SELECTIVE SERVICE SYSTEM

PERFORMANCE AND ACCOUNTABILITY REPORT

FY 2023

Selective Service System

National Headquarters / Arlington, Virginia 22209-2461

National Headquarters
Selective Service System FY 2023 Performance and Accountability Report
Arlington, Virginia 22209-2425

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From the Director

The Selective Service System (SSS) submits this Performance and Accountability Report (PAR) for fiscal year (FY) 2023. This report contains the results of the FY 2023 audit of the Agency's financial statements; measures performance against established goals and objectives; highlights the past year's accomplishments; and identifies future challenges.

SSS continues to thoughtfully modernize its organizational structure and essential capabilities, prioritizing three elements that advance the execution of the SSS mission and are at the center of the SSS Strategic Vision and Strategic Plan: readiness, registration, and management excellence. Moreover, these elements advance the *President's Management Agenda*, the *National Security Strategy*, and the *National Defense Strategy*.

- Readiness focuses on strengthening the Agency's core capabilities and being prepared to deliver manpower to the Department of Defense (DoD) if called upon to do so in a national emergency.

- Registration is focused on efforts to improve registration compliance rates across the United States, while confronting such significant challenges as the removal of the registration requirement for Federal student aid. Ensuring the highest registration rate possible enhances the fairness and equity that SSS seeks to uphold during active standby and if America mobilizes in response to a national emergency.

- Management excellence is about SSS remaining "always audit ready" by continuously improving support functions, such as finance, information technology, contracting, and human resources, while delivering an outstanding customer experience. The annual financial audit and the Federal Information Security Management Act audit provide an opportunity for third parties to ensure the Agency is correctly managing resources to execute the mission. I appreciate the recommendations contained in the audit report and I have ensured that the Agency is proactive in addressing them.

The financial statements contained in the FY 2023 PAR accurately capture the Agency's financial position and were prepared in accordance with United States Generally Accepted Accounting Principles and the Office of Management and Budget's Circular A-136, *Financial Reporting Requirements*. SSS always strives to deliver outstanding results, and I can proudly report that for the third straight year, SSS received an unmodified financial audit opinion.

Joel C. Spangenberg
Acting Director

TABLE OF CONTENTS

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 males 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.

The Selective Service System is an independent Federal agency responsible for managing America's ability to conduct a fair and equitable military draft. With a notable history of public service spanning more than 100 years, the Agency's size during peacetime understates its significant mission to provide military personnel to DoD during a time of national crisis. Its mission also includes administering the Alternative Service Program in lieu of military duty for men classified as conscientious objectors. SSS registration of men ages 18 through 25 directly relates to its strategic goal of readiness, in that it can support DoD during a national emergency and demonstrate America's resolve to international allies and adversaries.

Registration is the most publicly visible aspect of the Agency's mission and it happens even during times of peace. The higher the registration compliance rate, the fairer and more equitable any future draft will be for each registrant. The Agency works through its registration and compliance programs to: (1) register all eligible males; (2) identify non-registrants and remind them of their obligation to register; and (3) inform young males 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.

Most U.S. states and territories reinforce the registration requirement by means of laws that require males to register with SSS to remain eligible for state government job training and state-based student financial aid. Forty states, as well as Washington, DC, and four territories, have laws that require or permit males to register with SSS while they apply for a driver's license, learner's permit, identification card, or a commercial driver's license.

Managing a conscription program for the U.S. Armed Forces, if authorized by Congress and directed by the President, is central to the SSS mission. Should this ever happen, SSS readiness plans include holding a national draft lottery, contacting those registrants selected through the lottery process, and transporting them to a Military Entrance Processing Station (MEPS) for testing and evaluation for military service.

A notified registrant may choose to file a claim for exemption, postponement, or deferment. If a claimant is reclassified by a local board as a conscientious objector (CO), he is still required to serve for two years in a non-military capacity. By contrast, someone who is classified for induction serves two years in military service. SSS places CO workers with non-military employers as part of its Alternative Service Program and tracks their fulfillment of the two-year service requirement.

ORGANIZATION

The Selective Service System employs approximately 120 full-time staff who support its National Headquarters, the Data Management Center (DMC), and three regional headquarters. Additionally, the Agency manages up to 56 state directors and 1 deputy state director, who are part-time employees representing the 50 states, Guam, the Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, the District of Columbia, and New York City. SSS also includes Reserve Service Members (RSMs) from most branches of the U.S. Armed Forces, with up to 175 authorized to serve nationwide. Furthermore, approximately 8,500 volunteers across the nation dedicate their time, serving as State Resource Volunteers and board members, who are responsible for deciding the reclassification claims of inductees seeking deferments, exemptions, or postponements when conscription is authorized by Congress and the President. SSS state directors, RSMs, and volunteers are managed through its three regional headquarters, which are in North Chicago, IL; Marietta, GA; and Aurora, CO. The three regional headquarters also spearhead readiness efforts within their respective areas. Based in North Chicago, IL, the DMC manages the registration functions, maintains the registration database, and is home to the SSS national call center.

PERFORMANCE HIGHLIGHTS

GOALS OVERVIEW

Based on its FY 2023 budget submission and annual performance plan, SSS included 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.

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 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 1.1: Increase registration and improve data integrity.

Registration is a critical component of Selective Service's readiness mission. The intent of this objective is to reach out to young males and their key influencers to increase awareness of the registration requirement, while also ensuring that registration data is accurate and securely managed. The Agency supports this objective through proactive public affairs and outreach strategies, including public and media engagements, public broadcast service announcements, monthly digital media campaigns, email campaigns, and out-of-home advertising, to increase public awareness about the requirement for males to register.

Ultimately, the desired result for these registration initiatives is to boost the overall registration compliance rate for 18-year-old men.

For calendar year (CY) 2022, the most recent annual registration statistics available, the national registration compliance rate was 84 percent, a decrease of five percentage points from CY 2021 for males aged 18 through 25.

To mitigate the impact of the Free Application for Federal Student Aid (FAFSA) Simplification Act on registration compliance rates — which eliminated the requirement that young men register with SSS to remain eligible for Federal student aid and removed the option to register on the FAFSA — SSS collaborated with the Office of Management and Budget (OMB) and other Federal agencies to create a transformational legislative proposal that would enable it to register all people required to be registered under the Military Selective Service Act (MSSA) automatically, regardless of gender.

This legislative proposal would fundamentally change the way the Agency does business by shifting the responsibility for registration from individuals to the Federal government and help ensure the highest possible registration compliance rates.

Objective 1.2: Improve the ability to call, classify, and deliver manpower to DoD when required.

The Agency's primary mission is to institute and execute a national conscription program for DoD when authorized to do so by Congress and directed by the President. To accomplish this mission, SSS conducts training and exercises to ensure its readiness to meet national mobilization requirements.

In FY 2023, SSS updated all readiness (now called "response") plans and continued to expand the scope of its exercise program. In addition to exercising lottery and notification capabilities with new state-of-the-art equipment, SSS held a series of Agency-wide tabletop exercises at the state and local board level.

The Agency also continued to modernize training for approximately 8,500 board members to support program readiness in the event the nation returns to conscription. SSS also upgraded and updated the online training content on all possible platforms used by board members to create a better customer experience.

Objective 1.3: Update relationships with stakeholders.

SSS leverages support from dozens of partners at the Federal, state, and local levels every day. These relationships become even more critical in an Agency expansion scenario that would be required for it to meet all aspects of its mission. In the event of a national emergency, SSS will rely on these partnerships, which have been established over decades of Agency operation.

In FY 2023, the Agency provided marketing and education materials to the leadership of 587 Federally recognized Tribal nations and 182 Tribal schools, including those run by Tribes as well as those managed by the Bureau of Indian Education. The Agency continues to work with these sovereign Tribal nations to increase both their awareness of the registration requirement and the existence of volunteer board member opportunities with SSS.

The Agency also participated in the Joint Chiefs of Staff J7 Partner and Interorganizational Integration conference, a forum for DoD and civilian partners to network and collaborate on exercises and training events.

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

Objective 2.1: 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 (ASP) for alternative service workers: identification of potential employers; placement of the workers; monitoring of the workers; reassignment of the workers, if required; and reclassification of the workers once their obligation is complete. The ASP relies heavily on agreements with Federal, state, and other entities. These agreements create relationships that will be further defined if there is a return to conscription.

In FY 2023, the Agency continued to expand its outreach and engagement with large organizations, both Federal and state, to increase such organizations' awareness of opportunities for them to participate in the Alternative Service Employment Network (ASEN). Through engagement with the National Governors Association, the Agency garnered considerable interest from Arkansas, Georgia, North Carolina, and Oklahoma about such participation and finalized agreements with Arkansas and Oklahoma during FY 2023.

Objective 2.2: Improve the ability to execute the Alternative Service Program, when required.

Again, if an inductee is reclassified as a conscientious objector by his local board, he is required to serve in a non-military capacity for two years. SSS will place these alternative service workers into its Alternative Service Program with non-military employers and track their fulfillment of two years of service. In effect, SSS will act as a national employment service during an emergency requiring conscription.

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

Objective 3.1: Provide courteous, timely, and accurate customer service to internal and external customers.

In addition to maintaining an accurate registration database to serve as the foundation for induction and appeals in the event of a national emergency, the Agency's timely processing of public inquiries is intended to provide a positive customer experience to anyone applying for benefits associated with registration compliance.

The Agency's primary interface with customers is through its call center, located at the DMC. In FY 2023 the Agency continued to maintain an average wait time of less than 1 minute and decreased the response time for written requests for registration status to fewer than 5 days, 15 days below the Agency's internal benchmark.

SSS supplies information to individuals and to public and private institutions regarding legislative matters, policies, and procedures; the Agency mission; specific initiatives; and records requests. Responding to these matters warrants excellent customer service and supports an open and transparent approach to government. SSS responds to the public and media through its publicly accessible email boxes, Information@sss.gov and PublicAffairs@sss.gov. SSS responds to nearly 6,000 emails per month to these email inboxes from the public and media.

The Agency halved its response time to Freedom of Information Act (FOIA) requests, from 4 days to 2, over the past year, well below the legal requirement of 20 days. FOIA program personnel processed 49 FOIA requests and reviewed approximately 4,800 pages of documents and emails associated with those requests. All reporting requirements, including FOIA quarterly reports, the FOIA Annual Report, and Chief FOIA Officer Report, were prepared and posted to the SSS website, in accordance with Department of Justice submission guidelines.

Objective 3.2: Provide collaborative, efficient, and effective financial management.

During FY 2023, SSS continued to refine its policies, practices, processes, and systems for planning, programming, budgeting, procurement actions, and executing its annual appropriation. These efforts enabled the Agency to manage funds effectively and efficiently according to established statutes, regulations, and best practices, and to execute organizational objectives consistent with the Strategic Plan.

The Agency continued its adherence to, and strengthening of, internal financial controls. These actions prevented any loss, improper payment, or other misuse of funds that might have led to a statutory violation. In FY 2023, the Agency received an unmodified financial audit opinion. Also, the independent audit of the financial statements found no material misstatements. The Agency's annual self-assessment identified no material weaknesses in internal controls.

To maximize efficiency and advance compliance efforts, the Agency embarked on the procurement of a contract writing system compatible with its financial management system. This acquisition and system implementation will have a transformational effect on the overall Agency contracting program.

Objective 3.3: Manage and promote Agency programs through effective public/ intergovernmental communications and outreach.

