM dashboard is 100 percent deployed, and the Agency is operational in the Federalized Dashboard view. The Agency continued its strategy to contract for additional IT personnel to modernize service delivery, mature configuration management, and achieve full FISMA compliance in FY 2021. The OCIO's partnership with the Department of the Interior (DOI) Information System Security Line of Business (ISSLoB) represents yet another innovative measure to utilize Government-to-Government economies of scale and shared services towards improved service delivery, cyber compliance and resiliency for scaled operation in the Cloud.

GOAL 5: Create and maintain a high-performance culture.

Objective 1 – Increase employee engagement, improve the work environment, and recruit, train, and hire an efficient and well-trained workforce where all trust, respect, and collaborate with each other to achieve excellence.

The success of our Agency's mission greatly depends upon the knowledge, skills, and abilities of its employees. Pursuant to that success is the ability of our supervisors to clearly define and articulate priorities and expectations, communicate those priorities and expectations to employees, motivate employees to meet them, and then recognize and reward employee achievement.

In FY 2021, the Agency continued our project for modernization of our performance management capabilities. The Human Resources Office (HRO) worked under the direction of the Chief of Staff (CoS) to continue our successful transition from a cumbersome paper-based performance management process to the OPM-sponsored USA Performance platform. The Agency is leveraging this technology to deliver simpler, more easily digestible performance appraisal template to the Agency supervisors. The new template featured a limited set of three to four straightforward, performance elements with objective standards, allowing supervisors and employees to establish clear, understandable performance targets. The appraisal is then closed out with a simple, binary pass/fail assessment with two-way feedback between the employee and his or her supervisor.

Additionally, this new system incentivizes year-round recognition of outstanding employee contributions as they occur, and features a variety of monetary and non-monetary awards. The process of fairness and equity are ensured through oversight by a recently established awards board comprised of the Agency's Associate Directors, regional office representation, and chaired by the Chief of Staff. Over the past two years the CoS and HRO have partnered for success in the new USA Performance System's objectives through a series of OPM-led training sessions targeted towards our supervisors need to fully advantage the USA Performance automation and capabilities.

The year represented a fundamentally new paradigm shift in HRO services to the Agency's personnel with initiative's to revitalize all aspects of Human Resources support of all Agency personnel and the end-line supervisors with an innovative approach to HR Team incident management to drive efficiencies on all aspects of service delivery to the Agency members. Additionally, the CoS chartered a project to analyze and document the entire onboarding workflow in preparation for the adoption of OPM's 'USA Staffing' module to deliver the highest standards of service and support for our new employees.

Objective 2 – Provide effective and collaborative human resource management and training resources.

Maximizing the effectiveness of the workforce means that SSS needs the right person in the right job with the right skills, experiences, and competencies at the right time. Our maturing Human Capital Management Plan will continue to align human capital policies, programs, and practices with the Agency's Strategic Plan. The end result will deliver rapid recruitment and hiring of a high-performing, top-quality workforce. The SSS HRO continues to strengthen relations with the OPM Chief Human Capital Officer Council to leverage best practices in all aspects of HRO service delivery, regulatory compliance, and professional growth and development for the HRO Team.

The dedicated SSS employees who serve the public are indeed our most valuable asset. For our employees to provide the maximum benefit to taxpayers, they must be well-trained and well-versed on the most recent statutes and regulations, as well as on the most effective techniques and practices in their particular field of expertise.

As evidence of its continued commitment to employee excellence through training, in FY 2021, SSS invested over \$92,000 in training exclusively for its full-time equivalent (FTE) employees. In addition to any mandated federal training and attendance at the Agency's annual training summit,

supervisors and managers are also required to take at least one supervisory or field-related training course each year.

The Agency believes that experienced, knowledgeable, and well-trained employees contribute ideas and facilitate changes that ultimately reduce waste, enhance efficiency, save money, increase productivity, and otherwise better position SSS to address the increasingly complex, interdisciplinary issues facing the federal government.

Objective 3 – Deploy diversity and inclusion training and other activities to create an environment where people feel valued and are motivated to contribute their talents to the mission.

SSS is committed to ensuring equal employment opportunities in the workplace and compliance with EEO statutes and EEOC regulations and guidance.

In FY 2021, the Agency continued to deploy diversity and inclusion training, including No FEAR and Whistleblower Protection. Selective Service’s EEO office prepared a new EEO program directive which includes Federal EEO laws, regulations and Equal Employment Opportunity guidance. Senior leadership appointed a Diversity, Equity, and Inclusion Officer to support the President’s Executive Order 14035 – Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce. The Agency continued to educate employees about the Alternative Dispute Resolution process. Selective Service is steadfast in its commitment to enforce EEO laws, regulations, and adhere to a policy of nondiscrimination. The Agency will continue to uphold and support an environment where employees feel valued, respected, and motivated to meet agency objectives.

The SSS upholds an Equal Employment Opportunity Commission (EEOC) approved reasonable accommodation policy and procedures, as well as manages a reasonable accommodation program accessible to employees and applicants to ensure inclusion of individuals with disabilities.

PLANNING AND FUNDING

The primary operational focus of the Agency in peacetime is to register men, and all performance results continue to be directed toward that goal. This report endeavors to show how the FY 2021 budget allocation was expended in support of the Agency’s strategic goals and objectives.

The SSS continues to refine its ability to link the amount of appropriated funds with particular program results in a given fiscal year. The Agency’s integrated financial management system has helped to alleviate some of the complexity associated with this effort. In FY 2021, managers continued the practice of identifying specific program costs at their level, which assisted in the effort of linking budget to performance within its programs.

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION

Selective Service’s audited financial statements are submitted to the Office of Management and Budget (OMB) in compliance with the Accountability of Tax Dollars Act of 2002. The preparation of these statements is a part of the Agency’s objective to improve financial management and provide accurate, reliable information for assessing performance and allocating resources.

The SSS used all available resources to satisfy its stated strategic goals and objectives. The financial statements and financial data reflected in this report have been prepared from the accounting records of the SSS in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

LIMITATIONS OF THE FINANCIAL STATEMENTS

The SSS management is responsible for the integrity and objectivity of the financial information presented in the financial statements. The accompanying financial statements are prepared to report the results of SSS financial operations and policies. While these financial statements have been prepared from SSS books and records, the statements are in addition to other financial reports used to monitor and control budgetary resources. The financial statements should be read with the realization that SSS is an agency in the Executive Branch of the United States Government. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation, and ongoing operations are subject to enactment of appropriations.

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

Selective Service's FY 2021 and FY 2020 financial statements report the Agency's financial position and results of operations on an accrual basis. Annual financial statements are comprised of a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and related footnotes, which provide a clear description of the Agency, its mission, and the significant accounting policies used to develop the statements.

Consolidated Balance Sheet

The major components of the Consolidated Balance Sheet are assets, liabilities, and net position.

Assets. Assets represent agency resources which have future economic benefits. The SSS assets totaled \$13.83 million in FY 2021. Fund balances with Treasury, mostly undisbursed cash balances from appropriated funds, comprised about 78 percent of the total assets. General property, plant, and equipment comprised 22 percent of SSS assets. SSS does not maintain any cash balances outside of the U.S. Treasury and does not have any revolving funds or trust funds.

Liabilities. Liabilities are recognized when incurred regardless of coverage by budgetary resources. In FY 2021, SSS had total liabilities of nearly \$5.97 million. Agency liabilities were Unfunded Federal Employees' Compensation Act (FECA), federal employee and veteran benefits of nearly \$1.90 million. Accounts payable, employer contributions, and payroll taxes of nearly \$2.6 million. Accrued payroll and leave, plus unfunded leave, totaled nearly \$1.47 million.

Net Position. SSS net position reflects the difference between assets and liabilities, and represents the Agency's financial position of \$7.86 million. The amount is divided into two categories: unexpended appropriations (related to undelivered orders and unobligated balances) at nearly \$5.98 million and cumulative results of operations (net results of operations since inception plus the cumulative amount of prior period adjustments) at \$1.87 million.

Consolidated Statement of Net Cost

The Consolidated Statement of Net Cost represents the cost to operate the Agency. Net costs are comprised of gross costs less earned revenues. FY 2021 net cost of operations was \$28.98 million: \$29.48 million in gross costs less \$0.50 million in reimbursable revenues (DoD).

Consolidated Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position reports changes in net position during the reporting period. The SSS ended FY 2021 with a net position total of \$7.86 million, decreased \$1.38 million from FY 2020's position of \$9.24 million.

Combined Statement of Budgetary Resources

The Combined Statement of Budgetary Resources focuses on available appropriations and reimbursable activity, their status (obligated or unobligated) at the end of the reporting period, and the relationship between the available appropriations and reimbursable activity and the corresponding outlays (collections and disbursements). Selective Service's FY 2021 budgetary resources totaled nearly \$30.31 million in budget authority.

FINANCIAL MANAGEMENT

In FY 2021, the SSS successfully managed resources, delivered quality services to stakeholders, and met its financial reporting requirements. An independent audit disclosed no material weaknesses. The agency enhanced internal controls to address material weaknesses identified by the auditors in the prior year. The SSS continues to improve financial management policies, processes, and procedures, and to document those changes in updates to the Agency's Fiscal Manual.

DIRECTOR'S FMFIA STATEMENT OF ASSURANCE



THE DIRECTOR OF SELECTIVE SERVICE
Arlington, Virginia 22209-2425

DIRECTOR'S FMFIA STATEMENT OF ASSURANCE

Selective Service System's (SSS) management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. SSS conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this assessment, the Agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2021.

A handwritten signature in black ink, appearing to read "Craig T. Brown".

Craig T. Brown
November 15, 2021

MANAGEMENT CONTROLS

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT REPORT ON MANAGEMENT CONTROL

Background

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires ongoing evaluations of internal control and financial management systems culminating in an annual statement of assurance by the Agency head that:

- Obligations and costs comply with applicable laws and regulations;
- Federal assets are safeguarded against fraud, waste, and mismanagement;
- Transactions are accounted for and properly recorded; and
- Financial management systems conform to standards, principles, and other requirements to ensure that federal managers have timely, relevant, and consistent financial information for decision-making purposes.

Furthermore, FMFIA provides the authority for Office of Management and Budget (OMB), in consultation with the Government Accountability Office (GAO), to periodically establish and revise the guidance to be used by federal agencies in executing the law. Additionally, Federal Information Security Management Act (FISMA) requires agencies to report any significant deficiency in information security policy, procedure, or practice identified (in agency reporting) as a material weakness under FMFIA.

The SSS conducts its annual evaluation of internal controls over financial reporting in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Assessment results are reviewed and analyzed by the SSS senior staff.

The SSS operates a broad internal control program to ensure compliance with FMFIA requirements, the Federal Financial Management Improvement Act; OMB Circular No. A-123, Appendix C (*Requirements for Payment Integrity Improvement*), which was last updated in March 2021 as OMB Memorandum M-21-19; OMB Memorandum M-13-08, *Improving Financial Systems through Shared Services*; and other applicable laws, regulations, and circulars.

All SSS managers are responsible for ensuring that their programs operate efficiently, effectively, and in compliance with the aforementioned statutes and guidance. They must also ensure that financial management systems conform to applicable laws, standards, principles, and related requirements.

FY 2021 Results

In FY 2021, an independent audit found the Agency's FISMA program to be free of any material weaknesses. An independent audit of the Agency's financial statements also identified multiple material weaknesses. Exhibit 1 provides a summary of the reported material weaknesses and all items corrected.

Exhibit 1: Summary of Material Weaknesses

INTERNAL CONTROLS (FMFIA SECTION 2)						
Statements of Assurance	Qualified Statement of Assurance					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Controls Over Financial Management	4	0	4	0	0	0
IT Security	0	0	0	0	0	0
Total Material Weaknesses	4	0	4	0	0	0

FINANCIAL MANAGEMENT SYSTEM (FMFIA SECTION 4)						
Statements of Assurance	Qualified Statement of Assurance					
Non-Conformance	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-conformances	0	0	0	0	0	0

Required Reporting

Exhibit 2 is provided to meet the reporting requirements of OMB Circular No. A-136, *Financial Reporting Requirements*, and includes a breakdown by various categories related to the Financial Statement Audit and Management's Statement of Assurance for FMFIA.

Exhibit 2: Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA 2)						
Statements of Assurance	Qualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Controls Over Financial Management	4	0	4	0	0	0
Total Material Weaknesses	4	0	4	0	0	0

EFFECTIVENESS OF INTERNAL CONTROL OVER IT SECURITY (FMFIA 2)

Statements of Assurance		Unqualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Security	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA 4)

Statements of Assurance		Qualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-conformances	0	0	0	0	0	0

Outstanding Material Weaknesses

No previously identified material weaknesses existed at the end of FY 2021.

New Material Weaknesses

No new material internal control weaknesses were identified during FY 2021.

IT Security Program

No new material weaknesses were identified during FY 2021.

PERFORMANCE DETAILS

PROGRAM EVALUATION

The program evaluations for this report were systematic reviews conducted to assess how well programs were working and to determine if they should be continued or modified. A variety of program evaluations and methodologies were used, including: after action reports, process evaluation, outcome evaluation, impact evaluation, cost-benefit/cost-effectiveness, and varied combinations of the above.

