

**U.S. Department of Labor  
Office of the Chief Financial Officer**



**November 2020**

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## TAB 1: AGENCY ORGANIZATIONAL OVERVIEW

### Mission

OCFO is responsible for the financial leadership of DOL. Its primary duty is to uphold strong financial management and accountability while providing timely, accurate, and reliable financial information and enhancing internal control. For more information, please visit [DOL.gov](https://www.dol.gov).<sup>1</sup>

### Authorities and Responsibilities

The Office of the Chief Financial Officer (OCFO) ensures DOL compliance with the [Chief Financial Officers \(CFO\) Act](#).<sup>2</sup> The OCFO provides financial management leadership, direction, and guidance to the Office of the Secretary of Labor and all DOL program agencies on financial matters arising from the following:

- [Government Management Reform Act \(GMRA\)](#)
- [Government Performance Results Act \(GPRA\)](#)
- [Federal Financial Management Improvement Act \(FFMIA\)](#)
- [Federal Manager's Financial Integrity Act \(FMFIA\)](#)
- [Debt Collection Act \(as amended by the Debt Collection Improvement Act\)](#)
- [Cash Management Improvement Act](#)
- [Reports Consolidation Act of 2000](#)
- [Payment Integrity Improvement Act \(PIIA\)](#)
- [Accountability of Tax Dollars Act \(ATDA\)](#)
- [Digital Accountability and Transparency Act \(DATA Act\)](#)
- [Federal Information Technology Acquisition Reform Act \(FITARA\)](#)
- Various – Department of Treasury (Treasury), Office of Management and Budget (OMB), General Services Administration (GSA) Travel Regulations, and Government Accountability Office (GAO) guidance regarding financial management in government

The CFO Act established Chief Financial Officers (CFO) for Executive Branch departments and major agencies. The CFO Act established the CFOs' statutory authority and functions, including oversight of all financial management activities of the agency. The CFO Act also created a CFO Council to look at such matters as consolidation and modernization of financial systems and improving the quality of financial information. The CFO Act requires CFOs to report annually to the agency head and the Director of OMB on the financial management of the agency and include audited financial statements and reports on FMFIA compliance.

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<sup>1</sup> <https://www.dol.gov/agencies/ocfo/about>.

<sup>2</sup> <https://www.dol.gov/ocfo/media/regs/cfoa.pdf>.