The Selective Service System maintains and enhances relationships with all levels of government; educational and community-based organizations; professional associations; the media; and the public. It uses various methods to disseminate information regarding SSS' mission and the registration requirement for males.

Registration is a critical component of SSS' readiness and stands out as a mission essential function that occurs both during peacetime and in times of national emergency. If conscription becomes necessary, the Agency must have registered as many eligible males as possible to assure the public of a fair and equitable conscription process. By registering, males comply with Federal law and remain eligible for certain student loans, job training, and government employment opportunities. In the case of immigrant males, their eligibility for U.S. citizenship is protected through registration.

The Agency shares its registration message with communities across America. To maximize its effectiveness, the Agency's messaging strategy continues to incorporate a mix of both traditional and non-traditional media, with unified messaging and visuals from one medium to the next, interplaying digital and traditional advertising methodologies. Print, out-of-home, and other traditional advertising outlets are mirrored by digital campaigns, so SSS' message is consistent across both print and online platforms. Additionally, advertising campaigns focus on areas with low registration compliance rates. During each campaign, the Agency analyzes metrics to gauge how well the advertisement worked and if any modifications need to be made for future campaigns. This allows SSS to enhance its messaging strategy to ensure that it resonates with the targeted demographic.

Objective 3.4: Ensure that resource management systems and personnel structure are scalable for mobilization.

SSS has effective systems in place for everyday operations. It is critical that the Agency retain and exercise the capability to scale all enabling functions (logistics, human resources, information technology, etc.) rapidly in the event of a national emergency.

In FY 2023, SSS continued an ongoing 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 established a path forward to continue these exercises in upcoming years, with the goal of conducting a future large-scale exercise that will include U.S. Military Entrance Processing Command (MEPCOM) and DoD partners. Related to this, the Agency completed its planning for a national tabletop exercise in early FY 2024 to identify and troubleshoot potential deficiencies in mobilization operations and related functions.

Objective 3.5: Collect and share insights and experiences, institutional knowledge, and innovative ideas across the organization.

Employee effectiveness is enhanced by increasing the ease and certainty of locating critical knowledge, and leveraging all forms of operational data — i.e., practices collectively known as knowledge management — as a strategic asset for meeting the Agency's organizational and business objectives.

In FY 2023, the Agency refined its SharePoint document management rules and expanded the catalog of files and documents stored and accessible to employees as part of an overall migration of all Agency tools and services to a cloud-based environment.

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 4.1: Update and modernize the Agency's technology infrastructure to deliver day-to-day capabilities, as well as the necessary capabilities for mobilization.

The overarching goal of modernizing IT infrastructure is to deliver the highest standards of service to both internal and external customers in a cybersecure manner, while maintaining readiness to scale.

This past year has marked a significant start to SSS' transition to full Federal Risk and Authorization Management Program (FedRAMP) cloud services and definition of the future-state architecture in development, security, and operations (DevSecOps) toward a fully matured Zero Trust Architecture (ZTA). The benefits of modernization include enhanced cybersecurity, service resiliency, improved collaboration solutions, knowledge sharing, enhanced data integrity, and reduced paper file storage or manual archiving/disposition requirements. All these benefits allow the Agency to leverage its information systems and data as strategic assets; to make better, faster decisions; and improve overall operational efficiency throughout its national enterprise.

In support of these stated goals, in FY 2023 SSS continued to accelerate the strategic migration of a prioritized list of services and all internal-use applications to "cloud-smart" solutions. SSS also continued to advance towards its ZTA future state. The SSS' Microsoft (MS) 365 cloud migration achieved a historic milestone in FY 2023 with the migration of its intranet (Employee Portal) to MS SharePoint and of its email accounts to MS 365 Azure Exchange services with strong multifactor authentication.

This migration was in part enabled by a Technology Modernization Fund (TMF) award from the General Services Administration in FY 2022. SSS is one of only two small Federal agencies ever to receive such an award. The additional funding will allow SSS to accelerate the process of shifting a high-value asset, the registration database, to a cloud environment.

Objective 4.2: Improve delivery of Agency technology services.

The global threat environment continues to represent an advanced and persistent cyberthreat on a 24/7/365 basis to SSS operations. As a small Federal agency, SSS relies heavily on larger partner agencies, by leveraging their capabilities and expertise, to ensure that its systems always remain cybersecure.

In FY 2023, in accordance with OMB's Memorandum M-22-09 *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles*, the Agency created a ZTA implementation strategy. SSS continued to build on its well-established relationship with the Cybersecurity and Infrastructure Security Agency (CISA), resulting in a fully upgraded Continuous Diagnostics and Mitigation (CDM) shared-services platform. The CDM platform delivers a dynamic, secure cloud environment that remains continuously adaptive to changes in the cyberthreat environment. A separate effort with CISA resulted in the implementation of a CDM dashboard to display the cyberhealth of Agency systems. Additionally, SSS has successfully adopted a full suite of Department of Justice (DOJ) cybersecurity services to augment the Agency's capabilities for cyberoperations to achieve continual compliance with OMB.

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

Objective 5.1: 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.

One major indicator of Agency success is that the Partnership for Public Service recognized SSS for ranking 10th out of 30 small Federal Agencies in last year's Best Places to Work in the Federal Government results.

The success of the Selective Service System's mission greatly depends upon the knowledge, skills, and abilities of its employees. SSS 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 all aspect of the Agency to address the increasingly complex interdisciplinary issues facing the Federal government.

Throughout the course of the fiscal year, SSS held brown bag training sessions and other briefings to focus on each directorate's programs and projects. These sessions and briefings built and strengthened employee knowledge and helped to accelerate transformational efforts underway across SSS.

Objective 5.2: 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, experience, and competencies at the right time. The Human Capital Management Plan once finalized will advance human capital policies, programs, and practices across the Agency. SSS continues to strengthen its partnership with the Office of Personnel Management to leverage best practices in service delivery, regulatory compliance, and professional growth and development.

As evidence of its continued commitment to employee excellence through training, SSS invested over $45,000 in training exclusively for its employees during FY 2023.

Objective 5.3: 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.

The Selective Service System is committed to ensuring equal employment opportunity (EEO) for all employees and applicants, in compliance with all Federal laws and the regulations and the guidance of the U.S. Equal Employment Opportunity Commission (EEOC). The Agency will continue to ensure an equal employment opportunity environment in which employees feel valued, respected, and motivated to meet the Agency's mission.

In FY 2023, all SSS employees were required to complete mandatory EEO training, including No FEAR Act and whistleblower protection training. The Agency's EEO Director prepared a new EEO Policy Statement and completed the EEOC Form 462 Report and the EEOC MD-715 Report. SSS continued to educate employees about the alternative dispute resolution (ADR) process, which can be used to resolve conflict in the workplace constructively at the earliest opportunity. The Agency's ADR program is available to all employees.

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION

The Selective Service System submits its audited financial statements to OMB in compliance with the Accountability of Tax Dollars Act of 2002. Preparation of these statements is part of the Agency's objective to improve financial management and to provide accurate, reliable information for assessing performance and allocating resources.

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 SSS in conformity with Generally Accepted Accounting Principles (GAAP) in the United States. The GAAP are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

LIMITATIONS OF THE FINANCIAL STATEMENTS

SSS management is responsible for the integrity and objectivity of the financial information presented in the financial statements. The financial statements accompanying this report 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 stand 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

The Selective Service System's FY 2022 and FY 2023 financial statements report the Agency's financial position and results of operations on an accrual basis. Annual financial statements are composed of Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, Statements 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.

Balance Sheets

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

Assets. Assets represent Agency resources that will have future economic benefits. SSS assets totaled $19.22 million in FY 2023. Fund balances with the U.S. Treasury, mostly undisbursed cash balances from appropriated funds, constituted nearly 85 percent of the total assets. General property, plant, and equipment accounted for 15 percent of SSS assets. SSS does not maintain any cash balances outside of the 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 2023, SSS had total liabilities of about $5.69 million. Agency liabilities were Unfunded Federal Employees' Compensation Act (FECA) and Federal employee and veteran benefits of nearly $1.58 million. Accounts payable, employer contributions, and payroll taxes totaled nearly $1.80 million. Accrued payroll and leave, plus unfunded leave, totaled nearly $2.04 million. In FY 2022, the General Services Administration awarded a capital investment in an SSS IT modernization project using the

Technology Modernization Fund. SSS must pay back a modest portion of the investment and so has a category of Other Liabilities Without Related Budgetary Obligations related to this project of $0.27 million.

Net Position. SSS's net position reflects the difference between assets and liabilities and represents the Agency's financial position of nearly $13.53 million. The amount is divided into two categories: one, unexpended appropriations (related to undelivered orders and unobligated balances) at $10.10 million; and two, cumulative results of operations (net results of operations since inception plus the cumulative amount of prior period adjustments) at $3.43 million.

Statements of Changes in Net Position

The Statements of Changes in Net Position reports changes in net position during the reporting period. SSS ended FY 2023 with a net position total of $13.53 million, an increase of $3.91 million from FY 2022's position of $9.62 million.

Statements of Net Cost

The Statements of Net Cost represent the cost of operating the Agency. Net costs are composed of gross costs less earned revenues. FY 2023 net cost of operations was $31.23 million: $31.73 million in gross costs less $0.50 million in reimbursable revenues (DoD).

Statements of Budgetary Resources

The Statements 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). The Selective Service System's FY 2023 budgetary resources totaled $38.11 million in budget authority.

FINANCIAL MANAGEMENT

In FY 2023, SSS successfully managed resources, properly procured and delivered quality goods and services to stakeholders, and met its financial reporting requirements. An independent audit disclosed no material weaknesses. SSS continues to improve financial management policies, processes, and procedures, and is working to document those changes in updates to the Agency's Fiscal Manual.

FORWARD-LOOKING INFORMATION/ANALYSIS

SSS engages in strategic foresight to help identify risks, uncertainties, and events that could affect the Agency's future. Among them:

- Adequately resourcing strategic initiatives. As SSS thoughtfully modernizes, there is a risk of inadequately funding future years of the plan, thereby curtailing initiatives such as the IT Modernization Plan and scaling up of national-level exercises. To mitigate this, SSS seeks multiple sources of funding such as the Technology Modernization Fund and the assistance of agencies with more flexible and extensive resources to assist.

- Attracting and retaining a quality workforce. Unemployment remains near four percent nationally, creating a challenging and competitive hiring environment for Federal agencies. SSS uses a multi-pronged approach to mitigate this risk. This includes the Agency partnering with the Interior Business Center for shared human resources services to streamline personnel management and placing emphasis on continually improving the employee experience.

- Erosion in public awareness and interest in service. America faces a challenge as today's youth exhibit less propensity for national, military, and public service than in the past. This has a direct impact on SSS registration compliance rates and portends potential issues should there ever be a national emergency requiring a return to conscription. SSS is extremely proactive in addressing this risk, partnering with other agencies such as AmeriCorps and the Peace Corps to create better awareness of service opportunities. SSS also continues its decades-long work with DoD to advertise the benefits of military service.

Director's FMFIA Statement of Assurance

THE DIRECTOR OF SELECTIVE SERVICE
Arlington, Virginia 22209-2425

November 7, 2023

DIRECTOR'S FMFIA STATEMENT OF ASSURANCE

The Selective Service System's (SSS) senior leaders are 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 Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

Based on the results of that assessment, SSS can provide reasonable assurance that its internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2023.