EVALUATIONS CONDUCTED DURING FY 2021

Management reviews for the Agency's computer systems were conducted as part of the annual Federal Information Security Management Act (FISMA) and validated/certified as mission capable and cyber secure. The Agency developed corrective action plans to address any deficiencies related to findings.

The Agency also conducted an internal self-assessment of developed operations-related computer systems to assess continued compliance with the Agency's policies and regulations.

- Registration Compliance and Verification (RCV)
- Integrated Mobilization Information System (IMIS)
- Central Registrant Processing Portal (CRPP) modules:
 - Lottery
 - Call and Deliver

Additionally, the Operations Directorate took the next step in its end-to-end review of the local board member program and held independent local board reviews of standardized induction claims test scenarios.

In addition to the Financial Statement Audit, the Agency conducted its internal Statement of Assurance assessment in compliance with OMB Circular No. A-123. The assessment did not identify any material weaknesses.

Independent auditors also conducted a review of the Agency's internal controls for preventing improper payments as required by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA). The review determined that SSS controls were adequate and operating effectively. Based on the auditors testing of SSS' FY 2021 payments, auditors assessed the Agency's programs were at low risk. Therefore, any recovery audit program would not be cost effective.

Finally, the Agency received and responded to findings from an OPM evaluation of the SSS Human Capital Management System. The Agency developed corrective action plans to address any deficiencies related to the findings.

FY 2021 PERFORMANCE

This FY 2021 Performance and Accountability Report (PAR) identifies the activities, strategies, and results that took place during the fiscal year to achieve the Agency's goals and objectives. It also identifies relevant performance measurement target goals to be achieved.

Goal 1: Provide timely manpower to the Department of Defense.

Objective 1 – Increase registration and improve data integrity.

Significant Activity:

1. Registration data collection and analysis
2. Data integrity programs
3. Data dashboard deployment.

Strategic Objective 1.1.1 Enhance existing registration programs in order to maintain a fair and equitable registration compliance rate.

FY 2021 Annual Performance Goal:

1. Maintain an overall registration rate over 90 percent
2. Increase the registration rate for the 18-year-old group by 2 percent

Was the goal achieved?

While the Agency maintained the overall registration rate of over 90 percent, it was unable to achieve the performance goal of increasing the registration rate for the 18-year-old group by 2 percent.

Results:

For Calendar Year (CY) 2020, the latest complete year of registration statistics, the national overall estimated registration compliance rate was 91 percent, a one percentage point decrease from CY 2019 for men ages 18 through 25 who were required to be registered. This was largely due to COVID-related compliance issues such as a complete elimination of outreach events, and limited access to data from Departments of Motor Vehicles. For the 18-year-old group, the compliance rate was 62 percent; for the 20-year-old group, the rate was 90 percent; and for the 25-year-old group, the annual compliance rate was 99 percent.

During FY 2021, the Public and Intergovernmental Affairs (PIA) Directorate's team supported the registration efforts using a variety of advertising platforms. Quarterly digital media campaigns, email campaigns, and outside-of-home advertising metrics gathered throughout FY 2021 reportedly indicates we have touched over 100 million individuals.

Discussion:

The SSS continues to modernize its registration program. In FY 2022, SSS will assess the impact of the impending Free Application for Federal Student Aid (FAFSA) legislation removing the SSS registration requirement to receive federal student aid. This will impact our future registration compliance rates.

Impact:

The focus on this strategic objective is intended to result in increasing registration rates.

Planned Actions / Schedule:

Based on the success of a program we had in the prior fiscal year, each SSS Region will continue to focus on select key areas and deploy outreach teams in an attempt to drive up registration rates in traditionally low-registration localities, using proven techniques from previous years. Zoom sessions with influencers and local high schools proved particularly useful.

SSS will continue to pursue Driver's License Legislations (DLLs) as opportunities present themselves.

Verification and Validation:

The estimated rates of registration compliance with the Military Selective Service Act (MSSA) are an essential component in evaluating the Agency's registration program. As a result, the Agency compiles registration compliance statistical information (RCSI), which is used to provide the Agency with statistical information for the evaluation of its registration compliance programs. The RCSI allows management to target low/moderate registration compliance states/territories and evaluate the registration compliance program.

Strategic Objective 1.1.2 Data collection program.

FY 2021 Annual Performance Goal:

Create more useful data reports.

Was the goal achieved?

Yes.

Results:

SSS maintains a massive database and accumulates approximately 5,500 new registrations daily. In order to make more informed decisions the data needs to be accurate, available, and secure.

Discussion:

In addition to achieving success with the data working group established last year, the Acting Director tasked all Associate Directors to work on weekly metrics to achieve greater success across all areas of the Agency. Initial metrics have been reviewed and continue to be refined and added to as we move into the new fiscal year.

Impact:

This will allow data driven decisions to be made when the Agency is targeting outreach events, for example, and will enable an immediate measure of impact.

Planned Actions / Schedule:

In FY 2022, SSS will continue to pursue a Data Visualization Program. All Associate Directors have identified weekly metrics to begin capturing a rudimentary dashboard. These are being reviewed bi-weekly and refined to better represent the tracking towards success of our strategic goals.

Verification and Validation:

SSS uses a variety of mechanisms to ensure that the data streams feeding our database are accurate, from simple checksums to annual verifications with agencies providing the data.

Objective 2 – Improve the ability to call, classify, and deliver manpower to DoD when required.

Significant Activity:

SSS continued a comprehensive review of its operational plans associated with transitioning to a full-scale mobilization that will last through FY 2022, continued to execute its Exercise Program, and took delivery of a web-based tool to host digital board member training.

Strategic Objective 1.2.1 Review and improve the mobilization process.

FY 2021 Annual Performance Goal:

Begin a comprehensive review of all operational plans. Continue to hold exercises to test the existing and/or updated system.

Was the goal achieved?

Yes.

Results:

Operations, using our Reservists to assist, continued a review of the operational system and plans. SSS also held a lottery exercise to examine if corrective actions recommended after the FY 2020 exercise had been implemented. Additionally, a small-scale exercise with local boards was conducted. A limited, random selection of local boards from across the U.S. were able to successfully adjudicate a selection of administrative appeals and judgmental claims.

Discussion:

SSS operational plans were developed in the 1980s on the foundation of Vietnam-era drafts. Although the plans are revised approximately every 10 years, a comprehensive review had not been done in some time.

Impact:

SSS was able to continue to demonstrate a robust exercise program, even with COVID-imposed restrictions in place.

Planned Actions / Schedule:

SSS will continue to conduct on its Induction Exercise by expanding on its mock local and district appeals boards' adjudication process in FY 2022 while continuing to reshape operational plans.

Verification and Validation:

Exercises, ranging from table-top to full-scale, are the Agency's traditional verification and validation measure.

Strategic Objective 1.2.2 Develop a synchronized delivery system with USMEPCOM.

FY 2021 Annual Performance Goal:

None.

Planned Actions / Schedule:

This activity is scheduled for FY 2022. At that point, our Central Registrant Processing Portal will be fully tested and accepted, and the United States Military Entrance Processing Command (USMEPCOM) Integrated Resource System will be complete as well.

Strategic Objective 1.2.3 Develop an integrated, synchronized Exercise Program to ensure agency mobilization readiness.

FY 2021 Annual Performance Goal:

Continue to follow the Exercise Program.

Was the goal achieved?

Yes.

Results:

SSS successfully held a full-scale Lottery Exercise, multiple small-scale board member exercises across the country and a table top exercise of the mobilization plan.

Discussion:

As SSS updates its operational plans, the Agency will continue to examine proposed updates through exercises.

Impact:

The SSS exercises assure organizational mission readiness. Coordination, alignment, and prioritization of these efforts ensure the Agency is able to initiate actions should a return to conscription be necessary.

Planned Actions / Schedule:

SSS will augment our technical resources to further the development of our Central Registrant Processing Portal as well as activities in Strategic Objective 1.2.3, *the Exercise Program*.

Verification and Validation:

Verification and validation of the plans are satisfied by managerial and staff review. This year we added an independent third-party validation of the lottery process.

Strategic Objective 1.2.4 Update the individual training program to match the improved mobilization process.

FY 2021 Annual Performance Goal:

Utilize a web-based learning management system to enable the delivery of digital board member training.

Was the goal achieved?

Yes.

Results:

The SSS successfully conducted annual web-based training utilizing the learning management system platform. Now, all volunteers can access the standardized digital training in an environment that is outside the Agency's firewall.

Discussion:

The Agency can now create and deliver training in a standard, cyber secure environment.

Impact:

The delivery of training through a web-based platform finally moves SSS away from the labor-intensive and less efficient face-to-face model that was employed for decades. The older model was not realistically sustainable after years of budget stagnation and staff cuts.

Planned Actions / Schedule:

In FY 2022, SSS will continue to create new training modules.

Verification and Validation:

Verification and validation are satisfied by managerial and staff review.

Strategic Objective 1.2.5 Maintain manning at required levels.

FY 2021 Annual Performance Goal:

None.

Planned Actions / Schedule:

This strategic objective is associated with the schedule of Strategic Objective 1.2.1, *Review and improve the mobilization process*. As the operational plans are updated, manning studies will be performed to ensure the plans are staffed to the appropriate levels. Expect to address this strategic objective in FY 2023.

Strategic Objective 1.2.6 Cyclical workload and manpower analysis process.

FY 2021 Annual Performance Goal:

None.

Planned Actions / Schedule:

The workload and manpower analysis is tied to Strategic Objective 1.2.1, *Review and improve the mobilization process*. As operational plans are rewritten, a new workload and manpower analysis will be done concurrently and completed in FY 2023.

Objective 3 – Update relationships and agreements with stakeholders.

Significant Activity:

SSS performed a number of outreach activities to both revisit old relationships that had atrophied and to strengthen existing relationships, as well as to create new relationships with government stakeholders.

Strategic Objective 1.3.1 Prioritize and update Agency's MOU/MOAs to ensure agency readiness with new or existing external partners.

FY 2021 Annual Performance Goal:

Engage with partners to resign outdated MOUs.

Was the goal achieved?

Yes.

Results:

The Agency had a series of successful engagement with Bureau of Federal Prisons, Department of Education, and U.S. Military Entrance Processing Command.

Discussion:

SSS relies heavily on external partners due to the small, historically stagnant budget. Without these partnerships the Agency might not be able to accomplish its mission.

Impact:

The Agency is assured of receiving services from our partners.

Planned Actions / Schedule:

SSS will continue to perform outreach at multiple levels. In FY 2022, SSS will focus on transitioning gender specific language to gender neutral terms.

Verification and Validation:

Verification and validation are satisfied by managerial and staff review.

Strategic Objective 1.3.2 Prioritize and update agency relationships with stakeholders.

FY 2021 Annual Performance Goal:

Maintain existing relationships with government stakeholders, and create new relationships with government stakeholders.

Was the goal achieved?

Yes.

Results:

In FY 2021, the Agency had a series of successful meetings with the following government entities: The White House, Office of Management and Budget, Department of Education, Office of Personnel Management, Department of Veterans Affairs, House and Senate Armed Services Committees Professional Staff, members of Congress and their staff, Department of Justice, and multiple state governments.

Discussion:

There are ongoing efforts to eliminate registration incentives, eliminate SSS, and robust debate in Congress whether to expand mandatory registration to all genders.

Impact:

The White House issued a Statement of Administration Policy urging Congress to maintain registration incentives. Congress looks poised to maintain registration incentives and expand mandatory registration to all genders. In the past year, the Agency's relationships with other government entities has noticeably improved.

Planned Actions / Schedule:

SSS will continue to monitor FY 2022 National Defense Authorization Act (NDAA), Federal and state legislation pertaining to SSS, and, if necessary, work to modify state laws that bolster registration efforts from male-specific to gender-neutral. Any proposed legislative or regulatory actions that impact SSS will be flagged for the appropriate stakeholders.

Verification and Validation:

Verification and validation are satisfied by managerial and staff review.

Goal 2: Maintain a robust structure for managing alternative service for conscientious objectors (COs).

Objective 1 – Refine the alternative service employer network structure.

Significant Activity:

SSS continued outreach activities for the Alternative Service Program (ASP).

Strategic Objective 2.1.1 Develop and update Alternative Service Program (ASP)-related provisional agreements to ensure agency readiness.

FY 2021 Annual Performance Goal:

Reengage with alternative service partners to resign outdated MOUs and reach out to new partners.

Was the goal achieved?

Yes.

Results:

The Agency has renewed its provisional agreement with Historical Peace Church Ministries.

Discussion:

This is a continuing focus area for operations.

Impact:

The existence of these MOUs provides tangible evidence of the Agency's Alternative Service Employer Network (ASEN). If there were a return to conscription, SSS can engage with our partners to create jobs related to national service for conscientious objectors in lieu of military service.

Planned Actions / Schedule:

SSS will continue to pursue and sign MOUs.

Verification and Validation:

Verification and validation are satisfied by managerial and staff review.

Strategic Objective 2.1.2 Improve and increase Government-wide ASP/Alternative Service Employer Network (ASEN) awareness and strengthen the ability to manage the program through training initiatives.

FY 2021 Annual Performance Goal:

Perform outreach and extend awareness to the state level.

Was the goal achieved?

Yes.