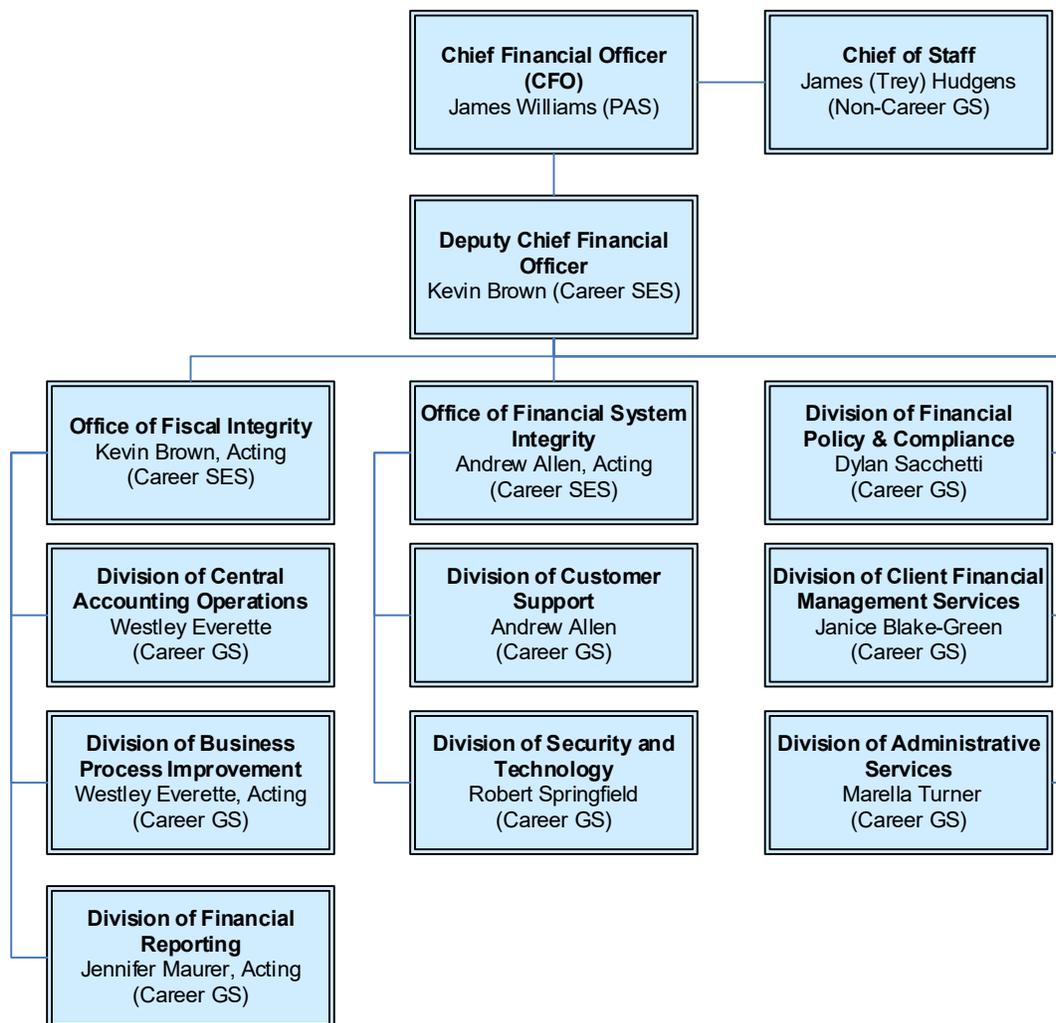
## Organizational Structure

The OCFO is comprised of the CFO, one deputy, and two associate deputies, overseeing a total of four functionally related areas:

- 1) Office of Fiscal Integrity
- 2) Office of Financial Systems Integrity
- 3) Division of Client Financial Management Systems
- 4) Division of Financial Policy and Compliance

Please see the Budget (Tab 4) section for details on OCFO FTE.

### Organizational Chart



**TAB 1: Agency Organizational Overview**

*Workforce At-A-Glance*

**DEPARTMENT OF LABOR EMPLOYMENT \*  
AS OF 11/1/2020 - OCFO**

AGENCY			
Subagency	National Office	Total	
OCFO	86	86	
Total	86	86	
RACE & GENDER			
Ethnicity	F	M	Total
American Indian	0	1	1
Asian	10	4	14
Black	30	17	47
Hispanic	6	5	11
Two or more Races	1	1	2
White	4	7	11
Total	51	35	86

BARGAINING UNIT	
Local 12	61
Non-BU	25
SUPERVISORY**	
Non Supervisor	74
Supervisor	12
WORK SCHEDULE	
F-Full Time	86
REGIONS	
Natl Ofc	86
Total	86

GRADE DISTRIBUTION	
00	1
03	1
04	3
05	3
06	4
07	7
08	1
09	8
11	5
12	9
13	8
14	19
15	17
Total	86
DISABLED STATUS	
No Disability	77
Non-targeted	7
Targeted	2
APPOINTMENT TENURE	
Indefinite	1
Permanent	85
RETIREMENT ELIGIBILITY	
Early Out	10
Eligible	15
Not Eligible	61

METRO D.C. AREA EMPLOYEES BY BUILDING		
FRANCES PERKINS BLDG	84	
Total	84	
Includes regional employees working in the D.C. area		
GRADE 13 & ABOVE		
Ethnicity	F	M
American Indian	0	1
Asian	7	4
Black	11	9
Hispanic	4	2
White	2	6

\* Permanent and Temporary Employees  
\*\* Supervisor count includes manager levels 2 and 4

## Organizational Changes During the Past Four Years

Over the past four years the Department has undergone a restructuring to centralize financial, including budget services, and debt management. This new structure more closely aligns with the organizational structure of financial services and authorities across the government.

### *Departmental Budget Center*

The Departmental Budget Center was moved to OCFO from the Office of the Assistant Secretary for Administration and Management (OASAM) effective November 27, 2016, and moved back to OASAM on April 20, 2018.

### *Debt Management*

In 2018, OCFO reviewed debt management procedures across DOL's enforcement agencies. The review revealed that there were differing processes across enforcement agencies, limited performance metrics at the operational level, and inconsistent levels and intervals of engagement with debtors that all resulted in an overall low collection rate for the Department.