JOEL SPANGENBERG
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Date: 2023.11.07 17:06:53 -05'00'

Joel C. Spangenberg
Acting Director

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, which culminate 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 OMB, in consultation with the Government Accountability Office (GAO), to establish and revise the guidance to be used by Federal agencies in executing the law. In addition, the 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.

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 SSS senior management.

SSS operates a broad internal-control program to ensure compliance with FMFIA requirements; 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 statutes and guidance. They must also ensure that financial-management systems conform to applicable laws, standards, principles, and related requirements.

FY 2023 Results

In FY 2023, an independent audit found the Agency's IT security program to be free of any material weaknesses. An independent audit of the Agency's financial statements also identified no material weaknesses. Exhibit 1 provides a summary of the reported material weaknesses and all items corrected.

Exhibit 1: Summary of Material Weaknesses

Audit Opinion	Unmodified					
Restatement	No					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Controls Over Financial Management	0	0	0	0	0	0
IT Security	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

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	0	0	0	0	0	0
IT Security	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	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 summary 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	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	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 2023.

New Material Weaknesses

No new material internal control weaknesses were identified during FY 2023.

IT Security Program

No new material weaknesses were identified during FY 2023.

PERFORMANCE DETAILS

PROGRAM EVALUATION

The program evaluations for this report consisted of 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 independent third-party reviews, after-action reports, process evaluation, outcome evaluation, impact evaluation, cost-benefit /cost-effectiveness, and combinations thereof.

EVALUATIONS CONDUCTED DURING FY 2023

Management reviews for the SSS' computer systems were conducted as part of the annual FISMA audit, where external auditors validated and certified the SSS as mission capable and cybersecure. The Agency has a corrective action plan in place to address the lone finding.

EEOC conducted an evaluation of the Agency's EEO program as part of a regular review cycle and noted no deficiencies.

The Office of Personnel Management (OPM) conducted a suitability oversight evaluation of the SSS personnel security system that identified its need to improve vetting actions within covered national security positions. The Agency subsequently entered into a shared service agreement with the Interior Business Center (IBC). IBC assumed responsibility to support personnel vetting actions to include, but not limited to initiations, adjudications, clearance verification (reciprocity determinations), and clearance suspensions and revocations. IBC will also manage Continuous Vetting Enrollment with the Office of the Director of National Intelligence and implement compliance with the requirements of Trusted Workforce 2.0 and security certifications.

The Selective Service System also conducted an internal self-assessment of operations-related computer systems to assess their continued compliance with the Agency's policies and regulations and to guide modernization efforts.

Financially, in addition to the above Financial Statement Audit, the Agency conducted its internal Statement of Assurance assessment in compliance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.* The overall assessment did not identify any material weaknesses and highlighted that SSS controls were adequate and operating effectively.

PAYMENT INTEGRITY INFORMATION ACT

The Payment Integrity Information Act (PIIA) requires Federal agencies to complete the Annual Data Call issued by OMB and provide a link to PaymentAccuracy.gov in their PAR. The Data Call helps to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) and provides the public with comprehensive improper payment data and information. A recovery audit is used to evaluate and review an agency or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments that is specifically designed to identify and recover overpayments. For more information on PIIA, please refer to their website, PaymentAccuracy.gov.

In 2022, SSS had an independent review of their payment and disbursement process performed by its previous year's auditors. The auditors found SSS's estimated improper payments to be within the thresholds defined by Improper Payments Elimination and Recovery Improvement Act.

SSS will continue to work with the independent auditors to continuously test improper payment integrity and implement internal controls necessary to mitigate any identified risks.

FY 2023 PERFORMANCE

This FY 2023 Performance and Accountability Report 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.

Fiscal year 2023 stood out as a transition year for SSS as it worked to implement its Strategic Vision beginning late in the first quarter of the year and initiated work to update its Agency Strategic Plan and approach to performance management.

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

Objective 1.1: Increase registration and improve data integrity.

Significant Activity:
SSS worked aggressively to increase its registration compliance rate despite a recent change in law that made it more challenging for young men to register in accordance with the Military Selective Service Act. The Agency is taking steps to improve how it uses its data to drive its registration operations.

1.1.1 - Annual Performance Goal:

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

Was the goal achieved?
No.

Results:

The Agency transformed its organizational structure in FY 2023, realigning the roles, responsibilities, personnel, and management of the DMC from the Operations Directorate to the Public and Intergovernmental Affairs Directorate to further enhance the synchronization of public engagement and messaging, and create additional opportunities to enhance customer experience at SSS.

For CY 2022, the latest complete year of registration statistics, the national registration compliance rate for males aged 18 through 25 was 84 percent, a decrease of 5 percentage points from CY 2021. This decrease was largely due to implementation of the FAFSA Simplification Act, which eliminated the registration requirement for men to register to remain eligible for Federal student aid. For CY 2022, the compliance rate for the 18-year-old group was 47 percent, down from 54 percent in CY 2021.

During FY 2023, the Agency supported registration awareness and compliance using a variety of advertising platforms, including through monthly digital media and email campaigns, along with out-of-home advertising. The metrics gathered throughout FY 2023 indicate that SSS reached over 100 million individuals through its registration efforts.

Discussion:
SSS continues to modernize its registration program. Impacts from the FAFSA Simplification Act were the major new factor leading to the overall drop in the CY 2022 registration compliance rate for the 18-year-old group, and these impacts are expected to continue over the coming years.

Planned Actions/Schedule:
Based on the decline in the registration compliance rate for the 18-year-old group in CY 2022, the Agency will focus on selecting key geographic areas with traditionally low registration rates and deploy outreach teams to these areas to help drive up registration rates. SSS will use proven techniques from previous years, with an emphasis on reaching influencers (parents, teachers, guidance counselors, coaches, etc.), as data indicates that these individuals have a significant impact on registration compliance. This effort will likely include increased interaction at the grassroots level, potentially leading to the creation of new programs.

SSS will continue to pursue driver's license legislation (DLL) — which, depending on the state, either permits or requires males to register with SSS when they apply for a driver's license or learner's permit — as opportunities present themselves, and will work with Congress to amend the MSSA to enable the Agency to perform automatic registration of all who are required to register.

Verification and Validation:
Compliance and data checks are conducted daily on the Agency's registration database, the source for all registration statistics.

1.1.2 - Annual Performance Goal:
Create more useful data reports.

Was the goal achieved?
Yes.

Results:
SSS maintains a large database of registrations and accumulates approximately 5,500 new registrations daily and has made strides in providing reports about its registration data.

Discussion:
In addition to achieving success with the data working group, the Agency developed metrics to achieve greater success towards readiness. Initial metrics have been reviewed and continue to be refined and expanded, as SSS moves into the new fiscal year.

Planned Actions/Schedule:
In FY 2024, SSS will continue to pursue a data visualization effort. All SSS associate directors have identified metrics to capture on an internal business intelligence dashboard. These metrics are being reviewed periodically and refined to support the achievement of SSS strategic goals.

Verification and Validation:
SSS uses a variety of mechanisms to ensure that the data streams feeding the registration database are accurate, from simple checksums to annual verifications with agencies that provide the data.

Objective 1.2: Improve the ability to call, classify, and deliver manpower to DoD when required.

Significant Activity:
SSS completed the first phase of an extensive update to its operational plans. This work will continue into FY 2024, as the Agency exercises its new concept of operations. It also continued to execute its exercise program and enhanced its web-based tool to host Agency training.

1.2.1 - Annual Performance Goal:
Begin a comprehensive review of all operational plans.

Was the goal achieved?
Yes.

Results:
The Agency, using RSMs to assist, drafted a new Agency Response Plan to document its concept of operations if a return to conscription is directed by the President and Congress.

Discussion:
The previous SSS concept of operations and operational plans were developed in the 1980s on the foundation of the Vietnam-era drafts. Although the plans are ordinarily revised approximately every 10 years, a comprehensive review had not been completed in many years. Changes that occur to these plans will be assessed using exercises, where possible.

Planned Actions/Schedule:
In FY 2024, SSS will exercise its new concept of operations and begin to refine its operational plans.

Verification and Validation:
Exercises, ranging from tabletop to full-scale, are the Agency's traditional verification and validation measure for the effectiveness of its operational plans.

1.2.2 - Annual Performance Goal:
Develop a synchronized delivery system with U.S. Military Entrance Processing Command.

Planned Actions/Schedule:
This activity is scheduled for FY 2024, the target date for the completion of updates to the MEPCOM Integrated Resource System.

1.2.3 - Annual Performance Goal:
Continue to execute the Agency's Exercise Program to ensure systems are capable of delivering manpower to DoD.

Was the goal achieved?
Yes.

Results:
SSS held a lottery exercise with new state-of-the-art equipment. In addition, a small-scale exercise with local boards was conducted. A limited, random selection of local boards from across the U.S. was able to adjudicate a selection of administrative appeals and judgmental claims successfully.

Discussion:
SSS operational plans were developed in the 1980s on the foundation of the Vietnam-era drafts. Although the plans are ordinarily revised approximately every 10 years, a comprehensive review had not been completed in many years. Changes that occur to these plans will be assessed using exercises, where possible.

Planned Actions/Schedule:
The Agency will continue to conduct exercises by expanding on the mock adjudication processes of its local and district appeal boards and preparing for a national mobilization exercise.

Verification and Validation:
Exercises, ranging from tabletop to full-scale, are the Agency's traditional verification and validation measure.

1.2.4 - Annual Performance Goal:
Utilize a web-based learning management system to enable the delivery of digital training.

Was the goal achieved?
Yes.

Results:
SSS successfully conducted annual web-based testing using its learning management system platform. Agency personnel were able to access the standardized digital training.

Discussion:
The Agency can now create and deliver training in a standard, cybersecure environment.

Impact:
The delivery of training through a web-based platform finally moves SSS away from the labor-intensive and face-to-face model that the Agency employed for decades. The older training model was not sustainable after years of budget and staffing reductions.

Planned Actions/Schedule:
In FY 2024, SSS will continue to create new training modules for use on its learning management system.

Verification and Validation:
Verification and validation are satisfied by managerial and staff review.

Objective 1.3: Update relationships with stakeholders.

Significant Activity:
SSS performed several outreach activities both to revisit old relationships that had atrophied and to strengthen existing relationships. In addition, SSS sought to create new relationships with government stakeholders.

1.3.1 - Annual Performance Goal:
Engage with partners to renew outdated agreements.

Was the goal achieved?
Yes.

Results:
The Agency had a series of successful engagements with the Bureau of Federal Prisons, Department of Education, and MEPCOM.

Discussion:
SSS relies heavily on external partners. Without these partnerships, the Agency might not be able to accomplish its mission.

Planned Actions/Schedule:
SSS will continue to perform outreach at multiple levels. In FY 2024, SSS will focus on creating new agreements to replace the loss of registration data from the Department of Education, for example.

Verification and Validation:
Verification and validation are satisfied by managerial and staff review.

1.3.2 - Annual Performance Goal:
Maintain existing relationships, and create new relationships, with government stakeholders.

Was the goal achieved?
Yes.

Results:
In FY 2023, the Agency had a series of successful engagements with the following government entities: the White House; Office of Management and Budget; National Security Council; Department of Education; Office of Personnel Management; Department of Veterans Affairs; Department of Justice; Department of the Interior; DoD's Office of the Under Secretary of Defense for Personnel and Readiness; the Joint Chiefs of Staff J7 Directorate for Joint Force Development; the Office of the Chief of Staff of the Army; and the respective Assistant Secretaries for Manpower and Reserve Affairs for the Army, Navy, and Air Force; professional staffs of the House and Senate Armed Services Committees and the Financial Services and General Government Appropriations Subcommittees; Members of Congress and their staffs; and multiple state and territorial governments.