Results:

ASP hosted an on-site, one-day event with the Historical Peace Church Ministries.

Discussion:

For many years SSS focused on outreach to federal agencies as well as the peace churches community. This will continue, but state and local outreach is also required.

Impact:

Successful outreach enables the accomplishment of Strategic Objective 2.1.1, *Develop and update ASP-related provisional agreements to ensure agency readiness.*

Planned Actions / Schedule:

Outreach will continue in FY 2022.

Verification and Validation:

Verification and validation are satisfied by managerial and staff review.

Objective 2 – Improve the ability to execute an Alternative Service Program when required.

Significant Activity:

SSS undertook a comprehensive review of our operational plans associated with transitioning to a full-scale mobilization and continued to execute our Exercise Program.

Strategic Objective 2.2.1 Strengthen and improve the alternative service mobilization framework.

FY 2021 Annual Performance Goal:

Initiate a comprehensive review of all operational plans. This performance goal is tied directly to Strategic Objective 1.2.1, *Review and improve the mobilization process.*

Was the goal achieved?

Yes.

Results:

The Acting Director and Acting Associate Director for Operations oversaw a Navy detachment led table top exercise that walked through the operational timeline of mobilization and the Agency's ability to stand up State Headquarters, Area Offices and Local Boards. This is the key structure to allow for a fair and equitable Alternative Service program. The review has led to an establishment of a process improvement team that will look holistically at all of the operational plans that support mobilization and an alternative service program.

Discussion:

It was noted SSS's operational plans were developed in the 1980s on the foundation of Vietnam-era drafts. Although the plans are revised approximately every 10 years, a comprehensive review had not been done in some time.

Impact:

An update of operational plans will assure a more efficient ASP operation.

Planned Actions / Schedule:

SSS will continue a complete revision of its operational plans, through a process improvement team that will take the lessons of the current year and build a comprehensive revision to our plans. We expect these improvements to be complete by 2023.

Verification and Validation:

Exercises, ranging from table-top to full-scale, are the Agency's traditional verification and validation measure.

Goal 3: Ensure management excellence by promoting economy, efficiency, and effectiveness throughout Selective Service System programs and supporting operations.

Objective 1 – Provide courteous, timely, and accurate customer service to internal and external customers.

Significant Activity:

Improving customer experience to those inside and outside the Agency is crucial to how we do business pertaining to SSS and the registration requirement, particularly with the taxpayers and their elected officials. The SSS answers general public inquiries; handles white house, congressional, and intergovernmental requests for assistance or actions; responds to news media requests for information; processes FOIA requests; and monitors social media comments for trends and social attitudes.

Strategic Objective 3.1.1 Strengthen relationships and improve response time to inquiries and requests for assistance.

FY 2021 Annual Performance Goal:

Provide professional and immediate response to all customer service requests incoming to the Public and Intergovernmental Affairs (PIA) Directorate and Data Management Center (DMC).

Was the goal achieved?

Yes.

Results:

PIA handled all its customer service activities in a timely and courteous manner. Telephone, social media, and email inquiries and requests for information, assistance, and/or action were carried out and completed in an expeditious manner. In FY 2021, PIA processed congressional, intergovernmental, and community requests and inquiries within 24-72 hours. By the end of FY 2021, PIA staff responded and logged 6,436 email actions from the information@sss.gov mailbox. This mailbox, which is linked from the public-facing website's homepage, helps PIA to monitor trends, website issues, and public inquiries. The inquiries or requests were from a multitude of sources, such as congressional offices, news media, consulates or embassies, organizations, postmasters, researchers/writers, with most inquiries from the general public. General inquiries were responded within 1-2 business days, and research requests answered in less than 5 business days.

After the website was completely overhauled in 2020, during FY 2021, PIA Directorate continued to monitor user experience providing updated links and content to enhance the navigation and ease of information accessibility. The Digital Affairs Team implemented several website pages on the Selective Service public-facing site to enhance customer experience when visiting the website. Three new content pages were established in FY 2021, outlining the benefits of registration. These pages included outreach materials for influencers – teachers, administrators, coaches, parents, and civic organizations. Additionally, three new educational Selective Service toolkits were created and deployed on the website to provide resources regarding the SSS' history and elaborate on the opportunities provided to young men when registering with SSS.

From the digital media oversight, SSS established a Social Media Engagement Policy in April 2021, related to the SSS use of social media platforms. It stated that direct messaging would be disabled on all official SSS social media accounts – if there was a social media account that could not disable direct messaging, all inquiries were redirected to the information@sss.gov inbox for agency response. Also, the Registration Information Office's National Call Center team provided collaborative input for the Agency's public-facing website to improve customer experience.

The Agency has significantly increased its proactive disclosures by using social media platforms. By using these mediums SSS has reduced the number of FOIA requests from last fiscal year by approximately 21 percent. In FY 2021, 38 FOIA requests were responded to within the required timeframe of 20 business days. At the end of the fiscal year, there was no backlog.

In FY 2021, the Data Management Center was able to meet all customer service time thresholds, including a 5-day turnaround time for Status Information Letters (SILs).

Discussion:

Expanding staff coverage for the Information@sss.gov and PublicAffairs@sss.gov mailboxes ensured adequate response turnaround and allowed for more sufficient backups. Internal procedures were

established and enhanced to address and communicate with all stakeholders should a delay be anticipated or happen.

FOIA, which is found at 5 U.S.C. 552, is a law that gives a person the right to obtain federal agency records unless the records (or parts of the records) are protected from disclosure by any of the nine exemptions contained in the law. Under the law, all federal agencies are required to respond to a FOIA request within 20 business days, unless there are “unusual circumstances.”

Impact:

Increased transparency and contribution to open government and improved external customer experience.

Planned Actions / Schedule:

Increase the number of proactive disclosures on our website and social media platforms. Continue to respond to public inquiries in timely manner. Respond to each FOIA request within 20 days or less.

In FY 2022, the DMC will implement new Enterprise Content Management software to help reduce customer service response thresholds, including a 60 percent reduction in the time it takes to address SILs.

Verification and Validation:

An annual review of standard operating procedures and processes is done to incorporate any recommendations or suggestions for improving our efficiency managing programs. A report is completed to document few, if any, FOIA appeals. If appealed the determination of Agency’s Chief FOIA Officer is affirmed.

Objective 2 – Provide collaborative, efficient, and effective financial management.

Significant Activity:

SSS employed a robust set of effective policies, practices, processes, and systems (via a Shared Service Provider) for planning, programming, budgeting, and executing and reporting on its annual appropriation.

Strategic Objective 3.2.1 Financial Management.

FY 2021 Annual Performance Goal:

Achieve an obligation rate (as a percentage of current year direct appropriation) of 99.7 percent or higher.

Was the goal achieved?

Yes.

Results:

Selective Service achieved an obligation rate of 99.77 percent, meeting the goal.

Discussion:

None.

Impact:

By ensuring the Agency effectively (and appropriately) executed its budget, we maximized our value to the taxpayer, demonstrated proper program management, and ensured each organization maximized its contribution to mission success.

Planned Actions / Schedule:

Maintain continuous monitoring of system-generated reports. Continue proactive outreach and follow-up with program managers to aid, assist, and advise them on the nuances of budget formulation and execution.

FY 2021 Annual Performance Goal:

Achieve an unliquidated obligation (ULO) rate (as a percentage of current year direct appropriation) of 10 percent or less.

Was the goal achieved?

No.

Results:

Selective Service achieved a ULO rate of 19.9 percent.

Discussion / Impact:

Due to SSS moving away from awarding contracts in the 1st quarter to eliminate cash flow problems associated with continuing resolutions and awarding numerous contracts that cross fiscal years, this goal will have to be reevaluated to establish a more realistic percentage for future years. The Agency is continuously looking to move away from awarding contracts in October due to Congress not passing budgets in a timely manner.

Planned Actions / Schedule:

The most effective risk mitigation strategy is to continue the practice of continuous monitoring of system-generated reports, and be proactive in reaching out and following up with program managers to aid, assist, and advise on the management and execution of their respective budgets.

FY 2021 Annual Performance Goal:

Ensure 90 percent of eligible commercial vendors are submitting invoices via the Invoice Processing Platform (IPP).

Was the goal achieved?

Yes.

Results:

The SSS determined that 91 percent of eligible commercial vendors are submitting invoices via IPP.

Discussion / Impact:

The Agency's Accounting and Contracting Divisions invested considerable time and resources to understand why some eligible vendors were not complying with contract mandates specifying that invoices be uploaded to IPP. The Agency provided additional information and customer service to those vendors who had not previously been able to successfully register in IPP to help improve this metric.

Planned Actions / Schedule:

In FY 2022, the Accounting and Contracting Divisions will continue to implement an aggressive outreach plan, ensuring continued vendor compliance with the IPP mandate.

FY 2021 Annual Performance Goal:

Achieve Enterprise Risk Management (ERM) Maturity Level 1, (based on the Risk and Insurance Management Society (RIMS) Risk Maturity Model (RMM)).

Was the goal achieved?

Yes.

Results:

Selective Service exceeded the goal and achieved Initial (Level 2) in its most recent risk assessment conducted in June 2020 by an independent consultant.

Discussion / Impact:

The Agency initiated its ERM program in April 2019, and has since made significant progress in maturing the program to the next level. The Agency continues to incorporate risk into all areas of agency operations.

Planned Actions / Schedule:

Due to changes in personnel, SSS will remain in Initial (Level 2) until Jun of 2022. The Agency, developed the “stretch goal” of achieving Maturity Level 3 (Repeatable) by the end of FY 2022.

Verification and Validation:

The SSS Enterprise Risk Management Board is tasked with ensuring compliance with best practices.

Objective 3 – Manage and promote agency programs through effective public / intergovernmental communications and outreach.

Significant Activity:

Benchmarks and tracking impact of digital and traditional outreach.

Strategic Objective 3.3.1 Strategic Outreach Communications.

FY 2021 Annual Performance Goal:

Establish a goal of increasing the Agency’s outreach to registrants and their influencers with an integrated communication strategy to use new creative content. Update and increase dissemination channels to distribute the registration messages to targeted audiences. Develop and distribute new public service announcements. Strengthen the Agency’s social media efforts by recruiting and hiring dedicated social media FTEs. Develop a social media communication plan to establish a stronger presence on various social media platforms: Facebook, Twitter, Snapchat, Spotify, Flickr, YouTube, LinkedIn, and Instagram.

Was the goal achieved?

Yes.

Results:

FY 2021 proved very successful as there was an increase in the number of paid impressions received by various advertising media platforms. The following statistics in the table below show a substantial

rise in online followers by the number of views and associated clicks among the Selective Service media platforms including the newest addition of Connected TV (CTV) advertising.

Media	Campaign	Impressions
Facebook	195 Campaigns	5,737,923
Twitter	90 Campaigns	4,068,800
YouTube	11 Campaigns	10,294,524
Snapchat	12 Campaigns	28,829,376
Digital Radio	9 Campaigns	1,588,537
CTV	10 Campaigns	806,842
TV PSAs	Annual	18,159,000
Mobile Transit Ads	4 Weeks	375,019
Bus, Rail Transit Ads & Billboards	4 - 13 Weeks	35,982,430

PIA continued to use traditional advertising mediums to support and reinforce the registration message. These mediums included a wide array of public service announcements on TV and outside-of-home (OOH) advertising, to include billboards and transit advertising platforms.

Discussion:

The outside-of-home (OOH) advertising campaigns served to reinforce and magnify the nation-wide web of Selective Service social media advertising as well as reach the underserved, hard-to-reach markets. Throughout FY 2021, the year was still subject to restricted operating environment under the pandemic and peoples' outside-the-home activities were generally reduced. Considering these facts, PIA directed its OOH advertising to later in the fiscal year to coincide with an expected reduction in COVID and a return to outside activities. PIA used its registration heat-map to identify where the OOH advertising would get the greatest exposure. Based on these findings, the following cities and surrounding areas were targeted: San Diego, Los Angeles, Orange County, San Francisco, Chicago, and Philadelphia. By going directly to the individual city-licensed advertising companies provided SSS with the "most favored pricing" and bonus signage.

This marketing strategy also builds upon reaching out to key influencers and organizations who service the hard-to-reach youth. For instance, PIA worked with high school coaches and distributed registration awareness information. The national exhibit outreach was reprioritized after testing virtual platforms. Most national annual conferences and conventions at major venues were held virtually or cancelled for FY 2021. Collectively, these adaptations and creative outreach efforts continued to enhance registration awareness and complimented the traditional and online advertising efforts.

The Digital Affairs Team (DAT) developed a Teacher's Guide Lesson Plan to increase registration awareness among high school students across the nation. This guide provides supplementary lesson plans to share with educators as a resource for high school students to learn the Selective Service System's history and elaborate on the opportunities provided to young men when registering with the Selective Service. The Teacher's Guide was shared throughout the United States among chief educators and state of education directors.

The DAT launched a direct mail campaign as an awareness component to PIA's awareness efforts. The campaign specifically targeted influencers in the home (i.e., parents, guardians, educators, and

coaches). The Regions identified states due to their low registration compliance rates and absence of Selective Service advertising efforts. Over 73,000 postcards were deployed at the beginning of September 2021. QR Codes were placed on each card to track how many users visited the SSS.gov website based on the campaign efforts.

