

DEPARTMENT OF LABOR**Office of the Secretary****[Secretary's Order 04–2009]****Authority and Responsibilities for Implementation of the Chief Financial Officers Act of 1990 and Related Legislation****1. Purpose**

To delegate authority and assign responsibilities for implementation of the Chief Financial Officers Act of 1990 and related legislation.

2. Authorities and Directives Affected*A. Authorities*

1. Chief Financial Officers Act of 1990, as amended (Pub. L. 101–576).
2. Federal Managers' Financial Integrity Act of 1982 (Pub. L. 97–255).
3. Government Performance and Results Act of 1993 (Pub. L. 103–62).
4. Government Management Reform Act of 1994 (Pub. L. 103–356).
5. Clinger-Cohen Act of 1996 (Pub. L. 104–106).
6. Federal Financial Management Improvement Act of 1996 (Pub. L. 104–208).
7. Reports Consolidation Act of 2000 (Pub. L. 106–531).
8. Improper Payments Information Act of 2002 (Pub. L. 107–300).
9. Accountability of Tax Dollars Act of 2002 (Pub. L. 107–289).
10. 29 U.S.C. 563, 563a, and 564, authorizing the Working Capital Fund at the Department of Labor.
11. Office of Management and Budget (OMB) Circular No. A–11, Preparation, Submission and Execution of the Budget (June 26, 2008).
12. OMB Circular No. A–123, Management's Responsibility for Internal Control (December 21, 2004).
13. OMB Circular No. A–127, Financial Management Systems (July 23, 1993).
14. OMB Circular No. A–134, Financial Accounting Principles and Standards (May 20, 1993).
15. OMB Circular No. A–136, Financial Reporting Requirements (June 3, 2008).

B. Directives Affected

1. Secretary's Orders 01–1992 and 01–1997 are superseded and canceled.
2. This Order does not affect Secretary's Order 14–2006, Internal Control Program (June 20, 2006).
3. All references to the Office of the Comptroller, Office of the Assistant Secretary for Administration and Management (OASAM), in Secretary's Orders, DLMS Chapters, and other

Departmental issuances shall be considered to refer to the Office of the Chief Financial Officer.

4. Directives inconsistent with this Order are rescinded to the extent of the inconsistency.

3. Background and Organization

The Chief Financial Officers Act of 1990, as part of overall Federal financial management reforms, mandated the establishment of a Chief Financial Officer (CFO) and Deputy Chief Financial Officer in all Cabinet-level Federal agencies, including the Department of Labor (DOL). The CFO is appointed by the President and confirmed by the Senate, and by statute reports directly to the Secretary. The Deputy CFO is a career-reserved position in the Senior Executive Service who reports directly to the CFO. The CFO heads the Office of the Chief Financial Officer (OCFO), which has such component organization units, staffing, and funding as are authorized.

4. Delegation of Authority

As specified in the CFO Act, at 31 U.S.C. 902, and as detailed in Paragraph 5 of this Order, the Chief Financial Officer is delegated authority to oversee the financial management functions of the Department.

5. Assignment of Responsibilities to the Chief Financial Officer

A. As required by the CFO Act, the CFO shall—

1. Report directly to the Secretary and Deputy Secretary regarding financial management matters;
2. Oversee all financial management activities relating to the programs and operations of the Department;
3. Develop and maintain an integrated Departmental accounting and financial management system, including financial reporting and internal controls, which—
 - a. Complies with applicable accounting principles, standards, and requirements, and internal control standards;
 - b. Complies with such policies and requirements as may be prescribed by the Director of the Office of Management and Budget;
 - c. Complies with any other requirements applicable to such systems; and
 - d. Provides for—
 - (1) Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of Departmental management;
 - (2) The development and reporting of cost information;
 - (3) The integration of accounting and budgeting information; and

(4) The systematic measurement of financial performance;

4. Make recommendations to the Secretary regarding the selection of the Deputy Chief Financial Officer of the Department, who will have the qualifications outlined in the CFO Act at 31 U.S.C. 903;

5. Direct, manage, and provide policy guidance and oversight of Departmental financial management personnel, activities, and operations, including—

a. The preparation and annual revision of a Departmental plan to—

- (1) Implement the 5-year financial management plan prepared by the Director of the Office of Management and Budget under 31 U.S.C. 3512(a)(3); and