In June 2020, the Secretary issued an Order tasking OCFO with establishing a Debt Management Division dedicated to enforcement-related debt management activities for non-intragovernmental transactions (Enforcement Debt), as well as establishing and maintaining a central debt management system and repository for Enforcement Debts across the Department. This plan helps enforcement agents focus their resources on their mission and ultimately serves the U.S. taxpayer by ensuring those who violate the law pay their fines as well as improves worker safety by enforcement of worker protection laws.

In August 2020, OCFO and OCIO established a steering committee to oversee the roll-out of the development of the new debt management system. As of October 2020, a contract has been awarded for the system development, working groups amongst agencies have begun, and project plans are under way for onboarding OSHA May 2021, MSHA July 2021, WHD 2021, and EBSA October 2021 into the Debt Management Division in OCFO.

## Key Leaders

- **James Williams**, Chief Financial Officer
- **Kevin Brown**, Deputy Chief Financial Officer
- **Kevin Brown** (Acting), Associate Deputy CFO for Fiscal Integrity
- **Andrew Allen** (Acting), Associate Deputy CFO for Financial Systems Integrity

## TAB 2: State of Play

### Key Meetings, Decisions and Announcements

There are no items requiring the Secretary's action for the period of January 20, 2021, through April 20, 2021.

### Policy and Regulatory Issues

*Enterprise Risk Management (led by OCFO with assistance from OASAM)*

The [Office of Management and Budget \(OMB\) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control](#) requires federal agencies to implement an Enterprise Risk Management (ERM) framework. ERM is designed to increase transparency and leadership collaboration to improve mission delivery, reduce costs, and focus resources towards top agency risks. In FY 2017, DOL developed its ERM Framework to initiate the establishment and integration of ERM elements across the Department, including the development of a DOL risk profile. The DOL risk profile provides a detailed analysis of the level and types of risks the Department faces toward achieving its strategic objectives, arising from its activities and operations.

In March 2019, DOL established its Enterprise Risk Management Council (ERMC) which provided further guidance on the Department's approach for 2019 and beyond. The ERMC emphasizes the importance of having appropriate risk management processes and systems to identify challenges early, to bring them to the attention of leadership, and to develop solutions. Implementing a holistic ERM program enables the Department to meet its strategic, compliance, financial, operations, and reporting objectives more effectively.

The ERMC is co-chaired by the Deputy Secretary, Chief Financial Officer, and Assistant Secretary for Administration and Management. Its membership includes representatives from all DOL agencies that are career members of the Senior Executive Service.

The ERMC serves as DOL's enterprise oversight body for the development of coordinated Department-wide positions on risk, risk management, risk mitigation, and execution in conformance with any Congressional or OMB guidance. The ERMC is responsible for implementing an ERM framework and strategy for the Department and coordinating an annual risk assessment to provide an integrated, enterprise-wide view of risk, risk tolerances, and risk mitigation efforts.

Each DOL agency also has an Agency Risk Lead. These individuals have broad reach and knowledge of their agency's mission and programs. They work closely with the OCFO and OASAM throughout the year on ERM implementation and guidance. The Agency Risk Lead serves as the agencies' main point of contact for communication to the ERMC, Senior Officials, and Department officials. Agency Risk Leads facilitate risk management activities, policies, practices, and standards, and disseminate relevant information to agency and departmental management and staff. They also coordinate the implementation of the Department's ERM

program within their respective agencies and actively participate in cross-agency initiatives and project-focused working groups. This includes coordination of risk identification and assessment from all major programs and divisions within their agencies.

## Office of Inspector General (OIG) Audits

***Review of Department's Digital Accountability and Transparency Act Readiness:*** OIG's focus is to gain an understanding of the processes, systems, and controls that the Department has implemented, or plans to implement, to report financial and payment data in accordance with DATA Act requirements. This audit will test one quarter of fiscal year 2020 activity.

***Independent Auditor's Report on the U.S. Department of Labor's FY 2021 Consolidated Financial Statements:*** An audit of the financial statements of DOL, for the fiscal years ending September 30, 2020 and September 30, 2021.

***Review of the Department's compliance with the Payment Integrity Improvement Act (PIIA):*** OIG is required to report annually on DOL's compliance with PIIA under Circular A-123, Appendix C within 180 days after issuance of the Agency Financial Report (AFR).