The Selective Service partnered with the National Federation of State High School Associations (NFHS) to increase registration awareness through various platforms, including video, digital, and print advertising. In addition, the Agency created an NFHS Leader's Toolkit intended to be used among athletic directors, coaches, and administrators. The toolkit was developed to increase the Selective Service registration requirement and raised awareness of this requirement throughout the nation.

Our PSAs were required watching to view games on the High School Sports Network. For instance, when the game is turned on – at any point in the game – the viewer must first watch our 30 second PSA. This outreach effort strengthens the number of impressions with a captive audience. The network reported a total of 217,482 impressions collected within this school year.

Impact:

While it is not possible to draw a direct correlation between increased registration rates in areas targeted by the marketing strategy (as is the case with most advertising campaigns other than direct marketing), we saw an increased measure of reach and frequency of most of the advertising efforts. Reach and frequency together is a classic method of measurement in the advertising industry when analyzing how many people are exposed to a message and how many times these people are exposed. The overall registration statistics are now on the upswing.

Planned Actions / Schedule:

Looking ahead, working within budget and staffing resources, PIA anticipates growing its overall outreach efforts and exploring use of an online direct marketing initiative to better measure the impact and effectiveness of the overall marketing campaign. The national exhibit program is preplanned to resume outreach efforts by staffing exhibit booths in various venues.

Verification and Validation:

The most viable verification is seen from the increase in website traffic and capturing metrics data points.

Strategic Objective 3.3.2 Registration Improvement.

FY 2021 Annual Performance Goal:

The goals for this objective are tied to those for Strategic Objective 1.1.1, *Enhance existing registration programs*, but with a PIA focus.

1. Maintain an overall registration rate over 90 percent
2. Add new states to those with driver's license legislation (DLL)
3. Increase the number of electronic registrations
4. Implement registration awareness programs (new media and traditional advertising, direct mail, exhibits, speeches, focus groups)

Was the goal achieved?

Yes. No change in legislation.

Results:

Calendar Year 2020 saw a decline in registration statistics, especially for the 18-year-old group. SSS continued to focus on reaching the 18-year-old men, while maintaining the automated mail reminders for men 19 years old and older who are not yet registered. The ten percentage point decline over the prior calendar year for the 18-year-old group was largely due to lack of face-to-face outreach and overly competing digital media attention during a second year of the COVID pandemic environment.

Discussion:

Most of FY 2021 efforts were developing creative quarterly digital media advertising campaigns, working closely with regional support for areas of low registrations – Southern California, Chicago, and Philadelphia, to name a few focal points. SSS identified and focused on the low registration areas by national and regional outreach for social media and outside-of-home targets. Metrics were captured and reported for number of touches.

A direct-mail campaign involved sending over 73,000 informative postcards to men identified as non-registrants, in specifically identified low registration area. This effort complimented the registration reminder letters sent to non-registrants throughout the country.

The outside-of-home advertising campaigns ran later during the fiscal year to complement the digital advertising campaigns. These campaigns were implemented from the transit angle – airports, major highway signs, and metro buses.

Impact:

PIA digital outreach collected a full year of metrics to better understand shifting and competing advertising platforms, and adjusting ads to pass platforms' political blocks.

Planned Actions / Schedule:

PIA will continue to plan for quarterly digital media campaigns to focus on key areas. Additionally, PIA will expand the overall outreach in the communities of low registration areas as the contagiousness of the COVID virus variants are lessened to allow for a safe face-to-face gatherings.

Verification and Validation:

In addition to evaluating quarterly digital analytics, the results are compared with available registration data provided by the Operations Directorate.

Strategic Objective 3.3.3 Board Program awareness.**FY 2021 Annual Performance Goal:**

None.

Planned Actions / Schedule:

In FY 2021, SSS continued an assessment of the Agency's Board Program. In order to gather actionable data, each Region independently held a local board exercise using standardized induction claims. The results will inform decisions made to modernize approach to recruiting, screening, training, and retaining board members. Additionally, SSS Regions with more rural and less populated states, sought state Governor's permission to continue multi-county boards. In FY 2021, the Agency received this permission in three states. This initiative greatly reduces workload, recruiting and hiring of new board members, which would be the case if each state converted completely to single county boards.

Objective 4 – Ensure resource management systems and personnel structure are scalable for mobilization.

Strategic Objective 3.4.1 Operational modernization planning.

FY 2021 Annual Performance Goal:

Undertake a comprehensive review of our operational plans associated with transitioning to a full-scale mobilization and continued to execute our Exercise Program. This is tied directly to Strategic Objectives 1.2.1, *Review and improve the mobilization process*, and 2.2.1, *Strengthen and improve the alternative service mobilization framework*.

Continue the comprehensive review of all operational plans.

Was the goal achieved?

Partial.

Results:

The Acting Director and Acting Associate Director for Operations chaired a table top exercise facilitated by the Navy Detachment to walk through the operational plans and document improvement areas and possible revisions/improvements that can be worked on as we move into FY22. Although the exercise was successful, full review of each operational written plan with documented changes has not been accomplished. A dedicated team is being formed to go through each operational plan building off the lessons learned from the table top exercise. This team is being forming in the first quarter of FY 2022 with a goal of recommended changes by 2023.

Discussion:

SSS operational plans were developed in the 1980s on the foundation of Vietnam-era drafts. It was noted that although the plans are typically revised approximately every 10 years, a comprehensive review had not been done in some time.

Impact:

An update of operational plans will ensure the Agency can transition its internal systems and structure to a mobilization platform if there is ever a return to conscription.

Planned Actions / Schedule:

In conjunction with a newly formed product improvement team, SSS will continue to revise and test operational plans in FY 2022. These plans will then be integrated into Strategic Objective 2.2.3, *the Exercise Program*. The ability of internal agency processes and structures to transition to a mobilization footing will be incorporated into future exercises.

Verification and Validation:

Exercises, ranging from table-top to full-scale, are the Agency's traditional verification and validation measure.

Objective 5 – Collect and share insights and experiences, institutional knowledge, and innovative ideas across the organization.

Strategic Objective 3.5.1 Knowledge Management System.

FY 2021 Annual Performance Goal:

Deploy an agency-wide knowledge management (KM) tool.

Was the goal achieved?

Yes.

Results:

The SSS completed adoption of SharePoint as the Agency's KM tool of record in FY 2021. All previous data was retained as part of the transition in accordance with the Governance Plan.

Discussion:

The Agency lacked a single KM tool. Following an assessment, the Agency made a transition to SharePoint.

Impact:

The program will result in an increase in sharing and more innovative solutions to problems and to leverage the Agency's data as a strategic asset.

Planned Actions / Schedule:

The Agency will develop a set of dashboards and develop a plan to retire legacy KM applications.

Verification and Validation:

Contract milestones will be monitored by agency personnel.

Objective 6 – Establish an SSS Strategic Alignment and Compliance Board.

Strategic Objective 3.6.1 Strategic Plan progress.

FY 2021 Annual Performance Goal:

Measure progress towards the Strategic Plan.

Was the goal achieved?

Yes.

Results:

The Strategic Alignment and Compliance Board (SACB) continues to exist and the Agency held quarterly meetings.

Discussion:

The SACB reviews progress towards measures of effectiveness and performance in the Strategic Plan.

Impact:

This maintains accountability for items in the Plan.

Planned Actions / Schedule:

Continue holding quarterly meetings.

Verification and Validation:

The Board reviews and tracks alignment to the Strategic Plan.

Goal 4: Ensure all internal agency systems are modernized, operationally ready, and are appropriately scalable, capable, and optimized to meet national security requirements with maximum efficiency and minimum cost.

Objective 1 – Update and modernize the Agency’s technology infrastructure to deliver day-to-day capabilities as well as the necessary capabilities for mobilization.

Significant Activity:

In FY 2021, the Agency continued its comprehensive IT Modernization Plan to mature its enterprise architecture (towards Cloud Solutions), IT governance, and IT business processes to provide state of the art enterprise solutions and align IT risk-based decision-making to successful mission outcomes.

Strategic Objective 4.1.1 IT infrastructure sustainment / improvement.

FY 2021 Annual Performance Goal:

Take actions to achieve compliance with Executive Order (EO) 13800 for Federal IT modernization.

Was the goal achieved?

Yes.

Results:

In FY 2021, the Agency continued improvements to IT Infrastructure. In the spring of 2021, the CIO authored and submitted a proposal for Federal ‘Technology Modernization Fund’ (TMF) initiative managed by the General Services Agency program office. The initiative supports the Federal Modernizing Government Technology Act of 2017. In September of 2021, SSS/CIO was invited by the Executive Branch to discuss the Agency’s IT/Cyber Operations and the TMF proposal with the National Cyber Director. The meeting was a great success to discuss the Agency’s challenges, successes, modernization, Cloud transition strategy, and the recently submitted TMF proposal.

Discussion:

The TMF strategy will continue to accelerate the IT Capital Investment Plan to achieve compliance with EO 13800.

Impact:

The Agency’s TMF proposal will continue to enhance the Agency’s Cloud Smart strategy towards more secure, robust, and sustainable solutions architectures.

Planned Actions / Schedule:

Continue implementation of all management controls and rigorous OCIO processes while accelerating the OCIO’s Cloud Architecture towards DevSecOps and Zero Trust concepts of security. Additionally, the CIO will continue to mature the implementation of two new technologies that ensure compliance with EO 13800 while rigorously sustaining FISMA standards. The first system is Qualys, which introduces a powerful new capability to generate vulnerability reports based on Critical Vulnerabilities and Exposures (CVEs). This application is a sophisticated dashboard view and management of all the Agency’s critical vulnerabilities and exposures (CVE). This application will significantly enhance the efficiency to mitigating cyber threats and risks to the SSS Enterprise. The second application is being procured through a partnership with the Department of Justice (DoJ). Cybersecurity assessment and management (CSAM) automates assessments and authorizations to provide a comprehensive assessment and continuous monitoring service. This application will serve as a critical tool for the OCIO’s oversight of all cyber accreditation and compliance requirements.

Verification and Validation:

Continued maturity in OCIO/CISO monitoring and internal Inspector General programmatic review for verification of procedural effectiveness and sustained compliance.

Objective 2 – Improve delivery of agency technology services.

Significant Activity:

During FY 2021, upgrades were completed to the network infrastructure at the Data Management Center (DMC). All of the Agency's Network Infrastructure was singularly managed through the SolarWinds application which was administratively engineered to manage all the network traffic and services through a highly segmented and monitored design architecture.

Additionally, the IT support operations have matured towards adopting consistent service standards. OCIO has introduced concepts such as Information Technology Infrastructure Library (ITIL) to further adopt best practices for service delivery across all aspects of IT directorate services.

Strategic Objective 4.2.1 Help Desk.

FY 2021 Annual Performance Goal:

Improve IT Support (Help Desk) Services for the Agency through the pursuit of enhanced processes, standards, and technology while augmenting the Agency's IT staff for the Help Desk.

Was the goal achieved?

Yes.

Results:

The Agency significantly enhanced our IT Support (Help Desk) processes, standards, and technology in 2021, and these objectives continue to mature.

Discussion:

The Agency will continue to mature its IT Support Services through the Help Desk in support of enhanced service delivery, configuration management, and IT lifecycle management. To modernize IT support operations towards ITIL standards and practices, the OCIO implemented a new Vizion Incident Management application to capture, categorize, manage, track, and close IT service requests to efficient and quantifiable outcomes.

Impact:

Significant improvements continue to be made to enhance user experience and cybersecurity through the configuration management and baseline control. IT service management maturity to ITIL standards postures OCIO for sophisticated trend analysis and tracking of all aspects of the directorates capabilities.

Planned Actions / Schedule:

Continue project maturity of current implementation of the new Vizion application towards trend analysis and incident management dashboard capturing measures of success and service delivered.

Verification and Validation:

Continued CIO monitoring and internal Inspector General programmatic review for verification of procedural effectiveness and sustained compliance.

Strategic Objective 4.2.2 Cybersecurity compliance.

FY 2021 Annual Performance Goal:

Continue to mature strategy towards a "culture of compliance" through enforcement FISMA standards across the organization of Information Technology Management Series GS 2210s in the Agency with a goal to achieve 100-percent compliance with federal cybersecurity standards. OCIO is actively

collaborating with Cyber Infrastructure Security Agency (CISA) on the phased adoption of National Initiative for Cybersecurity Education (NICE) standards for 2210 Series cyber experts.

Was the goal achieved?

Yes.

Results:

The annual FISMA audit resulted in only two recommended compliance remediation's that are aggressively being pursued by the CIO and Chief Information Security Officer (CISO). All recommendations are tracked with plan of action and milestones (POAMs) and will be transparently briefed and aggressively tracked to fully document closure with OCIO oversight.

Discussion:

All FISMA standards will be achieved through a renewed "culture of compliance" and rigorous procedures that tie into the Agency's IT policy and federal cybersecurity standards. The OCIO and CISO will maintaining the highest standards for cybersecurity and FISMA standards in the Federal Government.

Impact:

Sustained FISMA compliance and ownership of standards for cybersecurity at all levels of Series 2210 personnel.

Planned Actions / Schedule:

Continue implementation through CIO monitored POAMs.