(2) Comply with the requirements for financial statements and audits established under 31 U.S.C. 3515, 3521(e), and 3521(f);

b. The development of Departmental financial management budgets;

c. The recruitment, selection, and training of personnel to carry out Departmental financial management functions;

d. The approval and management of Departmental financial management systems design or enhancement projects;

e. The implementation of Departmental asset management systems, including systems for cash management, credit management, debt collection, and property and inventory management and control;

f. Prepare and transmit an annual report to the Secretary and the Director of the Office of Management and Budget, consistent with the requirements of OMB Circular No. A–136, which shall include—

(1) A description and analysis of the status of financial management of the Department;

(2) The annual financial statements prepared under 31 U.S.C. 3515;

(3) The audit report transmitted to the Secretary under 31 U.S.C. 3521(f);

(4) A summary of the reports on internal accounting and administrative control systems submitted to the President and the Congress under the amendments made by the Federal Managers' Financial Integrity Act of 1982 (Pub. L. 97–255); and

(5) Other information the Secretary considers appropriate to fully inform the President and the Congress concerning the financial management of the Department;

6. Monitor the financial execution of the budget of the Department in relation to actual expenditures in concert with the responsibilities of the Assistant Secretary for Administration and

Management (ASAM) outlined in Paragraph 6(B), and prepare and submit to the Secretary timely financial performance reports; and

7. Review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the Department for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred by it in providing those services and things of value.

B. The CFO will have the following additional responsibilities:

1. *Policy Duties.*

a. Develop and promulgate accounting and financial management policies for DOL and its component agencies, and review and approve component agency financial policies, procedures, and structures for adherence to the policies of DOL and other Federal agencies.

b. Ensure compliance throughout DOL, and its component agencies, with applicable accounting standards and principles, and financial information and system functional standards, including the standards promulgated by the Federal Accounting Systems Advisory Board, the Federal Government's Standard General Ledger, the core requirements for financial systems, and the financial statement form and content guidance issued by OMB.

c. Exercise overall responsibility for the Department's compliance with FMFIA and for the Department's fiscal integrity; serve on the Department's Internal Control Board; report directly to the Secretary on internal control matters; carry out the responsibilities specified in Secretary's Order 14-2006, Internal Control Program, for the CFO and the Internal Control Principal for financial systems and mixed systems that are significantly financial.

d. Ensure adequate controls are in place over asset management, including cash management operations, credit management and debt collection operations, and real property, equipment, and inventories.

e. Participate with Departmental Agency heads and other staff in the policy review of proposed legislative and program initiatives from a financial management perspective.

f. Ensure that component agencies gather timely and accurate financial information to manage and oversee major procurements.

g. Develop policies and procedures for investigating potential violations of the Anti-Deficiency Act; working under policies established by the CFO, and in cooperation with the ASAM and the Solicitor of Labor, notify the Secretary of Anti-Deficiency Act violations, and

transmit agency reports of Anti-Deficiency Act violations to the Secretary for transmittal to the President, Congress, OMB, and the Government Accountability Office, as applicable.

2. *Budget Duties.*

a. Monitor the financial execution of the budget of the Department in relation to actual expenditures, and prepare and submit to the Secretary timely financial performance reports.

b. Provide leadership, direction, coordination, and related services concerning budget execution for the Department and its component agencies.

c. Participate with Departmental Agency heads and other staff at a policy and decision-making level in the Departmental budget execution review process.

d. Review the budget requests for all Departmental and component agency financial management functions; recommend to the Secretary their modification as necessary to ensure that appropriate resources are requested to effectively and efficiently perform necessary financial and related functions.

e. Promote the development and reporting of cost information in support of the systematic measurement of performance in appropriate budget documents.

f. Manage and oversee the Department's administrative control of funds from the time funds are allotted to the DOL agencies.

3. *Financial Systems Duties.*

a. Review and approve the design and operation of component agency financial, accounting, and asset systems, specifically including the financial aspects of grant management systems, debt collection systems, and other systems defined by FMFIA.

b. Provide oversight of, and issue core requirements and standards related to, component agency financial systems, activities, and operations, including preparation and revision of agency financial management plans and financial performance reports.

c. In coordination with the ASAM, establish policies, procedures, and other guidelines to prescribe the form, content, and frequency of accounting information to be reported from component agency systems to meet DOL and central Federal agency information requirements.

d. Participate in the review and approval process of information systems that provide, at least in part, financial and/or program performance data.

e. In consultation with the Chief Information Officer (CIO), ensure that the accounting, financial, asset

management, and other information systems of the Department are designed, developed, maintained, and used effectively to provide financial or program performance data for financial statements of the Department.

f. Ensure, in consultation with the CIO, that program information systems provide financial, budget, and programmatic data on a reliable, consistent and timely basis to agency financial management systems.

g. Recommend to the Secretary any information resource management and budget decisions affecting financial management processes, systems, and operations.

h. Consult with the CIO to ensure sufficient oversight and security exist to maintain the integrity of information systems that affect the preparation and presentation of the Department's financial statements.

