

Chief Financial Officer's Letter



Louis Shumway was an FBI snitch and an accountant whose valuable information led to a conviction of “Public Enemy No. 1” in 1931.

A notorious mobster, Al Capone was suspected and accused of numerous crimes throughout the early twentieth century. However, for one reason or another, Capone could not be convicted of anything and remained free to continue his nefarious enterprises.

When criminal charges failed to stick, the government turned a suspicious eye toward Capone’s financial operations. Shumway, an accountant for Capone’s liquor business, became the informant who helped Eliot Ness and the “Untouchables” finally obtain a conviction against one of America’s most notorious criminals, not for racketeering but for tax evasion. Ever since then, being an “accountant with conviction” has been

an attractive calling for many young men and women in America.

The fact that it took an accountant to bring down Al Capone highlights how financial management is at the foundation of any organization, program, or activity. When properly kept, an organization’s books are a transparent window into its successes and failures. If something is incorrect, out of line, or otherwise improperly monitored, the entire organization will suffer from poor performance or even a total breakdown. This is clear when today’s headlines so often blazon news of yet another indicted, convicted, or imprisoned chief executive who took liberties with the financial management of an organization for personal gain, leaving stakeholders in ruin.

In the government, our stakeholders are the American people, which makes it even more important that we ensure the soundest financial management possible to ensure that their taxpayer dollars are used for their intended purposes in the most efficient and effective manner. The public’s trust is imperative to the success of our efforts and one of the principal reasons we have renewed our commitment to effective internal control, transparency, and accountability at every level of the organization. At the Department of Labor, this commitment starts at the top with Secretary Elaine L. Chao, and is evident in every element of Departmental operations. Our efforts have not gone unrecognized, as evidenced by our tenth consecutive clean audit opinion this year, our receipt of six consecutive Certificates of Excellence in Accountability Reporting from the Association of Government Accountants, and our top ranking in the Mercatus Center’s annual evaluation of how well Federal agencies inform the public through their Performance and Accountability Reports. I am also pleased that once again the Secretary has reported that the Department complies with the Federal Managers’ Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA), and DOL remains the only Federal agency to have green ratings across the board on the President’s Management Agenda. Our diligent efforts to instill the importance of sound financial management and internal control throughout the organization have transformed DOL into a financial management leader, a fact of which I am extremely proud as I celebrate my fifth anniversary as CFO this January, the longest serving CFO ever at DOL.

Last year, I wrote in this space that “our continuing challenge is the transformation of internal control into an integral part of the Department’s entire cycle of planning, budgeting, management, accounting, and auditing.” We have made great strides in meeting this challenge over the past year and I am proud to share a few examples of our efforts:

- The Department instituted an Internal Control Board as part of its implementation of the revised OMB Circular A-123, ensuring the continued involvement of senior management in developing strategies to safeguard resources. This Board complements the quarterly attestations required of every agency head on the status of financial management within their purviews. Through these vehicles, Departmental executives remain informed and accountable for the financial management of their operations.
- The Department successfully launched E-Gov Travel, an end-to-end integrated travel system. DOL is the first Federal agency to deploy fully this type of system. From travel authorization to

reimbursement, the new system provides fast, accurate information and streamlines the entire travel process, resulting in significant savings to the taxpayers through better accountability and operating efficiency for the Department.

- Cost Analysis Manager (CAM) is increasingly used by managers throughout the Department, providing improved program performance information that enables more informed decision-making by allowing managers to understand the true cost of programs. Additionally, throughout this Performance and Accountability Report, CAM data demonstrates exactly how much money was spent on each Departmental goal and objective. CAM will soon incorporate more robust predictive planning capabilities, providing the forecasting needs that managers need for their programs to better prepare for the future. We have come a long way in the last five years; where once the Department's managerial cost accounting efforts consisted of isolated pilot programs, we now have a sustained enterprise-wide effort that is improving the results of the Department's many important programs.
- The Department is in the process of replacing its core accounting system with a new state-of-the-art financial management solution, called Labor Executive Accountability Program (LEAP), that will leverage innovative technologies and provide a secure and stable environment for managing the Department's finances.

Our ongoing success is due to the commitment of the Secretary Chao and the Department's senior leadership to accountability and the discipline and professionalism of our skilled career employees. As we look to the coming year, we will continue to transform DOL's financial management environment away from a singular focus on transaction processing. Instead, we seek a new paradigm where financial management practices will incorporate greater support and analysis to assist with key management decisions. As part of this effort, we are providing new training and professional development opportunities to help our financial professionals build upon their skill sets and capabilities while reemphasizing the importance of sound financial management at every level of the organization. We are also looking into validation of financial management training results through independent skill set certification. Our efforts are creating an environment in which integrated financial and performance information is sought and valued in both decision-making and evaluation processes, contributing to a legacy of which we can be extremely proud.

Samuel T. Mok
Chief Financial Officer
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