Verification and Validation:

Continued OCIO monitoring and internal Inspector General programmatic review for verification of procedural effectiveness and sustained compliance.

Goal 5: Create and maintain a high-performance culture.

Objective 1 – Increase employee engagement, improve the work environment, and recruit, train, and hire an efficient and well-trained workforce where all trust, respect, and collaborate with each other to achieve excellence.

Significant Activity:

The Agency maintained a Position Management Board (PMB) and workforce development team. These two groups bolstered employee engagement and ensured that employees received the training necessary to enhance their knowledge, skills, and abilities. In addition, the Awards Board was maintained to ensure employees are recognized and rewarded for excellence.

An employee Supporting Transformation and Results (STAR) Team continued to promote employee engagement and positive work environment by encouraging employee suggestions and ideas that will improve productivity and employee morale.

Strategic Objective 5.1.1 Updated current employee position descriptions (PD).

FY 2021 Annual Performance Goal:

Conduct a 100-percent review and update of the Agency's position descriptions (PDs). Each manager and employee will review and revise PDs before recruiting for a vacant position, assigning objectives to an

appraisal, or approving an individual development plan (IDP). Also, the Agency will use the PMB to help keep SSS on track and ensure mission essential positions are built into our organizational structure.

Was the goal achieved?

No.

Results:

The Agency's PD revisions are approximately 30 percent complete.

Discussion:

The review and update of the Agency's PDs were delayed. Upon hiring for new positions, PDs are reviewed, updated, and approved by the hiring manager and Human Resources Officer. A more extensive review and update will be completed in FY 2022.

Impact:

With accurate and updated PDs, employees and supervisors have a clear and unified understanding of any position's requirements. This will facilitate more accurate and objective performance assessments.

Planned Actions / Schedule:

In FY 2022, Directorates will update PDs, and the PMB will review PD revisions to ensure alignment with the SSS Strategic Plan.

Verification and Validation:

Engaged employees work more effectively with managers to raise the overall performance standard of the SSS workforce.

Strategic Objective 5.1.2 Fair and equitable peer recognition program.

FY 2021 Annual Performance Goal:

Maintain an Awards Board to ensure employees get rewarded multiple times a year.

Was the goal achieved?

Yes.

Results:

Since implementing the Awards Board in July of 2019, the Board vetted and the Director of Selective Service approved the awards for recipients. Employees are recognized and rewarded quarterly.

Discussion:

The employee awards and peer recognition contributed to an overall increase in SSS employees' satisfaction and recognition based on the results of the FY 2020 FedView Survey.

Impact:

As a result of the Awards Board's initiative, SSS employees indicate higher satisfaction with the recognition received for doing a good job than the government-wide average for the FY 2020 FedView Survey.

Planned Actions / Schedule:

To continue to implement workplace cost and non-cost incentives that will build morale.

Verification and Validation:

The FedView Survey highlights employee satisfaction compared to previous years.

Strategic Objective 5.1.3 STAR Team effectiveness.

FY 2021 Annual Performance Goal:

Schedule the Supporting Transformation and Results (STAR) Team meetings to vet employees' ideas, recommendations, and suggestions, and convey the same to leadership.

Was the goal achieved?

Yes.

Results:

The STAR Team met bi-monthly in FY 2021. Ideas were vetted through the Team, and leadership approved all of those initiatives.

Discussion:

The STAR Team is an employee-led forum for vetting ideas and suggestions. The team is comprised of employees from all agency directorates. It was formed to enhance and improve employee engagement, morale, culture, and processes at SSS. Meetings are held to review employee suggestions and present options to senior leadership that have a positive impact on employee wellness and satisfaction.

Impact:

Improved employee engagement and morale.

Planned Actions / Schedule:

Encourage employee participation in the suggestion process. Meet quarterly or more frequently if warranted.

Verification and Validation:

Approved initiatives have desired outcome. An annual review of the suggestion process and procedures provides the basis for incorporating any recommendations for improvement. The STAR Team prepared the Agency's STAR Team Directive signed by the Acting Director which outlines the purpose, objective, guidelines, and procedures of the Selective Service STAR Team.

Objective 2 – Provide effective and collaborative human resource management and training resources.

Significant Activity:

With respect to workforce, the Agency continued to use special hiring authorities to recruit and retain exceptional employees. The Agency also invested over \$92,000 in training during FY 2021, to encourage and promote individual development.

Strategic Objective 5.2.1 Human Capital Management.

FY 2021 Annual Performance Goal:

Ensure 124 full-time equivalents (FTEs) personnel on board.

Was the goal achieved?

No.

Results:

Selective Service estimates that the Agency completed FY 2021 with approximately 117 FTEs on board.

Discussion / Impact:

In FY 2021, the Agency began an aggressive campaign to fill all open positions. Despite restrictions imposed by COVID, SSS was able to fill multiple open positions.

Planned Actions / Schedule:

In FY 2022, the Agency plans to continue to aggressively use tools such as hiring bonuses and relocation compensation to fill key positions with quality personnel, as well as being acceptable of remote positions.

Strategic Objective 5.2.2 Military Human Capital Management.

FY 2021 Annual Performance Goal:

Begin to implement a reconfiguration of the Reserve Service Member (RSM) Program per the implementation plan.

Was the goal achieved?

Partially.

Results:

The RSM Program is being reconfigured to accomplish two main goals: 1) make it affordable and 2) align RSM support to the Strategic Plan. In FY 2021, we on-boarded a total of four enlisted service members. Overall funding for the RSM program remained below the full complement of Temporary Duty Assignment (TDA) authorized personnel. Due to unforeseen inability of the Services to both repurpose and/or add positions to meet the planned organizational changes, we needed to go back to the table to redesign the plan. We have now stayed within Service-approved TDA and will again move to transfer many of the officer billets to enlisted while retaining Army National Guard positions in each state. The transition was made to pay for four drills for all our Reservists.

Discussion:

Based on lessons learned over the past two years and the inability to engage on the planned transition due to manning situations in each of the affected service areas, SSS needed to analyze the problem to determine a solution that could best resolve the transition. The Agency moved to a hybrid solution that uses existing TDA. We now have hybrid RSM workforce that takes advantage of limited state resources (Army National Guard) working with State Directors to achieve state based activities. The second piece are limited groups in each Region that is manned with Army and Air Force Reservists who will be available to high-priority registration improvement activities and Alternative Service efforts. This year we hope to socialize the new plan with the services and move out on conversion over the next fiscal year.

Impact:

During FY 2022, SSS will continue to be in a transitional period. During this time, other programs such as local board and registration may suffer continued slips in schedule or performance as new service members are on-boarded and trained. And as we continue to carry vacancies awaiting for full funding of existing slots or full conversion to the new hybrid plan.

Planned Actions / Schedule:

The transition will be complete in FY 2023/2024.

Verification and Validation:

Verification and validation of the plans are satisfied by managerial and staff review.

Strategic Objective 5.2.3 Hiring process improvement.

FY 2021 Annual Performance Goal:

Reduce the Agency's "Time to Hire" metric below the U.S. Office of Personnel Management (OPM) 80-day standard.

Was the goal achieved?

No.

Results:

The SSS achieved an 89.8-day "Time to Hire" metric.

Discussion:

The Agency employed available hiring flexibilities, including direct hire authorities, for employees with specialized skill sets.

Impact:

SSS advertised for, recruited, and on-boarded a wider range of qualified employees faster. Accelerating the recruitment/hiring timeline meant a more rapid start to the new employees' contribution to mission achievement.

Planned Actions / Schedule:

In FY 2022, SSS will continue to use direct hire authorities and other tools, such as virtual job fairs.

Verification and Validation:

Between the months of May and September of FY 2021, SSS has recruited and retained 11 full-time equivalents (FTEs).

Objective 3 – Deploy diversity and inclusion training and other activities to create an environment where people feel valued and are motivated to contribute their talents to the mission.

Significant Activity:

Efforts include EEO training provided to all employees and contractors, the Agency's EEO policy updated for new administration, and in response to Executive Order 14035 appointed a Diversity, Equity, and Inclusion Officer. In addition, the SSS maintained an Equal Employment Opportunity Commission (EEOC)-approved reasonable accommodation policy and procedures, as well as managed a reasonable accommodation program accessible to applicants and employees to ensure inclusion of individuals with disabilities.

Strategic Objective 5.3.1 Provide EEO training and promote diversity and inclusion.

FY 2021 Annual Performance Goal:

Fulfill the Agency's requirement for providing EEO training and commitment to adhere to EEO laws. Ensure the EEO policy is ready for the next administration. Promote equal opportunities for employment.

Was the goal achieved?

Yes.

Results:

During FY 2021, all SSS employees and contractors completed the No FEAR and Whistleblower Protection training. And, appointed a staffer to lead the Agency's Diversity, Equity, and Inclusion in response to EO 14035.

Discussion:

In FY 2021, the Agency continued to deploy diversity and inclusion training, including No FEAR and Whistleblower Protection. Selective Service's EEO office prepared a new EEO program directive which includes Federal EEO laws, regulations and Equal Employment Opportunity guidance.

Senior leadership appointed a Diversity, Equity, and Inclusion Officer to support the President's Executive Order 14035 – Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce.

The Agency continued to educate employees about the Alternative Dispute Resolution process.

Selective Service is steadfast in its commitment to enforce EEO laws, regulations, and adhere to a policy of nondiscrimination.

Impact:

By fulfilling the employer's responsibilities to provide EEO training and diversity inclusion, the Agency is in compliance with EEO laws and EO 14035, by being a model equal employment opportunity employer.

Planned Actions / Schedule:

The Agency will continue to uphold and support an equal opportunity environment where employees feel valued, respected, and motivated to meet agency objectives.

Verification and Validation:

Achieve 100% compliance in fully training employees and contractors, and meeting the Executive Order goal of promoting diversity, equity, and inclusion for federal agencies being a model equal employment opportunity employer.

Strategic Objective 5.3.2 Manage a Reasonable Accommodations Program.

FY 2021 Annual Performance Goal:

Fulfill the Agency's requirement for timeliness and consistency in providing reasonable accommodations to qualified individuals with disabilities. Ensure the Agency's reasonable accommodation policy and procedures meet EEOC guidelines.

Was the goal achieved?

Yes.

Results:

During FY 2021, reasonable accommodation requests were handled and processed within the required timeframe. All requests were approved for the accommodation requested. These requests were related to telework accommodations due to the COVID-19 pandemic and work schedule adjustments.

The Agency's policy and procedures were reorganized, revised, and updated in March 2021. Pursuant to Executive Order 13164, the updated policy and procedures were sent to EEOC for their review and approval. An approval feedback letter from EEOC was received in May 2021.

Discussion:

SSS's reasonable accommodation policy and procedures are made accessible to all employees and applicants from the internal and public-facing websites. Then, as part of the new employee orientation, a briefing is presented on the Agency's reasonable accommodations program.

During FY 2021, changes were made to the policy and procedures to reorganize content and more fully align with EEOC's Policy Guidance on Executive Order 13164: Establishing Procedures to Facilitate the Provision of Reasonable Accommodation and EEOC's Practical Advice for Drafting and Implementing Reasonable Accommodation Procedures Under Executive Order 13164.

An SSS staffer fulfills collateral duties as the reasonable accommodations coordinator (RAC) to facilitate the Agency's reasonable accommodations process. Requests are processed and accommodations provided in the shortest time possible to ensure inclusion and diversity in the workforce. Reasonable accommodations records are maintained separately from personnel records. These records were moved to digital format and stored on an external hard drive to reduce paper file storage.

In addition, the RAC staffer maintains the interagency agreement with the Department of Defense's Computer and Electronic Accommodations Program (CAP) and continues to follow the Employer Assistance and Resource Network (EARN) on Disability Inclusion group discussions.

Impact:

By fulfilling the employer's responsibilities to provide accommodations, the Agency:

1. Enables a qualified individual with a disability to perform the essential functions of a job; and
2. Makes it possible for an employee with a disability to enjoy equal benefits and privileges of employment.

More importantly, the Agency is in compliance with EEOC's requirements and federal law.

Planned Actions / Schedule:

Continue an annual review and update of records, which are performed for reporting requirements. The results and feedback will be used to evaluate and improve the processing of requests for reasonable accommodations. Feedback from the interactive resolution process will be taken into consideration for making future enhancements to the Agency's reasonable accommodation procedures. Training will be conducted for new managers and supervisors as requested.

Verification and Validation:

The receipt of EEOC's feedback letter verifies and validates the Agency's policy and procedures are in compliance with EO 13164. Self-assessment of the reasonable accommodations program is conducted annually to confirm the program is managed efficiently and in accordance to federal guidelines.

FINANCIAL DETAILS

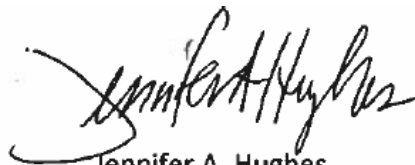
MESSAGE FROM THE CHIEF FINANCIAL OFFICER (CFO)

I am pleased to present the Selective Service System's consolidated financial statements for the Fiscal Year 2021 Performance and Accountability Report.