4. *External Reporting Duties.*

a. Prepare the financial management components of the annual Performance and Accountability Report (PAR) for transmittal to the Secretary and the Director of OMB. The PAR will meet the requirements of OMB Circular No. A-136, and shall include, in part—

(1) A description and analysis of the status of financial management of the Department;

(2) The Department's annual financial statements and accounting reports, including, where appropriate, pertinent performance measures;

(3) The audit report transmitted to the Secretary;

(4) The annual report required to be submitted to the President and the Congress under the FMFIA;

(5) The report required by the Improper Payments Information Act;

(6) The Management Assurance Statement required by OMB Circular No. A-123;

(7) The annual financial management report required by the Chief Financial Officers Act; and

(8) Other information the Secretary considers appropriate to fully inform the President and the Congress concerning the financial management of the Department.

b. Prepare the semi-annual audit resolution reports required by the Amendments to the Inspector General Act.

c. Coordinate and manage financial management reporting requirements as may be imposed by OMB, the Department of the Treasury, other central Federal agencies, and Congress.

d. In coordination with the ASAM and Agency heads, develop reporting mechanisms that integrate program performance and financial data, and

facilitate the display of such data in budget documents, financial statements, and other pertinent communications.

e. In consultation with the CIO, ensure financial statements support—

(1) Assessments and revisions of mission-related and administrative processes of the Department; and

(2) Measurement of the performance of investments made by the Department in information systems.

5. *Financial Management Personnel Duties.*

a. Provide oversight of, and issue core requirements and standards related to, component agency financial management personnel.

b. Provide policy advice and assistance to DOL executives, including component agency heads, on all personnel matters affecting financial management personnel throughout the DOL and its component agencies, and on budget and staffing levels for component agency financial functions.

c. Review all proposed personnel selections, skill requirements, performance standards, and position descriptions for financial management personnel at the GS-15 level and above throughout the DOL and its component agencies; discuss any problems with the component agency head and appeal any unresolved issue to the Secretary through the Deputy Secretary.

d. Manage a comprehensive training and development program for budget analysts, accountants, financial managers, and financial technicians; ensure that staff skills are commensurate with requirements; and implement a Continuing Professional Education (or similar) program.

6. *Financial Programmatic Duties.*

a. Manage Departmental programs on audit resolution, travel management, cash management, debt collection, asset management, and financial management activities.

b. Manage centralized Departmental accounting functions for fund and cost accounting, capitalized assets accounting, grant accounting, DOL employee compensation and benefits, and voucher, commercial bill, and other payments.

c. Exercise Departmental approval authority over interagency transactions involving component agency program funds, such as for investment or transfer.

d. Establish and chair a CFO Advisory Council within DOL to provide a forum for component organizations to advise and support the CFO in matters affecting the financial community. The Advisory Council will facilitate the dissemination of financial policies

established by the CFO to component agencies.

e. Maintain and operate a Working Capital Fund (WCF) and related accounts offering, as appropriate and advantageous to the Department, a comprehensive program of centralized services funded by customer agency reimbursements in advance that—

(1) Ensures customer agencies access to meaningful information on the full costs of those centralized services, conditions for usage, and the cost allocation formulas employed in the lawful distribution of annual charges against the respective agency appropriation accounts; and

(2) Ensures, through the creation and regular convening of a Working Capital Fund Committee, the opportunities for meaningful and informed customer agency participation or representation in reviewing WCF activities, costs, and charges, and in recommending changes or improvements to the CFO.

(3) Is operated on the basis of agency reimbursement agreements between customers and service providers and timely cost assessments and related adjustments for services provided or offered.

f. Provide technical reviews of finance offices in the DOL and its component agencies, and oversee component agency financial systems as defined in the FFMA.

g. Appraise centralized and decentralized operations and organizations to determine more effective and cost-efficient methods of performing required financial functions.

h. Serve as the Department's Improper Payment Reduction Coordinator, with responsibilities including, but not limited to:

(1) Coordinating the establishment of policies and procedures for assessing Departmental, component agency, and program risks of improper payments;

(2) Coordinating Departmental, component agency, and program management actions to reduce improper payments. These duties include:

a. Assigning responsibility for specific areas of improper payment-related activities to appropriate component agency, program, or activity officials;

b. Coordinating the development of detailed action plans to determine the nature and extent of possible improper payments for all DOL programs and activities spending Federal funds;

c. Assisting component agency and program management in identifying cost-effective control activities to address identified risk areas;

d. Assisting component agency and program management in establishing improper payment reduction goals or

targets and measuring performance against those goals to determine progress made and areas needing additional action;

e. Developing procedures for working with OMB and the Congress to address barriers encountered that inhibit actions to reduce improper payments; and

f. Coordinating periodic reporting, through publicly available documents, to the Secretary, OMB, and the Congress on the progress made in achieving improper payment reduction targets and future action plans for controlling improper payments; and

(3) Providing a quarterly status report to the Deputy Secretary on Departmental activities to identify and reduce improper payments.