In support of the Presidential Memorandum entitled, *Tribal Consultation and Strengthening Nation-to-Nation Relationships*, the Agency expanded its group of stakeholders by establishing a program of consultation with sovereign Tribal Nations. The Agency provided marketing and education materials to the leadership of 587 Federally recognized Tribal Nations and 182 Tribal schools, including those run by tribes as well as those managed by the Bureau of Indian Education.

Discussion:
SSS depends on relationships with its stakeholders for it to fully meet its mission.

Planned Actions/Schedule:
The Agency will continue to actively engage with current stakeholders while working to create new relationships. This will help SSS succeed as it continues to modernize its operations, update its regulations, and seek changes to Federal and state law that are related to its mission.

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.

Objective 2.1: Refine the Alternative Service Employer Network structure.

Significant Activity:
SSS continued outreach activities for the Alternative Service Program, especially efforts to grow the ASEN.

2.1.1 - Annual Performance Goal:
Reengage with alternative service partners to renew outdated Memoranda of Understanding (MOUs) and reach out to new partners.

Was the goal achieved?
Yes.

Results:
Most notably, after delivering letters to governors nationwide, the Agency finalized MOUs with the Governors of Arkansas and Oklahoma on the placement of future COs into state-level roles supporting the national interest. The Agency also renewed its MOUs with the Department of the Interior, Federal Emergency Management Agency, Department of Commerce, and Historical Peace Church Ministries. In addition to this, SSS worked through OPM's Chief Human Capital Officers Council to contact several Federal agencies to increase the number of MOUs it has in place for ASP.

Discussion:
The existence of these MOUs provides tangible evidence of the Agency's ASEN and helps to show SSS' commitment to its full mission. In the event of a return to conscription, SSS would be able to more rapidly engage with several partners to place COs to complete their service in the national interest in lieu of military service.

Planned Actions/Schedule:
SSS will continue to pursue and sign MOUs as part of the ASEN.

Verification and Validation:
Verification and validation are satisfied by managerial and staff review.

Objective 2.2: Improve the ability to execute the Alternative Service Program, when required.

Significant Activity:
SSS undertook a comprehensive review of its operational plans associated with transitioning to a full-scale mobilization and continued to execute the Agency exercise program.

2.2.1 - Annual Performance Goal:
Initiate a comprehensive review of all operational plans. This performance goal is tied directly Annual Performance Goal 1.2.1.

Was the goal achieved?
Yes.

Results:
The Agency held a tabletop exercise that walked through the operational timeline of mobilization and its ability to activate state headquarters, area offices, and local boards. This approach is the key means to ensuring a fair and equitable Alternative Service Program and led to the establishment of a process improvement team to examine all operational plans, including the one for that program.

Discussion:
SSS' operational plans were developed in the 1980s, on the foundation of Vietnam-era drafts. Although the plans are ordinarily revised approximately every 10 years, a comprehensive review had not been completed in many years.

Planned Actions/Schedule:
SSS will continue to revise its operational plans, leveraging a process improvement team that will review the lessons learned from FY 2023 and revise plans.

Verification and Validation:
Exercises, ranging from tabletop 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 3.1: Provide courteous, timely, and accurate customer service to internal and external customers.

Significant Activity:
Ensuring a great customer experience for all advances a culture focused on management excellence at the Agency. SSS answers 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.

3.1.1 - Annual Performance Goal:
Provide professional and immediate response to all Agency customer service requests.

Was the goal achieved?
Yes.

Results:
During FY 2023, the Agency continued to monitor user experience for its website, providing updated links and content to make it more readily navigable and enhance users' ability to access information. SSS continuously monitored website traffic through Google Analytics to determine which advertisements were responsible for website referral traffic. SSS digital advertisements accounted for 183,205 visits its website. This metric provided insight into the specific audiences that were responding to the ads, and suggested opportunities for further campaign efforts to strengthen public customer experience.

The Agency's Public and Intergovernmental Affairs Directorate handled 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 2023, PIA processed White House, congressional, intergovernmental, and community requests and inquiries in fewer than 3 business days and managed over 27 casework items for congressional staffers.

By the end of FY 2023, PIA staff responded to and logged more than 70,000 email actions from the Information@sss.gov and PublicAffairs@sss.gov mailboxes. These mailboxes, which can be accessed by a link on the SSS website's homepage, help PIA to monitor trends, website issues, and public inquiries. The inquiries or requests originated from a multitude of sources, such as congressional offices, news media outlets, consulates and embassies, organizations, postmasters, and researchers/writers, with most inquiries coming from the public. PIA responded to media and general inquiries within one business day and answered research requests in fewer than five business days.

The Agency has significantly increased its proactive disclosures by using social media platforms. In FY 2023, SSS responded to 49 FOIA requests within the required timeframe of 20 business days. At the end of the fiscal year, there was no backlog of FOIA requests pending.

In FY 2023, the Data Management Center, another key provider for customer service support, was able to meet all customer service time thresholds, including a five-day turnaround time for status information letters (SILs). Outgoing mailings for SILs are sent out once a week. The DMC provided 25,292 SILs during FY 2023.

Performance Goals	Target	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
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	1 day	5 days	6 days	5 days	4 days
PIA: Response to congressional, media, registrant, public inquiries	3.5 days	2 days	2 days	1-2 days	1 day	1 day
PIA: Response to Freedom of Information Act and Privacy Act customers	≤20 days	≤ 20 days	≤ 20 days	≤ 20 days	≤ 20 days	≤ 20 days

Figure 1: DMC Customer Service Targets and Results

Discussion:

Expanding staff coverage for the Information@sss.gov and PublicAffairs@sss.gov mailboxes ensured timely response turnaround and allowed for improved continuity of service. Internal procedures were established and enhanced to communicate with all stakeholders and to ensure that they were seeking to reach SSS and not another government agency or organization. SSS' initial autoreply to customers helped them quickly reach out to the correct agency if they had reached SSS in error.

Additionally, SSS responded to several requests for Agency education and awareness materials, and provided virtual presentation briefings to Tribal Nations partners, workforce centers, schools, and state departments of motor vehicles.

Planned Actions/Schedule:

SSS will increase the number of proactive disclosures on its website and social media platforms where appropriate and continue to respond to public inquiries and FOIA requests in 20 days or less.

In FY 2024, the DMC will implement additional Enterprise Content Management software to further improve the customer experience, including a process that is expected to reduce by 60 percent the time it takes to address SILs.

Verification and Validation:

SSS conducts an annual review of standard operating procedures and processes for the purpose of incorporating recommendations and suggestions on how to improve efficiency in managing programs.

Section 3(d) of the 21st Century Integrated Digital Experience Act (21st Century IDEA) requires the Agency to report annually (through 2023) to the Director of OMB and the public on progress toward implementing the requirements of the Act, and to modernize the Agency's public website and digital services.

Objective 3.2: 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.

3.2.1 - Annual Performance Goal:
Achieve an obligation rate (as a percentage of current year direct appropriation) of 99.5 percent or higher.

Was the goal achieved?
Yes.

Results:
The Selective Service System achieved an obligation rate of 99.7 percent, thereby achieving the goal. It held a formal midyear execution review, in addition to weekly reviews in the final month of the fiscal year, to maximize the funding's return on investment toward SSS' highest priorities. Further, the Agency implemented its first-ever Future Years Selective Service System Program (FYSSSP) to forecast budget requirements across five years.

Discussion:
The Agency effectively (and appropriately) executed its budget, maximized value to the taxpayer, demonstrated proper program management, and ensured that each cost center within SSS maximized its contribution to mission success. Additionally, the Agency has vetted future resource requirements with anticipated impact.

Planned Actions/Schedule:
SSS will maintain continuous monitoring of system generated reports and continue proactive outreach and follow up with program managers to aid, assist, and advise them on the nuances of budget formulation and execution. The FYSSSP information will be used to advocate for additional resources in advance of need, where necessary, to help alleviate negative impacts to mission.

Verification and Validation:
Budget execution reviews provide the necessary verification and validation for this goal.

3.2.2 - 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 25 percent.

Discussion:
SSS has moved away from awarding contracts in the first quarter of the fiscal year to eliminate cashflow problems associated with continuing resolutions early in the fiscal year. Similarly, it has

avoided awarding numerous contracts that cross fiscal years. As a result, this performance goal will be reevaluated to establish a more realistic percentage for future years due to legitimate carryover of the prior year's funds.

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

Verification and Validation:
Budget execution reviews provide the necessary verification and validation for this goal.

3.2.3 - Annual Performance Goal:
Ensure that 90 percent of eligible commercial vendors submit invoices via the Invoice Processing Platform (IPP).

Was the goal achieved?
Yes.

Results:
Ninety-three percent of eligible commercial vendors submit invoices via IPP.

Discussion:
The Agency's Accounting and Contracting Offices invested considerable time and resources into understanding why some eligible vendors were not complying with contract provisions mandating that invoices be uploaded to IPP. The Agency provided additional information and customer service to those vendors who had not previously been able to register in IPP to improve this metric.

Planned Actions/Schedule:
In FY 2024, the Accounting and Contracting Offices will continue to implement an aggressive outreach plan to vendors, thereby ensuring continued vendor compliance with the IPP mandate.

Verification and Validation:
Periodic contract management reviews will provide the necessary verification and validation for this goal.

Objective 3.3: Manage and promote Agency programs through effective public/ intergovernmental communications and outreach.

Significant Activity:
Creating benchmarks and tracking the impact of digital and traditional outreach.

3.3.1 - Annual Performance Goal:
Increase the Agency's outreach to registrants and their influencers with an integrated communications strategy using new creative content.

Was the goal achieved?
Yes.

Results:
During FY 2023, the Agency supported registration efforts by using a variety of advertising platforms and engaging a variety of stakeholders through traditional events, meetings, and communications. Monthly digital media and e-mail campaigns and out-of-home advertising resulted in over 112 million impressions.
Discussion:
SSS established an Outreach Office within its Public and Intergovernmental Affairs Directorate to coordinate engagement work internally and externally, and to develop relationships with a variety of organizations that serve the Agency's target audience or are influencers of that audience.

During FY 2023, the Agency engaged 5,029 external groups, associations, offices, coordinators, and organizations that meet that criterion. SSS created an online portal that provided resources for state directors, regional staff, and volunteers for outreach activities. The portal included templates for op-eds and letters, checklists for determining the return on investment of an event, marketing materials, and engagement lists. To ensure the Agency remained updated and aware of all outreach and engagement initiatives, SSS implemented a weekly report that spotlights recent and upcoming engagement activities.

SSS launched an Informed Delivery Mailer Campaign supported by the United States Postal Service (USPS), which increased the reach of the Agency to its targeted demographic by engaging users through digital marketing, and generating thousands of consumer impressions, interactions, and website visits.

The Agency supported registration efforts by using a broad range of advertising platforms, generating over 112 million user views in FY 2023, with over 159,231 clicks to the SSS website. Cross-channel campaigns ran on many advertising platforms, including Facebook, Twitter, YouTube, Snapchat, digital radio, and Connected TV (CTV).

SSS raised registration awareness by conducting robust out-of-home advertising campaigns throughout Chicago, Philadelphia, and San Francisco. These campaigns were placed in subway and bus stations, on transit lines, and in billboard advertisements. More than 18 million views were reported from these campaigns, with over 490 ads in and around those three cities.