Selective Service's Financial Management (FM) team intently focused on the four material weaknesses identified by auditors in the prior fiscal year. Most notably, the SSS team created an internal use software training program complete with a breakdown of the Statement of Federal Financial Accounting Standards, *Accounting for Internal Use Software (IUS)*, to communicate the accounting requirements in easy-to-digest slides. Situational vignettes and frequently asked questions were incorporated into the slides to further emphasize the level of agency planning and involvement required to capture IUS data and costs adequately. The FM team further developed an IUS form to enable the Agency to memorialize the internal use software decisions, costs, and status.

While process improvements were imperative to addressing material weaknesses, the Agency continued to drive forward on multiple other initiatives to promote greater efficiencies and accountability. These accomplishments included the roll out of a SharePoint-based Budget Tool, creation and use of an ad-hoc Deobligation Request form, implementation of a new process to rank and prioritize agency unfunded requirements, and a successful campaign to increase the number of agency vendors utilizing the Invoice Processing Platform.

FY 2021 provided an opportunity to rebuild and rebrand the financial team after a 77-percent turnover in the FM team during the previous year. Improvements made during FY 2021 demonstrate the financial team's initiative and ingenuity, including critical proficiency in financial reporting reliability, economic data transparency, and compliance with applicable laws and regulations. I wish to applaud and express my sincere appreciation to the Agency's accounting and budget professionals for their tremendous enthusiasm and dedication. The Agency continues to prepare initiatives and objectives for FY 2022 to ensure readiness among all financial facets and to remain a vital component of our nation's security.



Jennifer A. Hughes
Chief Financial Officer
November 12, 2021

Selective Service System

Audit of Financial Statements

**As of and for the Year Ended
September 30, 2021**

BY PREMIER GROUP SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the financial statements of the SSS, which comprise the balance sheets as of September 30, 2021, and the related statements of net cost, statements of changes in net position, and statements of budgetary resources for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Such responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States; and OMB Bulletin 19-03, Audit Requirements for Federal Financial Statements (the OMB audit bulletin). Those standards and the OMB audit bulletin require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments in a federal agency, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the SSS's internal control or its compliance with laws, regulations, and significant provisions of contracts. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on Financial Statements

In our opinion the FY 2021 financial statements referred to below present fairly, in all material respects the financial position of SSS as of September 30, 2021, and its net costs, changes in net position, and budgetary resources for the year, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MDA) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures and other accompanying information are presented for the purpose of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER AUDITOR REPORTING REQUIREMENTS

Report on Internal Control

In planning and performing our audit of the financial statements of the SSS, as of and for the years ended September 30, 2021 in accordance with auditing standards generally accepted in the United States of America, we considered the SSS's internal control over financial reporting

(internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SSS's internal control. Accordingly, we do not express an opinion on the effectiveness of the SSS's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

OBSERVATION AND RECOMMENDATIONS

Control Deficiencies

FINDING: 2021-001

Condition: Our testing of Property, Plant and Equipment resulted in some inconsistencies with recording transactions in the proper accounting period. More specifically, our testing of 16 PP&E transactions noted that seven transactions were recorded in the FY2021 but were purchased and invoiced in prior periods.

Criteria: According to the Statement of Federal Financial Accounting Standards (SFFAS) 6: Accounting for Property, Plant, and Equipment Section 34 (Page 17), PP&E shall be recognized when title passes to the acquiring entity or when the PP&E is delivered to the entity or to an agent of the entity. In the case of constructed PP&E, the PP&E shall be recorded as construction work in process until it is placed in service, at which time the balance shall be transferred to general PP&E.

Cause: Within the last few years there has been considerable turnover with the SSS financial accounting staff. Due to limited resources, assets transactions were not being recorded as they were acquired within the accurate accounting period.

Effect: If PP&E is not recognized and reported in the correct accounting period, the financial statements could be misleading and not represent the true value of the agency.

Recommendation: We recommend that all PP&E transaction be recognized and reported in the accounting period that it is acquired or delivered.

Report on Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to the SSS. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with our audit, we noted no instance of noncompliance that is required to be reported according to GAS and the OMB audit bulletin guidelines. No other matters came to our attention that caused us to believe that the SSS failed to comply with applicable laws, regulations, or significant provisions of laws, regulations, and contracts that have a material effect on the financial statements insofar as they relate to accounting matters. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the SSS's noncompliance with applicable laws, regulations, or significant provisions of laws, regulations, and contracts insofar as they relate to accounting matters.

Restricted Use Relating to Reports on Internal Control and Compliance

The purpose of the communication included in the sections identified as "Report on Internal Control" and "Report on Compliance" is solely to describe the scope of our testing of internal control over financial reporting and compliance, and to describe any material weaknesses, significant deficiencies, or instances of noncompliance we noted as a result of that testing. Our objective was not to provide an opinion on the design or effectiveness of the SSS's internal control over financial reporting or its compliance with laws, regulations, or provisions of contracts. The two sections of the report referred to above are integral parts of an audit performed in accordance with GAS in considering the SSS's internal control over financial reporting and compliance. Accordingly, those sections of the report are not suitable for any other purpose.

Report on Improper Payments Elimination and Recovery Improvement Act (IPERIA) Compliance

The Improper Payments Information Act of 2002 (IPIA) requires federal agencies to provide for estimates and reports of improper payments. Congress amended IPIA in 2010 with the

Improper Payments Elimination and Recovery Act (IPERA) and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) in 2013. IPIA, as amended, requires the head of each Agency to periodically review, identify, estimate, and report on all programs and activities that may be susceptible to significant improper payments.

This legislation lists six specific requirements for agencies to comply with this legislation: (1) publishing the annual financial statements for the most recent fiscal year; (2) conducting a program specific risk assessment; (3) publishing improper payments estimates for programs and activities identified as susceptible to significant improper payments; (4) publishing programmatic corrective action plans; (5) publishing reduction targets for programs assessed to be at risk; and (6) reporting on an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under IPIA.

The SSS's risk assessment concluded its programs were at low risk for improper payments during FY 2021 and any recapture efforts are not cost effective.

Improper Payment Criteria	Compliance
Publish an AFR or PAR	Yes
Conduct risk assessment	Yes
Publish an improper payment estimate	N/A
Publish corrective action plans	N/A
Publish and meet reduction targets	N/A
Report a gross improper payment rate of less than 10 percent	N/A

Premier Group Services, Inc.

Lanham, MD
November 17, 2021

CFO RESPONSE TO THE FY 2021 AUDIT REPORT

Appendix A: Agency Response



Selective Service System

National Headquarters | Arlington, Virginia 22209-2461
www.sss.gov

DATE: November 18, 2021

TO: Premier Group Services, Inc.

FROM: Jennifer A. Hughes

A handwritten signature in black ink, reading 'Jennifer A. Hughes', is written over the 'FROM' line.

SUBJECT: RESPONSE TO FISCAL YEAR 2021 FINANCIAL STATEMENT AUDIT

The Selective Service System (SSS) reviewed the Independent Auditors' Report from Premier Group Services, Inc., for FY 2021. The Agency takes no exception with the report and is prepared to address the PP&E control deficiency documented by the audit team. The Agency has made tremendous progress over the last 12 months and is committed to further maturing and implementing corrective actions to strengthen our internal control.

Appendix B: Status of FY 2020 Audit Recommendations

Finding#	Status of FY 2020 Audit Recommendations	Status
1	Breakdowns in Accounting Processes Result in Misstated PPE Financial Reporting	CAP In Progress
2	Material Breakdowns in Internal Controls Impact FBWT Balances	Completed
3	Accruals Not Processed in Accordance with Requirements	CAP In Progress
4	Failure to Post Top-side Entry to GL Materially Impacted Opening Balances	Completed
5	Other Significant Deficiencies in Internal Controls Impacted FY 2020 Operations	CAP In Progress
5a	SSS has not sufficiently developed, documented, or validated its approach to accruing account payables at the end of a reporting period.	CAP In Progress
5b	Identified that OCFO personnel held checks totaling approximately \$17,000 for up to three years without depositing the items.	Completed
5c	SSS controls to ensure that the value of undelivered orders is correctly reported on agency financial reports were not functioning as designed for most of the FY 2020.	Not Applicable (process changed)
5d	Identified an issue dealing with the proper accounting for accounts receivable and the establishment of allowance for loss on these accounts.	Not Applicable (immaterial items)

OVERVIEW OF FINANCIAL STATEMENTS

Purpose of the financial statements is to present the following information:

- * The *Balance Sheet* presents the combined amounts available for use (assets) versus the amounts owed (liabilities) and the residual amounts after liabilities were subtracted from assets (net position).
- * The *Statement of Net Cost* presents the annual cost of operations and determined by the Agency's gross costs less any earned revenue.
- * The *Statement of Changes in Net Position* presents accounting items causing the net position section of the balance sheet to change from the beginning to the end of the fiscal year.
- * The *Statement of Budgetary Resources* presents how budgetary resources were made available for use during the fiscal year and the status of those resources at the end of the fiscal year.

FINANCIAL STATEMENTS

Selective Service System BALANCE SHEET As of September 30, 2021 and 2020 (in dollars)

	2021	2020
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 10,793,477	\$ 10,252,736
Total Intragovernmental	<u>\$ 10,793,477</u>	<u>\$ 10,252,736</u>
With the Public		
Accounts Receivable, Net (Note 3)	\$ 19,357	\$ 14,904
General Property, Plant, and Equipment, Net (Note 4)	3,016,655	3,994,575
Total with the Public	<u>\$ 3,036,012</u>	<u>\$ 4,009,479</u>
Total Assets	<u><u>\$ 13,829,489</u></u>	<u><u>\$ 14,262,215</u></u>
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 1,004,496	\$ 1,081,654
Benefit Program Contributions Payable (Note 5)	414,302	413,110
Other Liabilities		
Other Liabilities (without reciprocals) (Note 5)	41,584	35,846
Total Intragovernmental	<u>\$ 1,460,382</u>	<u>\$ 1,530,610</u>
With the Public		
Accounts Payable	\$ 1,398,989	\$ 438,438
Federal Employee and Veteran Benefits (Note 6)	2,507,278	2,565,618
Other		
Other Liabilities (Note 5)	605,244	484,113
Total with the Public	<u>\$ 4,511,511</u>	<u>\$ 3,488,169</u>
Total Liabilities	<u><u>\$ 5,971,893</u></u>	<u><u>\$ 5,018,779</u></u>
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 5,982,657	\$ 6,478,870
Cumulative Results of Operations - Funds from other than Dedicated Collections	1,874,939	2,764,566
Total Net Position	<u><u>\$ 7,857,596</u></u>	<u><u>\$ 9,243,436</u></u>
Total Liabilities and Net Position	<u><u>\$ 13,829,489</u></u>	<u><u>\$ 14,262,215</u></u>

The accompanying notes are an integral part of these statements.

Selective Service System
 STATEMENT OF NET COST
 For the Years Ended September 30, 2021 and 2020
 (in dollars)

	<u>2021</u>	<u>2020</u>
Gross costs	\$ 29,480,279	\$ 26,939,786
Less: Total Earned Revenue (Note 9)	<u>(500,000)</u>	<u>(500,000)</u>
Net Cost of Operations	<u>\$ 28,980,279</u>	<u>\$ 26,439,786</u>

The accompanying notes are an integral part of these statements.

Selective Service System
STATEMENT OF CHANGES IN NET POSITION
For the Years Ended September 30, 2021 and 2020
(in dollars)

	2021	2020
Unexpended Appropriations:		
Beginning Balances	\$ 6,478,870	\$ 7,522,888
Beginning Balances, as Adjusted	\$ 6,478,870	\$ 7,522,888
Appropriations Received	\$ 26,000,000	\$ 27,100,000
Other Adjustments	(457,092)	(281,210)
Appropriations Used	(26,039,121)	(27,862,808)
Net Change in Unexpended Appropriations	\$ (496,213)	\$ (1,044,018)
Total Unexpended Appropriations - Ending	\$ 5,982,657	\$ 6,478,870
Cumulative Results of Operations:		
Beginning Balances	\$ 2,764,566	\$ (748,066)
Beginning Balances, as Adjusted	\$ 2,764,566	\$ (748,066)
Appropriations Used	\$ 26,039,121	\$ 27,862,808
Imputed Financing	2,051,531	2,089,610
Net Cost of Operations	(28,980,279)	(26,439,786)
Net Change in Cumulative Results of Operations	\$ (889,627)	\$ 3,512,632
Cumulative Results of Operations - Ending	\$ 1,874,939	\$ 2,764,566
Net Position	\$ 7,857,596	\$ 9,243,436

The accompanying notes are an integral part of these statements.

Selective Service System
STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2021 and 2020
(in dollars)

	2021	2020
Budgetary Resources:		
Unobligated Balance From Prior Year Budget Authority, Net	\$ 3,806,771	\$ 2,958,661
Appropriations (Discretionary and Mandatory)	26,000,000	27,100,000
Spending Authority From Offsetting Collections (Discretionary and Mandatory)	500,000	500,000
Total Budgetary Resources	<u><u>\$ 30,306,771</u></u>	<u><u>\$ 30,558,661</u></u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 27,884,823	\$ 28,433,172
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	\$ 66,068	\$ 78,890
Unexpired Unobligated Balance, End of Year (Note 2)	\$ 66,068	\$ 78,890
Expired Unobligated Balance, End of Year	2,355,880	2,046,599
Unobligated Balance, End of Year (Total)	<u>\$ 2,421,948</u>	<u>\$ 2,125,489</u>
Total Budgetary Resources	<u><u>\$ 30,306,771</u></u>	<u><u>\$ 30,558,661</u></u>
Outlays, Net		
Outlays, Net (total) (Discretionary and Mandatory)	<u>\$ 25,002,167</u>	<u>\$ 26,817,988</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the years ended September 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Selective Service System (SSS) is an independent federal agency, operating with permanent authorization under the Military Selective Service Act. The SSS is not part of the Department of Defense; however, it exists to serve the emergency manpower needs of the Department of Defense, if a draft is necessary.