***Audit of the Department's Working Capital Fund (WCF):*** OIG's focus is on the WCF's budget and cost calculations, and the methodology used to allocate costs to component agencies. This audit is underway.

### OIG Audits on OCFO activities that were completed in FYs 2016, 2017, 2018, 2019, and 2020:

- Reporting Over the U.S. Department of Labor's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act. [Report No. 22-20-008-13-001](#) (May 15, 2020).
- DATA Act: DOL's Reported Data Generally, Met Quality Standards But Accuracy Issues Remain. [Report No. 03-20-001-13-001](#) (November 21, 2019).
- Management Advisory Comments Identified In An Audit of the Consolidated Financial Statements For The Year Ended September 30, 2019. [Report No. 22-20-005-13-001](#) (December 19, 2019).
- Review of Secretary Acosta's Travel. [Report No. 17-18-001-01-001](#) (January 25, 2018).
- The Department Needs to Take Action to Improve The Quality of Its DATA Act Submissions Report. [Report No. 03-18-001-13-001](#) (January 19, 2018).
- FY 2017 Independent Auditors' Report on DOL Consolidated Financial Statements. [Report No. 22-18-004-13-001](#) (November 15, 2017).
- DOL Needs to Do More to Reduce Improper Payments and Improve Reporting. [Report No. 03-17-002-13-001](#) (June 13, 2017).
- Risk Assessment of DOL's Purchase and Travel Card Programs. [Report No. 17-17-001-50-598](#) (March 31, 2017).

- Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements, For the Year Ended September 30, 2016. [Report No. 22-17-004-13-001](#) (March 24, 2017).
- FY 2016 Independent Auditors' Report on the U.S. Department of Labor's Consolidated Financial Statements. [Report No. 22-17-002-13-001](#) (December 15, 2016).
- The Department Needs to Ensure it is on Track To Implement DATA Act Requirements. [Report No. 17-16-002-13-001](#) (September 30, 2016).
- DOL Could Do More to Reduce Improper Payments and Improve Reporting. [Report No. 03-16-002-13-001](#) (May 13, 2016).
- Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2015. [Report No. 22-16-004-13-001](#) (March 25, 2016).

## **Management**

### *New Core Financial Management System (NCFMS)*

NCFMS is the financial system of record for the Department of Labor. On an annual basis, NCFMS processes an estimated 454,000 invoices, 266,000 payments, 188,000 travel documents, 47,000 obligation documents, and 7,000 requisition documents. It is used to manage and account for nearly \$60 billion of taxpayer funds.

**Background:** In 2014, due to the imminent bankruptcy of our private sector financial system service provider, the Department was abruptly confronted with the potential loss of automated capability to manage and account for \$60 billion in annual transactions. OASAM and OCFO envisioned and orchestrated an unprecedented innovative solution, collaborating with five other federal departments to purchase data rights, software and intellectual property, and hardware, in addition to securing operational support to run the financial management system.

For nearly two years—from September 2014 through June 2016—DOL and the Department of Transportation's Enterprise Service Center (DOT/ESC) worked to stabilize and run the highly-customized system through a series of Interagency Agreements. During that time, DOL and DOT began collaborating on planning efforts for the Department to migrate to DOT/ESC's federal shared service financial management system. This effort was halted as it was cost prohibitive for the Department to migrate to DOT/ESC. In addition, GSA's Unified Shared Service Management (USSM) office is working with the private sector to develop software as a service option for federal financial management.

In July 2016, the Department awarded a three-year contract (one base year, two option years) to Booz Allen Hamilton (BAH) to operate the system. DOT/ESC chose Booz Allen Hamilton to be the contractor on the NCFMS project initially. By contracting directly with the experienced support contractor, DOL gains project management oversight and efficiency in service at a reasonable cost.

In 2019, the Department of Labor awarded a seven-year contract (one base year, six option years) to Booz Allen Hamilton to operate and upgrade the system.

In 2020, OCFO elected to renegotiate the NCFMS contract. With support from the Office of the Senior Procurement Executive (OSPE), OCFO reduced the contract expenses by 16% and converted to a Firm Fixed Price contract from a Time and Materials structure. The conversion to a Firm Fixed Priced contract aligns with an OIG recommendation below.