FY 2023 Metrics

Media	Campaign	Impressions
LinkedIn	12 Campaigns	787,586
Twitter	12 Campaigns	16,055,379
YouTube	12 Campaigns	9,476,358
Snapchat	12 Campaigns	53,900,440
Digital Radio	12 Campaigns	1,699,073
CTV	12 Campaigns	1,448,509
Native & Display Advertising	Annual	14,084,688
Bus &Rail Transit Ads & Billboards	FY 2023	18,000,000
Total number of advertising views	FY 2023	112,965,374

FY 2022 Metrics

Media	Campaign	Impressions
LinkedIn	12 Campaigns	1,237,715
Twitter	12 Campaigns	11,021,000
YouTube	12 Campaigns	9,221,817
Snapchat	12 Campaigns	63,374,175
Digital Radio	12 Campaigns	3,564,849
CTV	12 Campaigns	2,429,729
Native Advertising	Annual	14,183,199
Bus & Rail Transit Ads & Billboards	FY 2022	7,200,000
Total number of advertising views	FY 2022	109,802,755

Figure 2: PIA Influence Metrics, 2022-23

Planned Actions/Schedule:
SSS anticipates growing its overall outreach efforts and exploring the use of an online direct marketing initiative to improve measurements on the effectiveness of the marketing campaign. The national outreach program resumed in-person outreach efforts.

Verification and Validation:
Verification is completed by observing trends in website traffic, as well as other metrics.

3.3.2 - Annual Performance Goal:
Establish a goal of increasing the Agency's outreach to improve registration compliance. The goals for this objective are tied to those for Annual Performance Goal 1.1.1.

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

Was the goal achieved?
No, for items 1 and 2 under this Annual Performance Goal.
Yes, for items 3 and 4 under this Annual Performance Goal.

Results:
The Selective Service System registration compliance rate for 18–25-year-olds in CY 2022 – which is the most recent full dataset available – stood at 84 percent, which is a drop of 5 percent from CY 2021.

Advertising in FY 2023 focused on displaying ads that blended seamlessly into content on websites most often visited by the targeted demographic and their influencers. Implementing this tactic generated over 14 million views among males ages 18 to 25, with nearly 24,000 clicks to the Agency's registration page. Advertising impressions in FY 2023 reached nearly 112 million, a significant increase from FY 2022's 109 million. This was achieved by adding display advertising, discontinuing paid LinkedIn campaigns, and reallocating funds to Twitter campaigns and out-of-home advertising.

Seeking to take decisive action based on lessons learned and best practices, SSS analyzed data for FY 2023 and implemented a new advertising strategy for FY 2024, changing the overall objective from awareness to website clicks to the registration page. Within the first two months of FY 2024, for example, website clicks exceeded the total number of website clicks amassed in all of FY 2023.

As of the end of FY 2023, the Agency had DLL in 40 states, Washington, DC and four U.S. territories, which is the same as FY 2022.

Discussion:
Calendar year 2022 registration data – which is the most recent full dataset available – revealed a decline in registrations, especially among 18-year-olds. Registration compliance rates for 18-year-olds fell from 54 percent in CY 2021 to 47 percent in CY 2022.

To address this challenge, SSS continued to encourage 18-year-olds to register while using automated mail registration reminders for males 19 years old and older who are not yet registered.

In FY 2023, SSS identified and focused on areas with low registration compliance rates, including multiple cities in California, Chicago, and Philadelphia. SSS developed creative advertisements for quarterly digital media campaigns for these and other low registration compliance rate markets.

During FY 2023, the Agency worked with three additional states to increase the number of states that have DLL.

Planned Actions/Schedule:
SSS will continue to plan for monthly digital media campaigns focused on areas where there is low registration compliance. SSS is also actively working to expand DLL into additional states in FY 2024.

Verification and Validation:
In addition to evaluating quarterly digital analytics, SSS compares the results to available registration data.

Objective 3.4: Ensure resource management systems and personnel structure are scalable for mobilization.

Significant Activity:
Throughout FY 2023, SSS placed greater emphasis on ensuring that it would be ready to execute its full mission, and the functions that go with it, if called on to do by Congress and the President.

3.4.1 - Annual Performance Goal:
Undertake a comprehensive review of operational plans associated with transitioning to a full-scale mobilization and continue to execute the exercise program. This is tied directly to Annual Performance Goals 1.2.1 and 2.2.1.

Was the goal achieved?
Yes.

Results:
The Agency, assisted by its RSMs, completed a mission analysis process to document requirements and better understand mission gaps. Additionally, SSS updated its concept of operations for its Agency Response Plan in FY 2023.

Discussion:
SSS' concept of operations and operational plans were developed in the 1980s on the foundation of Vietnam-era drafts. Although the plans are ordinarily revised approximately every 10 years, a comprehensive review had not been completed in several years. Mission analysis, which was completed in FY 2023, formed the basis for operational planning updates, and exercises help to validate changes to those plans.

Planned Actions/ Schedule:
In FY 2024, SSS intends to continue its updates to its concepts of operations for its operational plans, with an emphasis on the Health Care Personnel Delivery System.

Verification and Validation:
Exercises, ranging from tabletop to full-scale, are the Agency's traditional verification and validation measure for readiness.

Objective 3.5: Collect and share insights and experiences, institutional knowledge, and innovative ideas across the organization.

Significant Activity:
SSS placed significant emphasis on modernizing its knowledge management capabilities in FY 2023.

3.5.1 - Annual Performance Goal:
Deploy an Agency-wide knowledge management (KM) tool.

Was the goal achieved?
Yes.

Results:
SSS completed adoption of SharePoint as the Agency's KM tool of record in FY 2023. All previous data was retained as part of the transition.

Discussion:
The Agency previously lacked a single KM tool. Following an assessment, SSS made a transition to SharePoint in FY 2023.

Planned Actions/Schedule:
In FY 2024, the Agency will continue to decommission remaining legacy on-premises and segmented KM tools, such as shared drives and intranets. SSS will also begin the process of creating internal dashboards to track key metrics.

Verification and Validation:
Contract milestones will be monitored by Agency personnel for verification and validation.

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 4.1: Update and modernize the Agency's technology infrastructure to deliver day-to-day capabilities, as well as the necessary capabilities for mobilization.

Significant Activity:
The comprehensive IT Modernization Plan continues to mature all enterprise services toward scalable, robust, and redundant cloud solutions while leveraging IT governance, IT automation, and business intelligence to deliver management excellence. In FY 2023, the Agency continued to accelerate its IT modernization, with an emphasis on migration to FedRAMP cloud services and adoption of ZTA principles.

4.1.1 - Annual Performance Goal:
Take actions to accelerate maturity on all aspects of cybersecurity toward a ZTA end state and achieve 100 percent compliance with Federal cybersecurity standards.

Was the goal achieved?
Yes.

Results:
The Agency's network engineers successfully developed a plan for the implementation of a next-generation firewall for internal segmentation. Its implementation enhanced the Agency's network security posture with an advanced defense-in-depth and ZTA approach to cybersecurity. SSS initiated implementation and migration to an IPv6 infrastructure to support OMB Memo M-21-07 requirements while maintaining and implementing network segmentation best practices.

The annual FISMA audit resulted in only one recommended compliance remediation for the sustained continuity of operations for the SSS registration database high-value asset (HVA). This recommendation has prompted a plan of action and milestones and will be achieved through migration of the database to the cloud.

Discussion:
In FY 2023, SSS continued to mature all IT infrastructure modernization initiatives, while closely monitoring risks and evaluating total cost of ownership for contracted and subscribed services in support of cloud migration and ZTA adoption.

In addition to strong results from FY 2023 in this area, the Registration Verification and Modernization project, which leverages the Technology Modernization Fund, continued to deliver transformational results for the re-factoring and re-platforming of the Agency's primary HVA in pursuit of full compliance with Executive Order (EO) 13800, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*

SSS will continue to sustain all FISMA standards, National Institute of Standards and Technology standards, and ZTA mandates through a culture of compliance, rigorous procedures, and ensuring technical peer reviews are completed consistent with the Agency's IT policy and Federal cybersecurity standards. SSS has also adopted a culture of continuous audit readiness and sustained compliance.

Planned Actions/Schedule:
The Selective Service System will continue its implementation of all management controls and rigorous processes while accelerating the development of the cloud architecture towards development, security, and operations (DevSecOps) and ZTA concepts of security. Also, the Agency will continue to implement new technologies that ensure compliance with EO 13800 while rigorously sustaining Federal standards.

Also, SSS is one year into a collaborative relationship with the DOJ's Secure Operations Center (SOC) to leverage its SOC federated security services as a force multiplier for the Agency in monitoring, remediating, and accrediting all applications and systems in the enterprise domain. SSS continues to pursue collaboration with CISA on the phased adoption of National Initiative for Cybersecurity Education standards for its cybersecurity personnel.

Verification and Validation:
The annual, externally led FISMA audit and the internal annual statement of assurance are the primary validation methodologies. SSS will also continue monitoring and conducting internal programmatic reviews for verification of procedural effectiveness and sustained compliance.

Objective 4.2: Improve delivery of Agency technology services.

Significant Activity:
During FY 2023, SSS successfully completed all planned upgrades to network infrastructure. Network infrastructure was singularly managed through the SolarWinds application, which was administratively engineered to handle all the network traffic and services through a highly segmented and monitored design architecture. SSS also installed an access logging solution for all network and systems services using DOJ shared services.

The Agency completed a cloud migration for its Microsoft environment, in which it moved all those services from a legacy, on-premises environment to the MS 365 Azure environment. This has improved collaboration with business partners and Agency stakeholders, while also providing some ZTA cybersecurity solutions.

4.2.1 - Annual Performance Goal:
Improve Agency Help Desk services through enhanced processes, standards, and technology.

Was the goal achieved?
Yes.

Results:
The Agency significantly enhanced its Help Desk processes, standards, and technology in 2023. The adoption of Vizor Asset Management advanced SSS efforts towards a fully mature inventory accounting approach in support of IT's hardware lifecycle management and capital planning. Enhancements to the Help Desk also improved employee access to secure enterprise services.

Discussion:
The Agency continued to mature IT support services through the Help Desk in support of enhanced service delivery, configuration management, and IT lifecycle management. Significant progress has

already been achieved with the addition of more Help Desk personnel, to ensure that it is sufficiently staffed to deliver timely and effective technical support to all Agency personnel.

In addition, SSS continued to adopt Information Technology Infrastructure Library standards and practices. The Vizor incident management application is used to capture, categorize, manage, track, and close IT service requests for efficient and quantifiable outcomes. Finally, SSS established metrics for Help Desk service performance and began monitoring them.

Planned Actions/Schedule:
SSS will continue to use the Vizor application to enhance trend analysis and the monitoring of metrics, and to establish an incident management dashboard capturing measures of success and service delivered. In addition, IT will adopt a customer feedback capability native to the Vizor application that will be instrumental to the continuous assessment of internal customer satisfaction and service delivery.

Verification and Validation:
The Agency will continue monitoring the Help Desk support provided and will conduct internal programmatic reviews.

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

Objective 5.1: Increase employee engagement; improve the work environment; and recruit, train, and hire an efficient and well-trained workforce in where all trust, respect, and collaborate with each other to achieve excellence.

Significant Activity:
The Agency leveraged groups, such as integrated project teams, to bolster employee engagement and ensure that employees received the training necessary to enhance their knowledge, skills, and abilities for their jobs. In addition, the SSS Awards Board ensured that employees were properly recognized and rewarded for their work.

