

Outcome Goal FM – Enhance Financial Performance through Improved Accountability

The Department of Labor is committed to providing timely and accurate financial information to DOL managers and stakeholders, and to ensuring that our business processes are efficient and customer-driven. Here in DOL the collaboration of program and financial managers is key to our ability to manage programs successfully and provide accountability for the resources entrusted to us as a Department. DOL has made strides relative to the President's Management Agenda, including our progress in improving the accuracy and timeliness of financial information and integrating financial and performance management to support day-to-day operations across DOL.

The Office of the Chief Financial Officer (OCFO) provides integrity and stewardship of the Department's financial resources. OCFO provides comprehensive direction to all DOL agencies on financial management policies arising from legislative and regulatory mandates. FFMIA requires agencies to implement and maintain financial management systems that substantially comply with Federal financial management system requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The Government Management Reform Act (GMRA) requires each agency to prepare and submit audited financial statements. The financial statements must comply with the Office of Management and Budget's Bulletin 01-09, Form and Content of Agency Financial Statements, as amended.

In addition, OCFO provides guidance, assistance, and oversight in implementing the Cost Analysis Manager (CAM) in each agency. OCFO specifically provides training to agencies on how to use the CAM cost model to support day-to-day operations across DOL. OCFO also provides assistance to agencies on how to maintain and update CAM within each agency so that it can provide up-to-date and useful information.

Goal (Agency) - Period Goal Statement [Achievement]	Performance Summary
<p style="text-align: center;">FM1 (OCFO) – FY 2004 Improve the accuracy and timeliness of financial information. [Substantially Achieved]</p>	<p>DOL received its eighth unqualified audit opinion on its consolidated financial statements from the Office of Inspector General. All 17 DOL financial management systems substantially comply with the FFMIA standards. We also received the Certificate of Excellence in Accountability Reporting for the fourth consecutive year.</p>
<p style="text-align: center;">FM2 (OCFO) – FY 2004 Integrate financial and performance management to support day-to-day operations across DOL. [Achieved]</p>	<p>OCFO developed a Department wide managerial cost accounting capability, completing cost models for 15 DOL agencies, and conducting briefings and training for agency heads and executive staff.</p>

Results Summary

Of the two performance goals listed, DOL achieved one and substantially achieved the other. The Department received its eighth unqualified audit opinion on its consolidated financial statements from DOL's Office of Inspector General. DOL has reviewed and determined that all 17 financial management systems substantially comply with the FFMIA standards. In addition, the Departments continues to comply with the Federal Managers' Financial Integrity Act (FMFIA) ensuring that its' resources are sufficiently safeguarded. DOL issued its annual financial statements, related notes, and supplemental information by the statutory deadline and also received the Certificate of Excellence in Accountability Reporting for the fourth consecutive year.

OCFO developed a Department-wide managerial cost accounting capability. In FY 2004, cost models were completed for 15 DOL agencies. These models define and cost, on a total and per unit basis, the significant outputs of each agency's major programs. CAM results briefs were provided for agency heads and executive staff. OCFO will continue work with agencies to fully deploy a managerial cost accounting system. Training for agency managers on using CAM for management decision-making is planned. OCFO expects to continue to improve agency cost models by refining resource and activity assignments, adding and revising outputs, improving allocation of overhead and support costs, and further mapping of outputs to performance goals. Automation of data collection and standard report preparation are also planned.

To improve financial performance under the President's Management Agenda, DOL partners with the Social Security Administration to share data that will reduce erroneous benefit payments in the Unemployment Insurance Program. Pictured are officials from DOL and the Social Security Administration signing a partnership agreement.

Photo credit: OCFO



Future Challenges

To meet the challenges of the 21st Century work environment, DOL recognizes that it must continue to be a proactive, analytically-driven organization that leverages technology to provide the Department's leaders with the financial information necessary to make decisions about performance of their programs.

In FY2005, OCFO will lead the effort to enhance managerial cost accounting data models, improve automated reporting capability, improve interface of agency program systems with CAM, integrate agency cost models on a department level, and provide technical support to agency managers.

Maintain the Integrity and Stewardship of the Department's Financial Resources

Performance Goal FM1 (OCFO) – FY 2004

Improve the accuracy and timeliness of financial information.

Indicators

Maintain an unqualified (clean) audit opinion with no material internal control weaknesses;

Meet new requirements and standards in accordance with the Federal Financial Management Improvement Act (FFMIA) and Federal Managers' Financial Integrity Act (FMFIA);

Issue FY 2003 consolidated financial statements by February 1, 2004;

Issue quarterly financial statements within 45 days after the close of each quarter; and

Identify and correct processes and systems that contribute to erroneous benefit overpayments.

Program Perspective

OCFO provides comprehensive direction to all DOL agencies on financial management policies arising from legislative and regulatory mandates. FFMIA requires agencies to implement and maintain financial management systems that substantially comply with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. The Government Management Reform Act (GMRA) requires each agency to prepare and submit audited financial statements that comply with the Office of Management and Budget's Bulletin 01-09, Form and Content of Agency Financial Statements, as amended.