**Auditor Findings:** The OIG has issued a series of reports on the Department's management of NCFMS, the most recent released in June 2015. The OIG recommended that the Department develop and implement a process to review and approve the services and costs requested (by DOT/ESC) for reimbursement, and for the Department to negotiate a firm-fixed price agreement with DOT for a baseline of operation and maintenance services for NCFMS. Both recommendations are closed.

#### *Working Capital Fund (WCF) Restructure*

**Background:** The Working Capital Fund (WCF) provides centralized administrative services throughout the Department in support of agency operations. The purpose of the fund is to decrease the overall cost of these services by combining the purchasing power of the Department instead of individual agencies procuring services individually. The WCF receives no direct appropriation and is funded through collections from appropriations for agency activities based on agency usage of WCF services. WCF operations are a joint responsibility of OCFO and OASAM's Departmental Budget Center.

The WCF funding model creates a built-in conflict between agencies that provide centralized services and program agencies. With the relatively flat appropriations for the Department over the past several years, there has been an increased push for additional transparency into WCF activities and costs. To instill multiple viewpoints in WCF decision-making, Secretary Perez met with agency heads on July 22, 2015, to announce two reviews of the WCF. The first was conducted by Assistant Secretaries, Directors, and other agency heads (non-career staff) who were tasked with providing short-term recommendations for the FY 2016 WCF Budget. This group issued its recommendations on November 30, 2015. The second, comprised of career Deputy Assistant Secretaries and other Deputy Agency Heads, provided further-reaching recommendations on governance, budget cycle, and performance management on April 6, 2016.

*Results:* As a consequence of these reviews, and to bring greater transparency, efficiency, and agency involvement in the WCF, a WCF Advisory Board (WCF Board) was established. The Deputy Secretary of Labor serves as the chairperson. Other members include the Chief Financial Officer, the Assistant Secretary for Administration and Management (ASAM), and career Deputy Assistant Secretaries or senior executives across the Department. The purpose of the Board is to take an enterprise-wide view of the centralized administrative services provided through the WCF. The Board serves in an advisory capacity to the Deputy Secretary and Secretary as they make strategic decisions regarding the services provided through the WCF and the impact of those decisions, given that the WCF is funded through collections from appropriations for agency activities.

The WCF Committee (WCF Committee) is a standing committee chaired by the Director of the Departmental Budget Center. The WCF Committee serves in an advisory role to the WCF Committee Chair in resolving matters that are crucial to the operation of the WCF. The Committee reviews and advises on the application of policy governing the WCF from an agency perspective. The Committee may create and members of the Committee may serve on WCF Workgroups to assist in researching and addressing specific Departmental initiatives or time-sensitive issues (e.g., governance, cost allocation, reimbursement methodologies, and performance/accountability).

The Administrative Officer (AO) of each DOL component agency, or an alternate formally designated by the Agency Head of that component, is a member of the WCF Committee. Agency designees must have the authority to speak for and commit their respective agency on matters related to the WCF, whether as a Customer Agency Representative or Service Provider Representative.

The WCF Board works closely with the WCF Committee and is authorized to establish multiple subcommittees. Among other responsibilities, these groups are tasked with identifying ways, whenever feasible, to avoid unexpected assessments on customer agencies, avoid unexpected demands on service provider agencies, and to ensure sensitivity to competing agency priorities. The subcommittees can look at, for example, cost recovery methodologies (e.g., FTE, usage, rental space, direct charges) to evaluate chargeback methodologies for logic, efficiency, and equity. They can also review alignment of WCF activities and services with the business needs of the customer agencies. An important outcome is enhanced transparency and improved communications between service provider agencies and customer agencies.

## **Key Agency Stakeholders**

### *Director, Office of Management and Budget*

The Office of Management and Budget (OMB) is responsible for coordinating the formulation of the President's Request. The Secretary will submit the Department's annual budget requests to the director of OMB and may appeal the initial OMB decisions on those requests. The Office of the Chief Financial Officer is responsible for budget execution.