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

SSS also used its Position Management Board (PMB) to support organizational updates and revisions to position descriptions.

5.1.1 - Annual Performance Goal:
Conduct a 100 percent review and update of SSS' position descriptions (PDs).

Was the goal achieved?
No.

Results:
The Agency's PD revisions were approximately 96 percent complete at the end of FY 2023.

Discussion:
SSS made tremendous progress in updating its PDs, including adjusting to organizational realignments to elevate Agency performance in 2023. The remaining position descriptions will be completed in FY 2024. In general, PDs are reviewed, edited, and approved by the hiring manager and Human Resources Officer at the time of hiring for new positions.

Planned Actions/Schedule:
In FY 2024, Agency directorates and offices will complete the process of updating PDs, and the PMB will review PD revisions to ensure alignment with the SSS Strategic Plan.

Verification and Validation:
SSS will conduct program reviews, including for HR, to determine the accuracy and completeness of PD updates.

5.1.2 - Annual Performance Goal:
Maintain an Awards Board to ensure that employees are rewarded multiple times a year for excellence in job performance.

Was the goal achieved?
Yes.

Results:
Since the Awards Board was established in July 2019, it has vetted, and the Director of Selective Service has approved, awards for numerous recipients. Employees are recognized and rewarded quarterly.

Discussion:
Employee awards have contributed to an increase in SSS employees' satisfaction with the recognition they receive as demonstrated by the results of the 2022 Federal Employee Viewpoint Survey (FEVS) and the Best Places to Work in the Federal Government rankings (the latest available for this report). Selective Service placed 10th out of 30 small Federal agencies.

Impact:
As a result of the Awards Board's work, SSS employees indicated higher satisfaction with the recognition received for doing a good job than the government-wide average for the 2022 FEVS.

Planned Actions/Schedule:
SSS will continue to emphasize the importance of recognizing its employees for their efforts. The Agency policy governing awards will be updated in FY 2024 to reflect the SSS transition to a multi-tier employee performance management system.

Verification and Validation:
FEVS results will provide the necessary verification and validation for employee recognition efforts.

5.1.3 - Annual Performance Goal:
Schedule STAR Team meetings to review employees' ideas, recommendations, and suggestions, and convey the same to leadership.

Was the goal achieved?
Yes.

Results:
The STAR Team met bimonthly in FY 2023 for discussion and vetting of employee suggestions and ideas. Senior leadership approved all initiatives the STAR Team provided.

Discussion:
SSS' employee STAR Team was created to increase employee engagement, encourage a positive work environment, and build an efficient and effective workforce in which employees trust, respect, and collaborate with each other.

Planned Actions/Schedule:
SSS will continue to encourage employee participation in the suggestion process. The STAR Team will meet quarterly, or more frequently if warranted.

Verification and Validation:
The Agency will assess if approved initiatives have achieved the desired outcomes. In addition, SSS anticipates it will undertake an annual review of the suggestion process, which also provides a basis for developing recommendations for workplace improvements.

Objective 5.2: Provide effective and collaborative human resource management and training resources.

Significant Activity:
The Selective Service System continued to excel in recruiting and retaining highly capable employees. It also invested over $45,000 in training during FY 2023 to encourage and promote individual development.

5.2.1 - Annual Performance Goal:
Ensure that there are 124 full-time equivalent (FTE) personnel on board.

Was the goal achieved?
No.

Results:
SSS completed FY 2023 with approximately 121 FTE personnel on board, which was an increase from approximately 117 FTE at the end of the last previous year.

Discussion:
In FY 2023, the Agency continued an aggressive campaign to fill its vacancies and completed a transition to shared services with IBC. IBC will assist SSS in maintaining audit readiness in all personnel actions, increasing the efficiency and effectiveness of the SSS Human Resources Office.

Planned Actions / Schedule:
In FY 2024, the Agency plans to continue to fill key positions with quality personnel as it works to achieve its hiring goals.

Verification and Validation:
Verification and validation of FTE levels are satisfied by managerial review.

5.2.2 - Annual Performance Goal:
Reduce the Agency's time-to-hire metric below the OPM 80-day standard.

Was the goal achieved?
No.

Results:
SSS achieved a metric of 81.2 days for time-to-hire for FY 2023, an improvement of almost 9 days compared to the previous fiscal year but not yet within the OPM standard.

Discussion:
The Agency employed available hiring flexibilities, such as direct hire authority, for employees with specialized skill sets. SSS advertised for, recruited, and onboarded a wider range of qualified employees more quickly than in the past. Accelerating the hiring timeline meant a more rapid onboarding for new employees so that they can make critical contributions towards SSS' mission sooner.

Planned Actions/Schedule:
In FY 2024, SSS will continue to use direct hire authority and other tools, such as virtual job fairs, while at the same time educating and empowering hiring managers. It also plans to leverage its new shared services agreement with IBC to improve hiring metrics and achieve OPM standards.

Verification and Validation:
Verification and validation for the time-to-hire metric are expected to be satisfied by managerial review.

Objective 5.3: 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:
In FY 2023, all SSS employees were required to complete annual, mandatory EEO training, including *Go Culture* diversity training. The Agency continued to educate employees about the ADR program. In addition, SSS maintained EEOC-approved reasonable accommodation policies and procedures and managed a reasonable accommodation program accessible to applicants and employees to ensure inclusion of individuals with disabilities.

5.3.1 - Annual Performance Goal:
Fulfill the Agency's requirement of providing EEO training and adhering to EEO laws.

Was the goal achieved?
Yes.

Results:
During FY 2023, all SSS employees and contractors completed No FEAR Act and whistleblower protection training.

Discussion:
In FY 2023, all SSS employees were required to complete annual mandatory EEO training, including training for the No FEAR Act and whistleblower protection. SSS' EEO Director prepared a new EEO Policy Statement and completed the EEOC Form 462 Report and the EEOC MD-715 Report.

SSS continued to educate employees about ADR. The Agency's ADR program is available to all employees and can be used to resolve conflict in the workplace constructively and at the earliest opportunity.

The Agency is also steadfast in its commitment to enforce EEO laws and regulations, and to adhere to a policy of nondiscrimination.

Planned Actions/Schedule:
The Selective Service System will continue to uphold and support a support work environment in which employees feel valued, respected, and motivated to meet Agency goals and objectives.

Verification and Validation:
SSS senior leaders will monitor the Agency's compliance in ensuring its personnel complete mandatory EEO training and in meeting Executive Order 14035's goal of promoting diversity, equity, inclusion, and accessibility at Federal agencies.

5.3.2 - Annual Performance Goal:
Fulfill the Agency's requirement for timeliness and consistency in providing reasonable accommodation to qualified individuals with disabilities.

Was the goal achieved?
Yes.

Results:
During FY 2023, reasonable accommodation requests were handled and processed within the required timeframe. Requests for accommodation were approved with discussion between employee and supervisor. Requests for assistive devices were approved, and the devices were procured for employees. Other requests in FY 2023 were related to telework accommodations due to the COVID-19 pandemic and work schedule adjustments.

Discussion:
SSS' reasonable accommodation policy and procedures are made accessible to all employees and applicants on both the internal and public-facing websites. When requested, SSS provides an overview briefing on the Agency's reasonable accommodation program for new employee orientation.

An SSS employee performs the collateral duty as the reasonable accommodations coordinator (RAC) to facilitate the Agency's reasonable accommodation process. Requests are processed and accommodation provided in the shortest time possible. Reasonable accommodation records are maintained separately from personnel records.

In addition, the RAC works with the DoD's Computer and Electronic Accommodations Program for assessments and continues to follow the Employer Assistance and Resource Network for information.

Planned Actions/Schedule:
SSS will continue annual reasonable accommodation program reviews and updates of records, which are performed to meet reporting requirements. The results and feedback will also be used to evaluate and improve the processing of requests for reasonable accommodation. Feedback from the interactive resolution process will be taken into consideration when 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 that the Agency's policy and procedures comply with EO 13164, *Requiring Federal Agencies to Establish Procedures to Facilitate the Provision of Reasonable Accommodation* (2000). Self-assessment of the reasonable accommodation program is conducted annually to confirm that the program is managed efficiently and in accordance with Federal guidelines.

REPORT OF INDEPENDENT AUDITORS

Harper, Rains, Knight & Company

Independent Auditors' Report

Acting Director and Chief Financial Officer
Selective Service System

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Selective Service System (SSS). SSS's financial statements comprise the balance sheet as of September 30, 2023, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, SSS's financial statements present fairly, in all material respects, SSS's financial position as of September 30, 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

SSS's 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; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for 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 fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SSS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

The financial statements of SSS for the year ended September 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 15, 2022.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's

Required Supplementary Information (continued)

responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on SSS's financial statements. The information in the From the Director, Performance Details, Program Evaluation, FY 2023 Performance Chart and Glossary sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of SSS's financial statements as of and for the year ended September 30, 2023, in accordance with GAGAS, we considered SSS's internal control relevant to the financial statement audit 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 SSS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SSS's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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. We consider the deficiency described in the accompanying Exhibit I to be a significant deficiency.

Acting Director and Chief Financial Officer
Selective Service System (continued)

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Exhibit I, we identified a deficiency in internal control that we consider to be a significant deficiency.

During our audit, we identified a deficiency in SSS's internal control over financial reporting that we do not consider to be a material weakness or a significant deficiency. Nonetheless, this deficiency warrants SSS's management's attention. We have communicated this matter to management and, where appropriate, will report on it separately.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether SSS's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in SSS's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on SSS's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to SSS. SSS management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2023, that would be reportable under GAGAS or OMB Bulletin No. 24-01. We caution that noncompliance may occur and not be detected by these tests.

Management's Response to Finding
Management's response to the findings identified in our audit is described in the accompanying Exhibit I. Management's response was not subjected to the auding procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Acting Director and Chief Financial Officer
Selective Service System (continued)

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of SSS's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

January 17, 2024
Washington, DC

Significant Deficiency
Exhibit I

I: Technology Modernization Fund Transactions

Condition:

Selective Service System (SSS) has received $3,727,370 in funding from the General Services Administration's (GSA) Technology Modernization Fund (TMF), including $1,889,755 in fiscal year (FY) 2023 and $1,837,615 in FY 2022. As of September 30, 2023, SSS is obligated to repay $278,249, consisting of $186,369 for the FY 2023 transfer and $91,880 for the FY 2022 transfer of funds from the TMF, of which $9,188 for the FY 2022 transfer has been repaid. SSS did not accurately record the receipt of the funds, the liability to repay the funds, nor the disbursement of funds for TMF activities in both FY 2023 and FY 2022.

Criteria:

GSA's TMF was authorized by the Modernizing Government Technology Act of 2017 to fund projects for technology-related activities to improve information technology and enhance cybersecurity across the Federal government. Agency projects that are approved by the Technology Modernization Board are eligible to receive funding in the form of SF 1151: Non-expenditure Transfer Authorization. Projects recommended for funding by the Board receive incremental funding contingent on the successful execution of milestones. This funding could be full or incremental funding based on an agreed-upon schedule, detailing both the transfers-out (non-expenditure) and repayments to GSA (expenditure). Repayments, in accordance with the written agreement, must occur within 5 years of the last transfer-out to the recipient agency.

SSS total transfers approved by the Technology Modernization Board (Board) will amount to $5,988,807 of which $3,727,370 million has been transferred in FY 2023 and FY 2022. The flexible payment amount agreed to with the Board to be repaid totals $278,249 as of the end of FY 2023. Treasury, to ensure consistent accounting of the transferred TMF funds, issued the Technology Modernization Fund Accounting Guide, which can be found on Treasury's website[1].