Results, Analysis and Future Plans

This goal was substantially achieved. The Department received its eighth unqualified audit opinion on its consolidated financial statements. This opinion provides assurance that no material weaknesses or inadequacies in internal controls would affect the Department's financial statements. All 17 DOL financial management systems substantially comply with the FFMIA standards. In addition, DOL continues to comply with the Federal Managers' Financial Integrity Act (FMFIA), ensuring that its resources are sufficiently safeguarded. DOL issued its annual financial statements, related notes, and supplemental information by the statutory deadline, and issued all quarterly statements 45 days after the close of the first quarter and 21 days after each quarter thereafter. The Department also received the Certificate of Excellence in Accountability Reporting for the fourth consecutive year. During FY 2005, DOL will continue implementing a new core accounting system by completing the design phase and using live data.

DOL complying with the Improper Payments Information Act (IPIA) and strengthening quality control for all DOL payments not subject to the Act's reporting requirements. OCFO developed an inventory of programs susceptible to significant risk as defined by IPIA, analyzed existing improper payment mitigation activities vs. IPIA requirements for these at-risk programs and developed a strategy to bridge the gap. The strategy includes developing relevant sampling criteria, sample selection within risk programs, improper payment assessment, and estimation. For many years, DOL has measured the level of erroneous payments in the Unemployment Insurance (UI) program, analyzed the causes and identified the states with the most overpayments. To help states more easily confirm the identities of UI claimants, we arranged for the states and the Social Security Administration to exchange data, and for states to increase use of their own state new hire data. In FY 2005 and beyond, through the implementation of root cause analysis and corrective actions, such as the UI data exchange with SSA to permit real-time social security number validation, we expect to realize significant reductions in improper payments.

Management Issues

DOL is challenged with the task of implementing a new core accounting system that replaces the existing 14-year old 'Department of Labor Accounting and Related Systems' (DOLARS). DOL will fully test the system before, during, and after launch; perform validation and verification of data transferring from the old to the new replacement system; to ensure the system fully meets Federal financial system requirements and users' needs.

Maintain the Integrity and Stewardship of the Department's Financial Resources

Performance Goal FM2 (OCFO) – FY 2004

Integrate financial and performance management to support day-to-day operations across DOL.

Indicators

Interfaced Department Accounting and Agency program systems provide cost-based performance data; and

Develop and disseminate cost accounting policy and training materials to address issues raised in prior year survey.

Program Perspective

The Office of the Chief Financial Officer (OCFO) provides guidance, assistance, and oversight in implementing the Cost Analysis Manager initiative (CAM) in each agency. OCFO specifically provides training to agencies on how to use the CAM cost model to support day-to-day operations across DOL. OCFO also provides assistance to agencies on how to maintain and update CAM within each agency so that it can provide up-to-date and useful information.

Results, Analysis and Future Plans

The goal was achieved. OCFO undertook the development of a Department-wide managerial cost accounting capability. In FY 2004, cost models were completed for 15 DOL agencies including ETA, ESA OWCP, MSHA, OSHA, EBSA, VETS, ODEP, WB, ILAB, OIG, ASP, OASAM, SOL (BLS already has a cost accounting capability). These cost models, which are the core of the CAM system, combine financial information supplied by the Department's core accounting system (DOLAR\$), along with labor distribution and workload data to develop activity and output costs for agencies.

The CAM system provides cost-based performance information, including unit cost information on the significant outputs of each agency's major programs, as well as the underlying activity and resource costs. Unit cost information can be used to compare performance among districts, regions, programs, etc. For example, the MSHA Coal Mine Safety and Health program will compare the cost of inspections across districts, allowing determination of which districts have higher cost activities and outputs. Further investigation will ensue to discover and address causes. As cost models are updated in the future, the CAM system will also allow agencies to use cost information to measure performance over time. In some instances, cost models include the capability to cost agency performance goals.

CAM results briefs were provided for agency heads and executive staff. In FY 2004, approximately 50 employees representing all the participating agencies were trained in managerial cost accounting principles and methodology; these are in addition to approximately 130 employees trained in FY 2003. Additional training is planned for FY 2005 to train agency managers on how to analyze cost information and use it for decision-making. In addition, designated agency staff will be trained on how to update and maintain the models in the CAM system. Software to support periodic updates of the cost models has been selected and deployed to agency desktops.

In FY2005, OCFO anticipates continuing to work with agencies to promulgate adoption of managerial cost accounting. OCFO expects to continue to improve agency cost models by refining resource and activity assignments, adding and revising outputs, improving allocation of overhead and support costs, and further mapping of outputs to performance goals. Automation of data collection (from DOLAR\$ core accounting system, agency workload and time tracking systems) and standard report preparation are also planned.

Management Issues

In FY2005, OCFO will lead the effort to enhance managerial cost accounting data models, improve automated reporting capability, improve interface of agency program systems with CAM, integrate agency cost models on a department level, and provide technical support to agency managers.