The Agency's mission is twofold: (1) to provide manpower to the U.S. Armed Forces in an emergency; and (2) run an Alternative Service Program for registrants classified as conscientious objectors. The Alternative Service Program would provide public work assignments in America's communities in lieu of military service.

The SSS's structure consists of the National Headquarters, Data Management Center (DMC), and three Regional Headquarters. The SSS workforce includes full-time permanent employees, part-time employees (state directors), volunteers (local board members), and military reservists. State directors, local board members, and military reservists are the Agency's standby components. They serve part-time for the Agency, remaining trained and ready to be called into service in the event of a draft.

The Agency remains ready to implement a draft of untrained manpower, or personnel with professional health care or special skills, if directed by the Congress and the President to do so in a national crisis.

(b) Basis of Accounting and Presentation

The financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources in accordance with U. S. Generally Accepted Accounting Principles (GAAP) and Financial Reporting Requirements of the Office of Management and Budget (OMB) prescribed in OMB Circular No. A-136, Financial Reporting Requirements.

Financial Statements are meant to be comparative and any slight changes are not material and made to ensure compliance with Treasury Financial Manual.

They have been prepared from the books and records of the SSS and include accounts of all funds under the control of the SSS. Accounting principles generally accepted in the United States encompass both accrual and budgetary transactions. Under the accrual method, revenue is recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

(c) Budget Authority

The Congress passes appropriations annually that provide the SSS with authority to obligate funds for necessary expenses to carry out mandated program activities. The SSS performs reimbursable services for another federal entity which reimburses the SSS for the full costs of performing this service.

Annual appropriations are used, within statutory limits, for operating and capital expenditures for essential personal property. Also, the SSS places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds.

(d) Fund Balance with Treasury

Fund balances with Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments.

(e) Accounts Receivable

Accounts Receivable consists of amounts due from other federal entities, current and former employees, and vendors. Gross receivables are reduced to Net Realizable value by an allowance for uncollectible accounts.

(f) Property, Plant, and Equipment

The basis for recording purchased general Property, Plant, and Equipment (PP&E) is full costs, including all costs incurred to bring the PP&E to and from a location suitable for its intended use. The SSS PP&E consists of equipment, software, assets under capitalized lease, and internal use software in development. The SSS's policy is to capitalize individual purchases of property and equipment with a cost of \$50,000 or more and a useful life of at least three years. The dollar threshold for capitalization of bulk purchases is \$100,000. Assets are depreciated using straight-line method of depreciation with useful lives ranging from three to ten years.

(g) Accrued Liabilities and Accounts Payable

Accrued Liabilities and Accounts Payable represent a probable future outflow or other sacrifices of resources as a result of past transactions or events. Liabilities are recognized when incurred, regardless of whether they are covered by budgetary resources. Liabilities cannot be liquidated without legislation that provides resources to do so. Also, the government, acting in its sovereign capacity, can abrogate the SSS liabilities.

(h) Accrued Workers Compensation and Other Actuarial Liabilities

Federal Employees' Compensation Act (FECA) provides income and medical cost protection to cover federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and to pay beneficiaries of employees whose deaths are attributable to job-related injuries or occupational disease. The FECA program is administered by the United States Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the SSS for these paid claims.

The FECA liability is based on two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the SSS. There is generally a two- to three-year time period between payment by DOL and reimbursement to DOL by the SSS. The second component is the actuarial liability, which estimates the liability for future payments as a result of past events. The actuarial liability includes the expected liability for death, disability, medical, and miscellaneous cost for approved compensation cases.

(i) Pension Costs, Other Retirement Benefits, and other Post Employment Benefits

The SSS recognizes the full costs of its employees' pension benefits. However, the liabilities associated with these costs are recognized by the Office of Personnel Management (OPM) rather than the SSS.

Most employees hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS) to which the SSS contributes 7 percent of salaries for regular CSRS employees.

On January 1, 1987, the Federal Employees' Retirement System (FERS) went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, are automatically covered by FERS and Social Security. A primary feature of FERS is that it offers a savings plan to which the SSS automatically

contributes 1 percent of base pay and matches any employee contributions up to an additional 4 percent of base pay. For most employees hired after December 31, 1983, the SSS also contributes the employer's matching share for Social Security.

Similar to federal retirement plans, OPM rather than the SSS, reports the liability for future payments to retired employees who participate in the Federal Employees Health Benefit Program (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGlIP). The SSS reports the full cost of providing other retirement benefits. The SSS also recognizes an expense and liability for other post-employment benefits (OPEB), which includes all types of benefits provided to former or inactive (but not retired) employees, their beneficiaries, and covered dependents. During FY 2021 and FY 2020, the cost factors relating to FEHBP were \$2,153 and \$2,042 respectively, per employee enrolled. During FY 2021 and FY 2020, the cost factor relating to FEGlIP was 0.02 percent of basic pay per employee enrolled.

(j) Annual, Sick, and Other Leave

Annual leave is accrued when earned and reduced as leave is taken. The balance in the accrued leave account is calculated using current pay rates. Sick leave and other types of non-vested leave are charged to operating costs as they are used.

(k) Imputed Costs and Financing Sources

Federal government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. These constitute subsidized costs which are recognized by the receiving entity. The SSS recognized imputed costs and financing sources in FY 2021 and FY 2020 to the extent directed by the OMB, such as: employees' pension, post-retirement health and life insurance benefits; other post-employment benefits for retired, terminated, and inactive employees, which include unemployment and workers compensation under the Federal Employees' Compensation Act (FECA), and losses in litigation proceedings. In addition, the SSS recognized imputed cost for services received from other federal agencies without reimbursement; these services included office space for DMC and Region I (Illinois), and Reserve Service Members (RSM) services from the U.S. Marine Corps Reserves and the U.S. Navy Reserves.

(l) Revenues and Other Financing Sources

The SSS's activities are financed either through exchange revenue it derives from other Federal Government entities or through appropriations. A reimbursable agreement with the Department of Defense provides the exchange revenue that is recognized when earned (i.e., when services have been rendered). Appropriations used are recognized as financing sources when related expenses are incurred or assets purchased. The SSS also incurs certain costs that are paid in total or in part by other federal entities, such as pension costs. These subsidized costs are recognized on the Statement of Net Cost and imputed financing for these costs is recognized in the Statement of Changes in Net Position. As a result, there is no effect on Net Position.

(m) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(n) Expired Accounts and Canceled Authority

The SSS receives an annual appropriation, which unless otherwise specified by law, expires for incurring new obligations at the end of the fiscal year that the funds were appropriated. For the subsequent five fiscal years, the expired funds are available to liquidate valid obligations incurred during the unexpired period. Obligations incurred during the unexpired period but not previously reported may be adjusted

upwards or downwards. At the end of the fifth expired year, the expired account is canceled and any remaining funds are returned to Treasury.

NOTE 2 – FUND BALANCE WITH TREASURY

U.S. Government cash is accounted for on an overall consolidated basis by Treasury. The amounts shown on the Balance Sheets represent the SSS's right to draw on Treasury for valid expenditures. The fund balance as shown on the SSS's records are reconciled monthly with Treasury's records.

Fund Balance with Treasury consisted of the following at September 20, 2021 and 2020:

(in dollars)			
Fund Balance:	2021		2020
Status of Fund Balance with Treasury			
Unobligated Balance:			
Available	\$ 66,068	\$	78,890
Unavailable	2,396,080		2,046,599
Obligated Balance Not Yet Disbursed	8,331,329		8,127,247
Non-Budgetary	-		-
Total Status of Fund Balance with Treasury	\$ 10,793,477	\$	10,252,736

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Due from the Public, Net. Accounts Receivable due from the Public generally is related to employee payroll debt. Substantial receivables related to current employees are considered to be collectible, as there is no credit risk.

Accounts Receivable from the Public consists of the following:

(in dollars)		2021		2020
Accounts Receivable from the Public				
Current	\$	1,259	\$	4,650
1 - 180 Days Past Due		6,606		227
181 - 364 Days Past Due		825		6,193
1 - 2 Years Past Due		4,465		600
Over 2 Years Past Due		6,202		3,234
Total Billed Accounts Receivable – Public	\$	19,357	\$	14,904
Total Accounts Receivable – Public	\$	19,357	\$	14,904
Total Accounts Receivable – Public, Net	\$	19,357	\$	14,904

NOTE 4 – GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

The SSS policy is to capitalize individual purchases of property and equipment with a cost of \$50,000 or more and a useful life of at least three years. The dollar threshold for capitalization of bulk purchases is \$100,000. Assets are depreciated using straight-line method of depreciation with useful lives ranging from three to seven years. Additionally, internal use software development and acquisition costs of \$50,000 or greater are capitalized as software development in progress until the development stage has been completed and the software successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as internal use software costs and amortized using the straight-line method over the estimated useful life of seven years. Purchased commercial software that does not meet the

capitalization criteria is expensed. Capitalized property and equipment, net of accumulated depreciation, consisted of the following as of September 30, 2021 and 2020:

(in dollars)	Service Life	Acquisition Value	Accumulated Depreciation	2021 Net Book Value	2020 Net Book Value
Equipment	3-7 Yrs	\$ 3,120,999	\$ (2,374,211)	\$ 746,788	\$ 179,864
IT Software	3-10 Yrs	14,073,901	(13,451,384)	622,517	831,516
Internal Use Software	5-10 Yrs	1,647,350	-	1,647,350	2,983,195
Total		\$ 18,842,250	\$ (15,825,595)	\$ 3,016,655	\$ 3,994,575

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on the SSS's Balance Sheet as of September 30 2021, include liabilities not covered by budgetary resources, which are liabilities for which Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

The composition of liabilities not covered by budgetary resources as of September 30, 2021 and 2020 is as follows:

(a) Liabilities Not Covered by Budgetary Resources

(in dollars)	2021	2020
Intragovernmental:		
Unfunded FECA Liabilities	\$ 279,447	\$ 303,371
Liability for non-entity assets	1,291	-
Total Intragovernmental	\$ 280,738	\$ 303,371
Public Liabilities:		
Federal Employee and Veteran Benefits – FECA Actuarial Liability	\$ 1,615,241	\$ 1,712,243
Unfunded Annual Leave	867,674	831,876
Total Public	\$ 2,482,915	\$ 2,544,119
Total Liabilities Not Covered by Budgetary Resources	\$ 2,763,653	\$ 2,874,490
Total Liabilities Covered by Budgetary Resources	\$ 3,208,240	\$ 2,171,289
Total Liabilities	\$ 5,971,893	\$ 5,018,779

(b) Other Information

Unfunded Payroll Liabilities consists of workers' compensation claims payable to the Department of Labor (DOL), which will be funded in a future period, and an unfunded estimated liability for future workers' compensation claims based on data provided from the DOL. The actuarial calculation is based on benefit payments made over 12 quarters and calculates the annual average of payments. For medical expenses and compensation this average is then multiplied by the liability-to-benefit paid ratio for the whole FECA program.

Unfunded Annual Leave represents a liability for earned leave and is reduced when leave is taken. At year end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave are expensed as taken.

All other liabilities are considered to be covered by budgetary resources.

NOTE 6 - FEDERAL EMPLOYEES' COMPENSATION ACT

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for the SSS employees under FECA are administered by the Department of Labor (DOL) and are paid, ultimately, by the SSS.

For 2021, and again in 2020, the SSS used estimates provided by DOL to report the FECA liability. This practice is consistent with the practices of other federal agencies.

The SSS recorded an estimated actuarial liability for future costs that represent the expected liability for approved compensation cases beyond the current fiscal year. This estimated actuarial liability of \$1,615,241 and \$1,712,243 as of September 30, 2021 and 2020, respectively, is reported on the SSS's Balance Sheet. The SSS also recorded a liability for amounts paid to claimants by DOL as of September 30, 2021 and 2020, of \$279,447 and \$303,371, respectively, but not yet reimbursed to DOL by the SSS.

NOTE 7 - LEASES

The SSS leases office and storage space from commercial vendors and the General Services Administration (GSA). In addition, the SSS rents copiers and other office equipment from commercial vendors and vehicles from GSA and commercial vendors. With the exception of the occupancy agreement (OA) with GSA (Virginia), all rentals are one-year. Because this rental is considered cancelable, minimum lease payments due are restricted to the OA with GSA. The SSS has executed one long-term lease for office space located at National Headquarters in Arlington, Virginia.