C. In addition to the authority otherwise provided in this Order, the CFO—

1. Subject to Paragraph (7)(B), shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material which are the property of the Department or which are available to the Department, and which relate to programs and operations with respect to which the CFO has responsibilities;

2. May request such information or assistance as may be necessary for carrying out the duties and responsibilities provided by this Order from any Federal, State, or local governmental entity; and

3. To the extent and in such amounts as may be provided in advance by appropriations Acts, may—

a. Enter into contracts and other arrangements with public agencies and with private persons for the preparation of financial statements, studies, analyses, and other services; and

b. Make such payments as may be necessary to carry out the provisions of this Order.

6. **Assignment of Responsibilities to Other Individuals**

A. Unless modified by this Order, the heads of component Agencies retain previously delegated responsibilities and authority. In the context of the Department's financial management program, they are specifically charged with the responsibility to—

1. In consultation with the CFO and the CIO, define program information needs and develop strategies, systems, and capabilities to meet those needs.

2. Perform transaction and operational level financial functions in accordance with policies, requirements, and procedures established by the CFO.

3. Direct financial staffs and functions in their respective component agencies

consistent with those policies and procedures established by the CFO.

4. Facilitate the CFO's oversight responsibilities with respect to financial operations and component agency program financial systems by providing and maintaining system documentation, audit trails, summary or detailed transaction data, and such other information as the CFO may require.

5. Fully solicit, consider, and cooperate with the CFO in the review of proposed appointment, promotion, and other personnel actions affecting financial management staff at the GS-15 level and above.

6. Manage grants, procurement, property, debt management/accounts receivable, and other management systems for their respective component agencies, in a manner consistent with the CFO's responsibilities prescribed in this Order.

B. The ASAM's budget execution responsibilities related to the implementation of the CFO Act are—

1. Submitting requests to OMB for apportionments and reapportionments.

2. Working under policies established by the CFO, administering allotments and interagency transactions, including reprogramming and transfer requests and notifications.

3. Advising the CFO regarding management and oversight of the Department's administrative control of funds, with emphasis on the apportionment and allotment processes.

C. The Inspector General—

1. Retains full responsibility for previously delegated budget and financial management activities pertaining to his or her own office, but will participate with the CFO in integrating such delegated assignments with the overall financial management program of the Department.

2. Will participate, where appropriate, in joint reviews with the CFO of selected financial management functions, operations, and systems.

3. Will participate with the CFO in the resolution of audit issues, findings, and recommendations, including those involved in the annual financial statements, consistent with its statutory responsibilities for managing an audit program.

D. The Solicitor of Labor is responsible for providing legal advice and assistance to the Secretary, Deputy Secretary, CFO, Working Capital Fund Committee established pursuant to paragraph 5 above, and all other Department of Labor officials who are assigned responsibilities for implementation of this Order, except as provided in Secretary's Order 4-2006 with respect to the Office of Inspector General.

7. Communications

In consonance with the assignments of responsibility above, the Office of the Chief Financial Officer shall ensure that the Agency Administrative Officers are apprised of communications to component agency financial staff.

Similarly, component agencies shall keep the Chief Financial Officer apprised of directives and other communications affecting their financial staff.

8. Reservations of Authority

A. Unless otherwise stated in this Order, the submission of reports and recommendations to the President and the Congress concerning the administration of statutory or administrative provisions is reserved to the Secretary.

B. Except as provided in Paragraph (5)(D)(1), this Order does not provide to the CFO any access greater than permitted under any other law to records, reports, audits, reviews, documents, papers, recommendations, or other material of the Office of Inspector General.

9. Redelegations and Transfers of Authority

Unless provided otherwise in this or another Secretary's Order, the authority delegated in this Order may be redelegated or transferred, as permitted by law or regulation.

10. Effective Date

This Order is effective immediately.

Dated: January 15, 2009.

Elaine L. Chao,

Secretary of Labor.

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