Per the United States Standard General Ledger (SGL) 299000, Other Liabilities Without Related Budgetary Obligations, is used to record other liabilities not otherwise classified in the USSGL, for which there is not a related budgetary obligation.

Cause:

SSS did not record TMF transactions in accordance with Treasury's TMF Accounting Guide and the associated USSGL guidance.

[1] https://www.fiscal.treasury.gov/files/ussgl/approved_scenarios/technology-modernization-fund-accounting-guide-(gsa)-fiscal-2023.pdf

Significant Deficiency
Exhibit I

Effect:

SSS misstated SGL 299000 Other Liabilities Without Related Budgetary Obligations, SGL 310201 Unexpended Appropriations-Transferred In, SGL 310710 Unexpended Appropriations-Used-Disbursed, SGL 310800 Unexpended Appropriations, SGL 570010 Expended Appropriations-Disbursed, and SGL 610000 Operating Expenses/Program Costs as of 9/30/23.

Correspondingly, SSS has misstated Other Liabilities Without Related Budgetary Obligations, Cumulative Results of Operations, and Net Position on the Balance Sheet as of 9/30/23; Gross Costs on the Statement of Net Cost as of 9/30/23, Beginning Balance, as Adjusted, Appropriations Transferred-in/out and Appropriations Used on the Statement of Changes in Net Position, and Budgetary Resources on the Statement of Budgetary Resources for the year ended 9/30/23.

Recommendation:

We recommend that SSS adjust the balances for all activity as of September 30, 2023 (see the Appendix A - *Proposed Audit Adjustment* for detail). We recommend that SSS vigilantly monitor transactions related to the recording of transfer-in and the associated repayment of TMF funds.

Managements' Response:

SSS concurs with the suggested financial statement adjustments and has made the requisite manual changes to the FY 23 financial statements and footnotes. Formal adjustments will be processed by SSS and IBC (into the financial system Oracle via manual Journal voucher in FY 24). Further, IBC and SSS will work together to correctly book the FY 24 repayment so that it is in line with TMF guidance and the recommendation.

Selective Service System

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

DATE: November 15, 2023

TO: Harper, Rains, Knight & Company, P.A.

FROM: Alexander Rud

SUBJECT: RESPONSE TO FISCAL YEAR 2023 FINANCIAL STATEMENT AUDIT

Selective Service System (SSS) reviewed the Independent Auditors' Report from Harper, Rains, Knight & Company, P.A. for FY 2023 and takes no exception with the report. The Agency continued to make tremendous progress over the last 12 months, is committed to further maturing, and is implementing corrective actions to strengthen internal controls as suggested in the report.

Specifically, SSS is working with the human resources shared services provider to ensure a more robust payroll system and set of processes. SSS made requisite manual changes to Fiscal Year (FY) 2023 financial statements and footnotes to properly account for Technology Modernization Fund (TMF) liabilities and has adjusted internal and shared processes to ensure FY 2024 repayments follow TMF guidance.

Alexander Rud

Alexander Rud
Associate Director for Support Services
Chief Financial Officer

OVERVIEW OF FINANCIAL STATEMENTS

The purpose of the financial statements is to present the following information:

* The ***Balance Sheets*** present the combined amounts available for use (assets) versus the amounts owed (liabilities) and the residual amounts after liabilities are subtracted from assets (net position).

* The ***Statements of Net Cost*** present the annual cost of operations and are determined by the Agency's gross costs less any earned revenue.

* The ***Statements of Changes in Net Position*** present accounting items causing the net-position section of the balance sheet to change from the beginning to the end of the fiscal year.

* The ***Statements of Budgetary Resources*** present 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.

Selective Service System
BALANCE SHEETS
As of September 30, 2023 and 2022
(in dollars)

	2023	2022
Assets		
Intra-governmental		
Fund Balance with Treasury (Note 2)		
Fund Balance With Treasury	$ 16,428,990	$ 13,866,636
Total Intra-governmental	16,428,990	13,866,636
Other than intra-governmental/With the public		
Accounts receivable[, net] (Notes 3)	1,301	4,614
Property[, plant,] and equipment, net (Note 4)	2,789,598	2,650,626
Total other than intra-governmental/with the public	2,790,899	2,655,240
Total assets	$ 19,219,889	$ 16,521,876
Liabilities:		
Intra-governmental		
Other Liabilities		
Other liabilities (without reciprocals)		
Employer Contributions and Payroll Taxes Payable (Note 6)	51,239	44,805
Other liabilities		-
Other Liabilities Without Related Budgetary Obligations (Notes 5 and 6)	269,061	-
Other Liabilities - Benefit contributions payable		
Employer Contributions and Payroll Taxes Payable (Note 6)	171,352	148,673
Unfunded FECA Liability (Notes 5 and 6)	231,892	249,978
Other Unfunded Employment Related Liability (Notes 5 and 6)	-	9,628
Total Intra-governmental	723,544	453,084
Other than intra-governmental/With the public		
Accounts payable	1,788,414	3,229,955
Federal employee and veteran benefits payable		
Employer Contributions and Payroll Taxes Payable (Note 6)	31,675	26,668
Unfunded Leave (Notes 5 and 6)	1,098,310	964,699
Actuarial FECA Liability (Note 5)	1,350,624	1,477,530
Other liabilities		
Accrued Funded Payroll and Leave (Note 6)	698,671	752,035
Total other than intra-governmental/with the public	4,967,694	6,450,887
Total liabilities	$ 5,691,238	$ 6,903,971
Net position:		
Total Unexpended Appropriation (Combined or Consolidated)		
Unexpended appropriations - Funds from other than Dedicated Collections	10,103,427	8,061,922
Total Cumulative Results of Operations (Combined or Consolidated)		
Cumulative results of operations - Funds from other than Dedicated Collections	3,425,224	1,555,983
Total net position	13,528,651	9,617,905
Total liabilities and net position	$ 19,219,889	$ 16,521,876

The accompanying notes are an integral part of these statements.

Selective Service System
STATEMENTS OF NET COST
For the Years Ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Gross costs	$ 31,733,305	$ 31,050,776
Less: earned revenue (Note 10)	500,000	500,000
Net cost of operations (Note 9)	$ 31,233,305	$ 30,550,776

The accompanying notes are an integral part of these statements.

Selective Service System
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Unexpended Appropriations:		
Beginning Balance	$ 8,061,923	$ 5,982,657
Corrections of errors (+/-)	(91,880)	-
Beginning balance, as adjusted	7,970,043	5,982,657
Appropriations received	31,700,000	29,200,000
Appropriations transferred-in/out (+/-)	1,703,386	1,837,615
Other Adjustments (+/-)	(718,675)	(785,032)
Appropriations used	(30,551,327)	(28,173,318)
Net Change in Unexpended Appropriations	2,133,384	2,079,265
Total Unexpended Appropriations - Ending	$ 10,103,427	$ 8,061,922
Cumulative Results of Operations:		
Beginning Balances	$ 1,555,984	$ 1,874,939
Beginning balances, as adjusted	1,555,984	1,874,939
Appropriations used	30,551,327	28,173,318
Imputed financing	2,551,218	2,058,502
Net Cost of Operations	(31,233,305)	(30,550,776)
Net Change in Cumulative Results of Operations	1,869,240	(318,956)
Cumulative Results of Operations - Ending	3,425,224	1,555,983
Net Position	$ 13,528,651	$ 9,617,905

The accompanying notes are an integral part of these statements.

Selective Service System
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2023 and 2022
(in dollars)

	2023	2022
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 4,020,872	$ 6,270,561
Appropriations (discretionary and mandatory)	33,589,755	29,200,000
Spending authority from offsetting collections (discretionary and mandatory)	500,000	500,000
Total budgetary resources	$ 38,110,627	$ 35,970,561
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	$ 35,739,010	$ 32,080,224
Unobligated balance, end of year:		
Apportioned, unexpired account	258,285	1,908,026
Unexpired unobligated balance, end of year	258,285	1,908,026
Expired unobligated balance, end of year	2,113,332	1,982,311
Unobligated balance, end of year (total)	2,371,617	3,890,337
Total budgetary resources	$ 38,110,627	$ 35,970,561
Outlays, Net and Disbursements, Net		
Outlays, net (total) (discretionary and mandatory)	$ 30,308,726	$ 27,179,424

The accompanying notes are an integral part of these statements.

SELECTIVE SERVICE SYSTEM

Notes to Principal Financial Statements As of and for the Years Ended September 30, 2023 and 2022

SELECTIVE SERVICE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Periods ended September 30, 2023, and 2022

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. SSS is not part of the Defense of Defense (DoD); however, it exists to serve the emergency manpower needs of DoD, if a draft is necessary.

The Agency's mission is twofold: (1) provide manpower to the 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.

SSS' structure consists of the National Headquarters, Data Management Center, and three regional headquarters. The SSS workforce includes full-time permanent employees, part-time employees (state directors), volunteers (local board members), and military reservists (also referred to as Reserve Service Members). 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 prescribed in OMB Circular A-136, Financial Reporting Requirements.

They have been prepared from the books and records of SSS and include accounts of all funds under the control of 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 SSS with authority to obligate funds for necessary expenses to carry out mandated program activities. SSS performs reimbursable services for another Federal entity which reimburses 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, 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. SSS PP&E consists of equipment, software, assets under capitalized lease, and internal use software in development. 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 seven 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 Federal government, acting in its sovereign capacity, can abrogate SSS liabilities.

(h)Accrued Workers Compensation and Other Actuarial Liabilities
The 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 Selective Service System 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 SSS. There is generally a two-to-three-year time period between payment by DOL and reimbursement to DOL by the Selective Service System. 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
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 rather than SSS.

Most employees hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS) to which SSS contributes 7% 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 SSS automatically contributes 1% of base pay and matches any employee contributions up to an additional 4% of base pay. For most employees hired after December 31, 1983, 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 Group Life Insurance Program (FEGLIP). SSS reports the full cost of providing other retirement benefits. 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 fiscal years 2023 and 2022, the cost factors relating to FEHBP were as follows, per employee enrolled.

Cost Factors		**2023**		**2022**
Quarter 1	$	2,370	$	2,158
Quarter 2		2,397		2,182
Quarter 3		2,423		2,206
Quarter 4		2,450		2,229
FY 2023	$	9,640	$	8,775

During fiscal years 2023 and 2022, the cost factor relating to FEGLI was 0.02% 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/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. SSS recognized imputed costs and financing sources in fiscal years 2023 and 2022 to the extent directed by 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 and losses in litigation proceedings. In addition, SSS recognized imputed cost for services received from other Federal agencies without reimbursement; these services included office space for the Data Management Center and Region I and Reserve Service Member services from the U.S. Marine Corps Reserves and the U.S. Navy Reserves.

(l)Revenues and Other Financing Sources
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 which is recognized when earned; i.e. services have been rendered. Appropriations used are recognized as financing sources when related expenses are incurred or assets purchased. 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 U.S. 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

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.

(o) Change in Accounting Standard for Operating Leases

In April 2018, the Federal Accounting Standards Advisory Board (FASAB) issued Statement of Federal Financial Accounting Standards 54: Leases (SFFAS 54), which among other things, requires lessees to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. This new accounting standard will be effective for the FY 2024 financial statements. While the required changes are prospective, the overall impact has not yet been determined. Currently, SSS has not identified any capital leases subject to the new standards.