(in dollars)							
Fiscal Year	Period	NHQ	DMC	Region 1	Region 2	Region 3	Totals
FY 2022	10/1/2021 - 09/30/2022	\$ 1,015,040	-	-	-	-	\$ 1,015,040
FY 2023	10/1/2022 - 09/30/2023	\$ 1,024,740	-	-	-	-	\$ 1,024,740
FY 2024	10/1/2023 - 10/27/2023	\$ 96,821	-	-	-	-	\$ 96,821
Total Future Lease Payment		\$ 2,136,601					\$ 2,136,601

NOTE 8 - INTRAGOVERNMENTAL COSTS

Intragovernmental costs are those expenses paid by the SSS to other Federal Government entities. They include, but are not limited to, the Army National Guard Bureau, Department of the Interior, General Services Administration, Government Printing Office, and Great Lakes Naval Station Public Works. Public costs are expenses paid to all other entities, to include state and local governments and the general public. All earned revenue was with other Federal Government agencies. Exchange revenues are those that derive from transactions in which the SSS is reimbursed for services performed for other federal agencies.

(in dollars)		
	2021	2020
Intragovernmental Costs		
Intragovernmental Costs	\$ 10,427,755	\$ 10,686,391

Public Costs	18,552,524	15,753,395
Total Program Cost	\$ 28,980,279	\$ 26,439,786

NOTE 9 – EXCHANGE REVENUE

The Statement of Federal Financial Accounting Standards (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, defines exchange revenue as inflows of resources to a governmental entity that the entity has earned. They arise from exchange transactions that occur when each party to the transaction sacrifices value and receives value in return. Exchange revenue is earned for services provided to other government agencies through reimbursable agreements. The SSS recovers the full cost of services. Amounts are earned at the time the expenditures are incurred against the reimbursable order. During Fiscal Years 2021 and 2020, the SSS earned \$500,000 and \$500,000 under an agreement with the U.S. Department of Defense. The DoD reimburses the SSS for the difference in postage cost between what the SSS currently paid to mail Registration Acknowledgment Letters and what it would cost to include DoD materials in the SSS Acknowledgments. The SSS is also reimbursed for the difference between what they were paying to lease equipment for the mailing and the increase in lease costs for the additional equipment necessary to insert the materials for DoD.

NOTE 10 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders are purchase orders issued by the SSS during FY 2021 or FY 2020 that have not had delivery of required product or service as of September 30, 2021 or 2020, respectively. It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during FY 2021 or FY 2020.

(in dollars)	2021	2020
Unpaid:		
Federal	\$ 3,794,183	\$ 1,968,802
Non-Federal	1,369,105	3,987,157
Totals	\$ 5,163,288	\$ 5,955,959

NOTE 11 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include FY 2021 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2022 and can be found at the OMB website: <http://www.whitehouse.gov/omb>. The 2021 Budget of the United States Government, with the actual column completed for 2020, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 12 – RECONCILIATION OF NET COST TO NET OUTLAYS

The Budget and Accrual Reconciliation (BAR) requires a reconciliation of the new outlays on a budgetary basis and the net cost of operations during the period.

For the period ended September 30, 2021 (in dollars)

	Intragovernmental	With the Public	Total FY 2021
Net Operating Cost (SNC)	\$ 10,427,755	\$ 18,552,524	\$ 28,980,279
NET COST			
Components of Net Operating Cost			
Not Part of Budgetary Outlays:			
Property, Plant, and Equipment			
Depreciation	\$ -	\$ (864,580)	\$ (864,580)
Other	-	421,159	421,159
Increase/(Decrease) in Assets:			
Accounts Receivable	\$ -	\$ 4,453	\$ 4,453
Other Assets	-	(2,012,192)	(2,012,192)
Increase/(Decrease) in Liabilities:			
Accounts Payable	\$ 77,155	\$ (960,551)	\$ (883,396)
Salaries and Benefits	(29,562)	(123,995)	(153,557)
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	22,633	61,204	83,837
Other Financing Sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the Agency	\$ (2,051,531)	\$ -	\$ (2,051,531)
Total Components of Net Operating Cost Not Part of the Budget Outlays	\$ (1,981,305)	\$ (3,474,502)	\$ (5,455,807)
Components of Budget Outlays Not Part of Net Operating Cost			
Acquisition of Capital Assets	\$ -	\$ 407,055	\$ 407,055
Total Components of Budgetary Outlays Not Part of Net Operating Cost	\$ -	\$ 407,055	\$ 407,055
Other Temporary Timing Differences			
Correction and Changes in Accounting Principles	\$ -	\$ 1,070,640	\$ 1,070,640
Total Other Temporary Timing Differences	\$ -	\$ 1,070,640	\$ 1,070,640
NET OUTLAYS	\$ 8,446,450	\$ 16,555,717	\$ 25,002,167

For the period ended September 30, 2020 (in dollars)

	Intragovernmental	With the Public	Total FY 2020
Net Operating Cost (SNC)	\$ 10,686,391	\$ 15,753,395	\$ 26,439,786
NET COST			
Components of Net Operating Cost			
Not Part of Net Budgetary Outlays:			
Property, Plant, and Equipment			
Depreciation	\$ -	\$ (488,368)	\$ (488,368)
Other	\$ -	\$ 674,735	\$ 674,735
Increase/(Decrease) in Assets:			
Accounts Receivable	\$ -	\$ (6,709)	\$ (6,709)
Other Assets	\$ -	\$ 2,012,192	\$ 2,012,192
Increase/(Decrease) in Liabilities:			
Accounts Payable	\$ 520,924	\$ 115,317	\$ 636,241
Salaries and Benefits	\$ (29,733)	\$ (48,750)	\$ (78,483)
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	\$ (28,581)	\$ (253,215)	\$ (281,796)
Other Financing Sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the Agency	\$ (2,089,610)	\$ -	\$ (2,089,610)
Total Components of Net Operating Cost Not Part of Budget Outlays	\$ (1,627,000)	\$ 2,005,202	\$ 378,202
NET OUTLAYS	\$ 9,059,391	\$ 17,758,597	\$ 26,817,988

PROGRAM EVALUATION

IMPROPER PAYMENTS ELIMINATION AND RECOVERY IMPROVEMENT ACT (IPERIA)

The Improper Payments Information Act of 2002 (IPIA) requires federal agencies to provide for estimates and reports of improper payments. Congress amended IPIA in 2010 with the Improper Payments Elimination and Recovery Act (IPERA) and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) in 2013. IPIA, as amended, requires the head of each Agency to periodically review, identify, estimate, and report on all programs and activities that may be susceptible to significant improper payments.

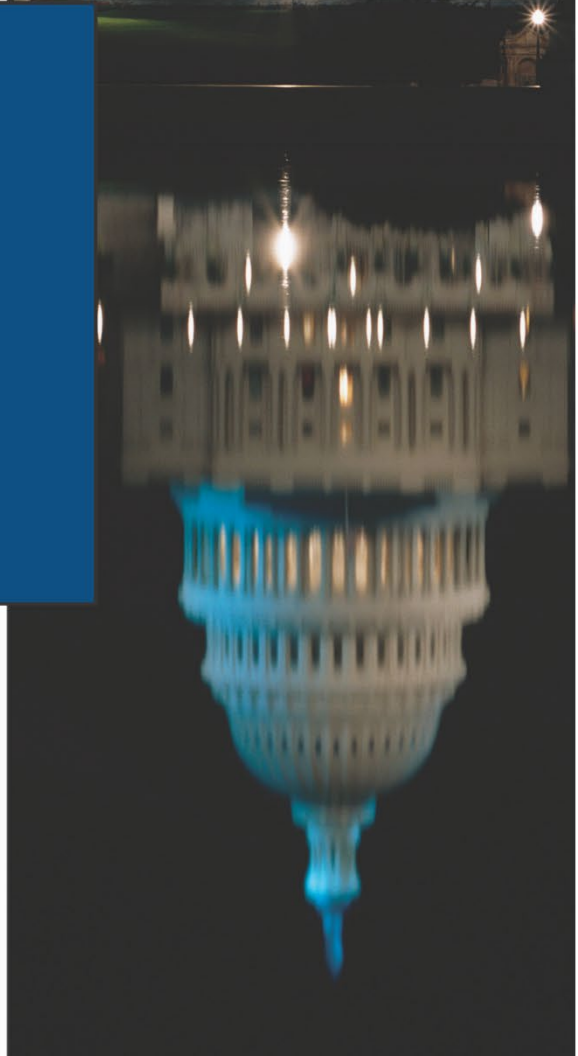
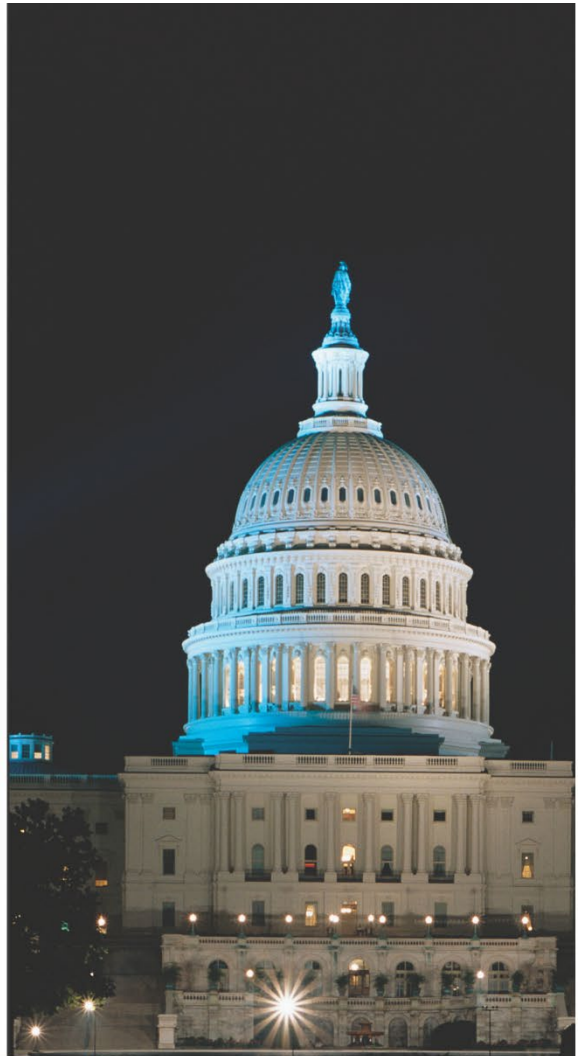
This legislation lists specific requirements for agencies to comply with this legislation: publishing the annual financial statements for the most recent fiscal year; conducting a program specific risk assessment; publishing improper payments estimates for programs and activities identified as susceptible to significant improper payments; publishing programmatic corrective action plans; publishing reduction targets for programs assessed to be at risk; and reporting on an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under IPIA. The SSS's risk assessment concluded its programs were at low risk for improper payments during FY 2021 and any recapture efforts are not cost effective.

FY 2021 PERFORMANCE CHART

AGENCY-WIDE ANNUAL PERFORMANCE RESULTS AND TARGET

Performance Goals	Target	Actual	Actual	Actual	Actual	Actual
		2017	2018	2019	2020	2021
DMC: Improve response times, in accordance with provisions of the Agency's Administrative Services Manual, for all types of responses (SIL, Compliance receipts, Reg. processing, all other correspondence):	10 days	10 days	6 days	1 days	5 days	6 days
PIA: Congressional, media, registrants, the general public:	2 days	2.2 days	3.5 days	2 days	2 days	1-2 days
PIA: Response to Freedom of Information Act and Privacy Act customers:	≤20 days	≤ 17 days	≤ 20 days	≤ 20 days	≤ 20 days	≤ 20 days

GLOSSARY	
ABBREVIATIONS AND ACRONYMS	
Alternative Service Program	ASP
Alternative Service Employer Network	ASEN
Calendar Year	CY
Chief Information Officer	CIO
Central Registrant Processing Portal	CRPP
Civil Service Retirement System	CSRS
Conscientious Objector	CO
Continuity of Operations Plan	COOP
Data Management Center	DMC
Department of Defense	DoD
Department of Homeland Security	DHS
Department of Labor	DOL
Department of Justice	DOJ
Driver's License Legislation	DLL
Equal Employment Opportunity	EEO
Federal Accounting Standards Advisory Board	FASAB
Federal Employees' Compensation Act	FECA
Federal Employees Retirement System	FERS
Federal Information Security Management Act	FISMA
Federal Managers' Financial Integrity Act	FMFIA
Fiscal Year	FY
Freedom Of Information Act	FOIA
Full-Time Equivalent	FTE
Generally Accepted Accounting Principles	GAAP
Government Accountability Office	GAO
General Services Administration	GSA
Human Resources Office	HRO
Integrated Mobilization Information System	IMIS
Improper Payments Elimination and Recovery Improvement Act	IPERIA
Information Technology	IT
Military Entrance Processing Station	MEPS
Military Selective Service Act	MSSA
Memorandum of Understanding	MOU
National Federation of State High School Associations	NFHS
Office of Management and Budget	OMB
Office of Personnel Management	OPM
Performance and Accountability Report	PAR
Personally Identifiable Information	PII
Property, Plant, & Equipment	PP&E
Public and Intergovernmental Affairs	PIA
Registration Compliance Statistical Information	RCSI
Registration, Compliance, and Verification	RCV
Reserve Service Member	RSM
Selective Service System	SSS
Statement of Budgetary Resources	SBR
Statement of Federal Financial Accounting Standards	SFFAS



Selective Service System
Arlington, VA 22209