NOTE 2 – FUND BALANCE WITH TREASURY

Fund Balance with Treasury consisted of the following at September 30, 2023, and 2022:

(in dollars)

Fund Balance:		**2023**		**2022**
Status of Fund Balance with Treasury				
Unobligated Balance:				
Available	$	258,285	$	1,908,026
Unavailable		2,113,332		1,982,311
Obligated Balance Not Yet Disbursed		14,057,373		9,976,299
Non-Budgetary		-		-
Total Status of Fund Balance with Treasury	$	16,428,990	$	13,866,636

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

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. Allowance for doubtful accounts is used only in instances where an employee has separated from duty prior to collection of their debt. The Selective Service System takes its aged schedule of Accounts Receivable due from the public and applies different rates, depending on the ages of the accounts receivable, to calculate allowances for uncollectible accounts. Selective Service System applies a 1% rate to the current uncollectible balances that are less than 366 days old, 7% to balances that are between 366 days and 2 years delinquent, and 100% to balances that are more than 2 years delinquent.

Accounts Receivable from the Public consists of the following:

(in dollars)		2023		2022
Accounts Receivable from the Public				
Current	$	-	$	-
1-180 Days Past Due		-		-
181-365 Days Past Due		-		3,768
1 to 2 Years Past Due		480		846
Over 2 years Past Due		821		-
Total Billed Accounts Receivable - Public		1,301		4,614
Unbilled Accounts Receivable		-		-
Total Accounts Receivable - Public		1,301		4,614
Allowance for Doubtful Accounts - Public		-		-
Total Accounts Receivable - Public, Net	$	1,301	$	4,614

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT, NET

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 the 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, 2023, and 2022:

(in dollars)	Service Life		Acquisition Value		Accumulated Depreciation		2023 Net Book Value		2022 Net Book Value
Equipment	3-7yrs	$	3,914,419	$	2,944,880	$	969,539	$	473,204
Information Technology Software	3yrs		14,764,418		13,804,969		959,449		530,072
Internal Use Software	7yrs		860,610		-		860,610		1,647,350
Total		$	19,539,447	$	16,749,849	$	2,789,598	$	2,650,626

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on Selective Service System's Balance Sheet as of September 30, 2023, 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, 2023, and 2022 is as follows:

(in dollars)		2023		2022
Intra-governmental:				
Other Liabilities Without Related Budgetary Obligations	$	269,061	$	-
Unfunded FECA Liabilities		231,892		249,978
Other Unfunded Employment Related Liability		-		9,628
Total Intragovernmental		500,953		259,606
Other than intra-governmental:				
Federal Employee and Veteran Benefits Payable				
Actuarial FECA Liability		1,350,624		1,477,530
Unfunded Annual Leave		1,098,310		964,699
Total Other than intra-governmental		2,448,934		2,442,229
Total Liabilities Not Covered by Budgetary Resources		2,949,887		2,701,835
Total Liabilities Covered by Budgetary Resources		2,741,351		4,202,136
Total Liabilities	$	5,691,238	$	6,903,971

(a) Other Information

Unfunded Payroll Liabilities consists of workers' compensation claims payable to the Department of Labor, 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 – OTHER LIABILITIES

Other liabilities consisted of the following as of September 30, 2023, and 2022:

(in dollars)		2023		2022
Intra-governmental:				
Other Liabilities				
Other Liabilities (without reciprocals)				
Employer Contributions and Payroll Taxes Payable	$	51,239	$	44,805
Other Liabilities Without Related Budgetary Obligations		269,061		-
Other Current Liabilities - Benefit Contributions Payable				
Employer Contributions and Payroll Taxes Payable		171,352		148,673
Other Unfunded Employment Related Liability		-		9,628
Unfunded FECA Liability		231,892		249,978
Total Intragovernmental		723,544		453,084

Other than intra-governmental:				
Accrued Funded Payroll and Leave		698,671		752,035
Total Other Than Intra-governmental		698,671		752,035
Total Other Liabilities	$	1,422,215	$	1,205,119

NOTE 7 - FEDERAL EMPLOYEES' COMPENSATION ACT

The Federal Employees' Compensation Act 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 SSS employees under FECA are administered by the Department of Labor and are paid, ultimately, by SSS.

For 2023, and again in 2022, SSS used estimates provided by DOL to report the FECA liability. This practice is consistent with the practices of other Federal agencies.

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 $1,350,624 and $1,477,530 as of September 30, 2023, and 2022, respectively, is reported on SSS' Balance Sheet. SSS also recorded a liability for amounts paid to claimants by DOL as of September 30, 2023, and 2022, of $231,892 and $249,978 respectively, but not yet reimbursed to DOL by SSS.

NOTE 8 – LEASES

The Selective Service System leases office space from the General Service Administration (GSA). In addition, SSS rents copiers and other office equipment from commercial vendors and vehicles from GSA. With the exception of the occupancy agreement (OA) with GSA for National Headquarters space in Arlington, Virginia, all rentals are one-year. Because these rentals are considered cancelable, minimum lease payments due are restricted to the OA with GSA. Lease Expense with GSA was $1,025,718.17 and $1,038,538.11 for 2023 and 2022, respectively. The Selective Service System is in the process of executing a new lease and OA for National Headquarters space.

(in dollars)

Fiscal Year	Period	National HQ	DMC	Region 1	Region 2	Region 3	Totals
FY 2024	10/01/2023-10/27/2023	$ 85,265	-	-	-	-	$ 85,265
Total Future Lease Payments		**$ 85,265**	-	-	-	-	**$ 85,265**

NOTE 9 – INTRAGOVERNMENTAL COSTS

Intragovernmental costs are those expenses paid by 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 SSS is reimbursed for services performed for other Federal agencies.

(in dollars)

		2023		2022
Intragovernmental Costs	$	20,408,877	$	9,717,630
Public Costs		11,324,428		21,333,146
Total Costs		31,733,305		31,050,776
Less: Earned Revenue		500,000		500,000
Net Program Cost	$	31,233,305	$	30,550,776

NOTE 10 – EXCHANGE REVENUE

The Statement of Federal Financial Accounting Standards 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. SSS recovers the full cost of services. Amounts are earned at the time the expenditures are incurred against the reimbursable order. During fiscal years 2023 and 2022, SSS earned $500,000 each of those years under an agreement with DoD. DoD reimburses SSS for the difference in postage cost between what SSS currently paid to mail registration acknowledgment letters and what it would cost to include DoD materials with those letters. 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 11 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders are purchase orders issued by SSS during fiscal year 2023 or fiscal year 2022 that have not had delivery of required product or service as of September 30, 2023, or 2022, respectively. It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during fiscal year 2023 or fiscal year 2022.

(in dollars)

		2023		2022
Unpaid:				
Federal	$	3,857,301	$	1,618,861
Non-Federal		7,458,721		4,155,303
Paid:				
Non-Federal		-		-
Totals	$	11,316,022	$	5,774,164

NOTE 12 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US 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 2023 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2024 and can be found at the OMB website: http://www.whitehouse.gov/omb. The 2023 Budget of the United States Government, with the actual column completed for 2022, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 13 – BUDGET AND ACCRUAL RECONCILIATION

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

Budget and Accrual Reconciliation
For the period ended September 30, 2023

	Intragovernmental	With the Public	Total FY2023
Net Operating Cost (SNC)	10,815,240	20,418,065	31,233,305
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(558,225)	(558,225)
Property, plant, and equipment disposal & reevaluation	-	(110,393)	(110,393)
Applied overhead/cost capitalization offset	-	14,169	14,169
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	-	(3,315)	(3,315)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	-	1,441,544	1,441,544
Salaries and benefits	(29,113)	48,356	19,243
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	27,714	(6,705)	21,009
Other financing sources			
Federal employee retirement benefit costs paid by OPM and imputed to agency	(2,551,218)	-	(2,551,218)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(2,552,617)	825,431	(1,727,186)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	793,419	793,419
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	-	793,419	793,419
Other Temporary Timing Differences	9,188		9,188
Net Outlays (Calculated Total)	8,271,811	22,036,915	30,308,726
Agency Outlays, Net (SBR Line 4210)			30,308,726

For the period ended September 30, 2022	Intragovernmental	With the Public	Total FY2022
Net Operating Cost (SNC)	9,217,630	21,333,146	30,550,776
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(366,029)	(366,029)
Increase/(Decrease) in Assets not affecting Budget Outlays:			
Accounts receivable	-	(14,741)	(14,741)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	1,004,499	(1,830,970)	(826,471)
Salaries and benefits	(18,331)	(149,096)	(167,427)
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	21,132	40,685	61,817
Other financing sources			
Federal employee retirement benefit costs paid by OPM and imputed to agency	(2,058,502)	-	(2,058,502)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(1,051,202)	(2,320,150)	(3,371,352)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Debt and equity securities			
Custodial/Non-exchange revenue	(51)	51	-
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	(51)	51	-
Net Outlays (Calculated Total)	8,166,377	19,013,047	27,179,424
Agency Outlays, Net (SBR Line 4210)			27,179,424

GLOSSARY	
ABBREVIATIONS AND ACRONYMS	
Alternative Dispute Resolution	ADR
Alternative Service Employer Network	ASEN
Alternative Service Program	ASP
Calendar Year	CY
Continuous Diagnostics and Monitoring	CDM
Civil Service Retirement System	CSRS
Connected TV	CTV
Conscientious Objector	CO
Cybersecurity and Infrastructure Security Agency	CISA
Data Management Center	DMC
Department of Defense	DoD
Department of Homeland Security	DHS
Department of Justice	DOJ
Department of Labor	DOL
Development, security, and operations	DevSecOps
Driver's License Legislation	DLL
Equal Employment Opportunity/Equal Employment Opportunity Commission	EEO/EEOC
Executive Order	EO
Federal Accounting Standards Advisory Board	FASAB
Federal Employee Viewpoint Survey	FEVS
Federal Employees' Compensation Act	FECA
Federal Employees' Group Life Insurance Program	FEGLIP
Federal Employee Health Benefits Program	FEHBP
Federal Employees Retirement System	FERS
Federal Information Security Management Act	FISMA
Federal Managers' Financial Integrity Act	FMFIA
Federal Risk and Authorization Management Program	FedRAMP
Fiscal Year	FY
Free Application for Federal Student Aid	FAFSA
Freedom of Information Act	FOIA
Full-Time Equivalent	FTE
General Services Administration	GSA
Generally Accepted Accounting Principles	GAAP
Government Accountability Office	GAO
High Value Asset	HVA
Information Technology	IT
Interior Business Center	IBC
Invoice Processing Platform	IPP
Knowledge Management	KM
Memorandum of Agreement/Memorandum of Understanding	MOA/MOU
Military Entrance Processing Station/Command	MEPS/MEPCOM
Military Selective Service Act	MSSA
Office of Management and Budget	OMB
Office of Personnel Management	OPM
Payment Integrity Information Act	PIIA
Performance and Accountability Report	PAR

Position Description	PD
Position Management Board	PMB
Property, Plant, and Equipment	PP&E
Public and Intergovernmental Affairs	PIA
Reserve Service Member	RSM
Selective Service System	SSS
Statement of Budgetary Resources	SBR
Statements of Federal Financial Accounting Standards	SFFAS
Status Information Letter	SIL
Supporting Transformation and Results	STAR
Technology Modernization Fund	TMF
Unliquidated Obligation	ULO
Zero Trust Architecture	ZTA


SELECTIVE SERVICE SYSTEM
SSS