[\*OMB Circular A-11 Preparation, Submission and Execution of the Budget\*](#)

The management side of OMB oversees and coordinates the federal procurement policy, performance and personnel management, information technology (e-Government), and financial management. In this capacity, OMB oversees agency management of programs and resources to achieve legislative goals and Administration policy. [\*OMB Circular A-123 Management's Responsibility for Enterprise Risk Management and Internal Control.\*](#)

### *U.S. Department of Treasury*

The U.S. Department of Treasury promotes the financial integrity and operational efficiency of the federal government through exceptional accounting, financing, collections, payments, and shared services with a vision of transforming financial management and the delivery of shared services in the federal government.

Treasury is responsible for (1) financing government operations by offering Treasury securities through reliable, accurate, flexible, and electronic systems, (2) operating the federal government's collections and deposit systems, (3) providing central payment services to the American public on behalf of government agencies, (4) identifying and assisting in the prevention of improper payments, while collecting debt owed to government agencies (5) delivering cost-effective, quality administrative and information technology services through a shared service model and (6) providing timely, reliable, and transparent financial services and information.

### TAB 3: CALENDAR

Event	Date
<u>Agency Financial Report.</u> <sup>3</sup> <i>Management Representation Letter</i> and <i>Management Assurance</i> statement of reasonable assurance over the strength and legal compliance of internal controls and financial systems. Co-signed by Secretary, Deputy Secretary, ASAM, and CFO.	November 15, 2021
<b>Working Capital Fund (WCF) Advisory Board.</b> Chair of Board is the Deputy Secretary who reviews WCF action with the Secretary as appropriate.	Monthly

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<sup>3</sup> <https://www.dol.gov/sites/dolgov/files/OPA/reports/2019annualreport.pdf>.

**TAB 4: BUDGET**

**BUDGET AUTHORITY AND FTE SUMMARY**

(Dollars in millions)

	<b>FY 2017 Enacted</b>	<b>FY 2018 Enacted</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Enacted</b>	<b>FY 2021 Request</b>
<b>Budget Authority</b>	\$9.9	\$10.4	\$5.5	\$5.5	\$5.5
<b>FTE</b>	34	35	21	18	17

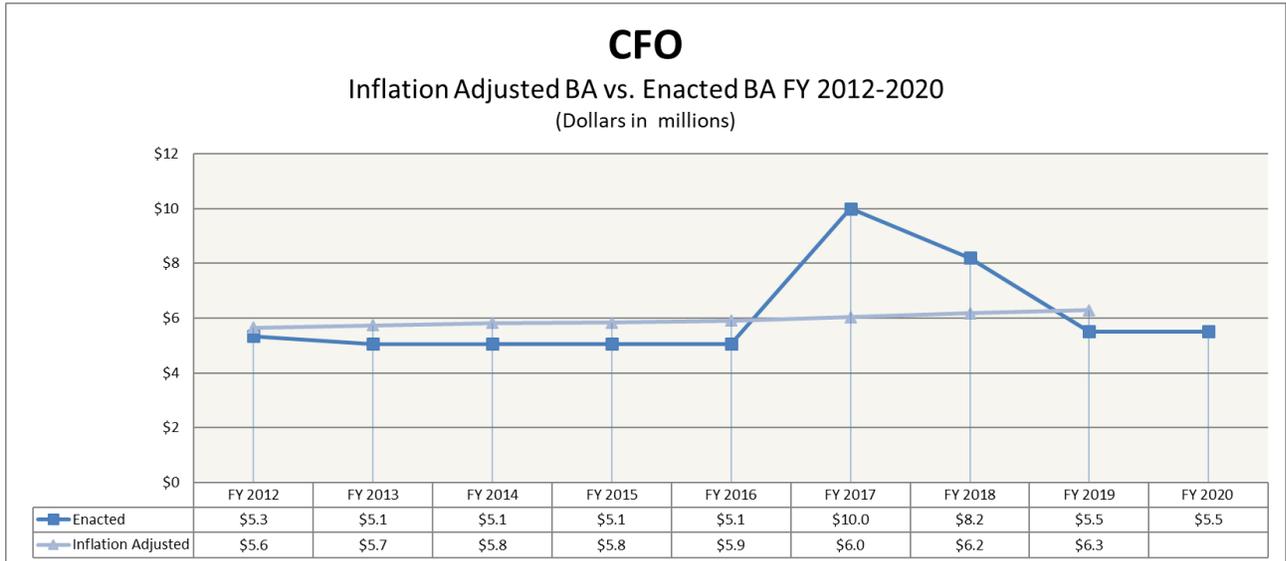
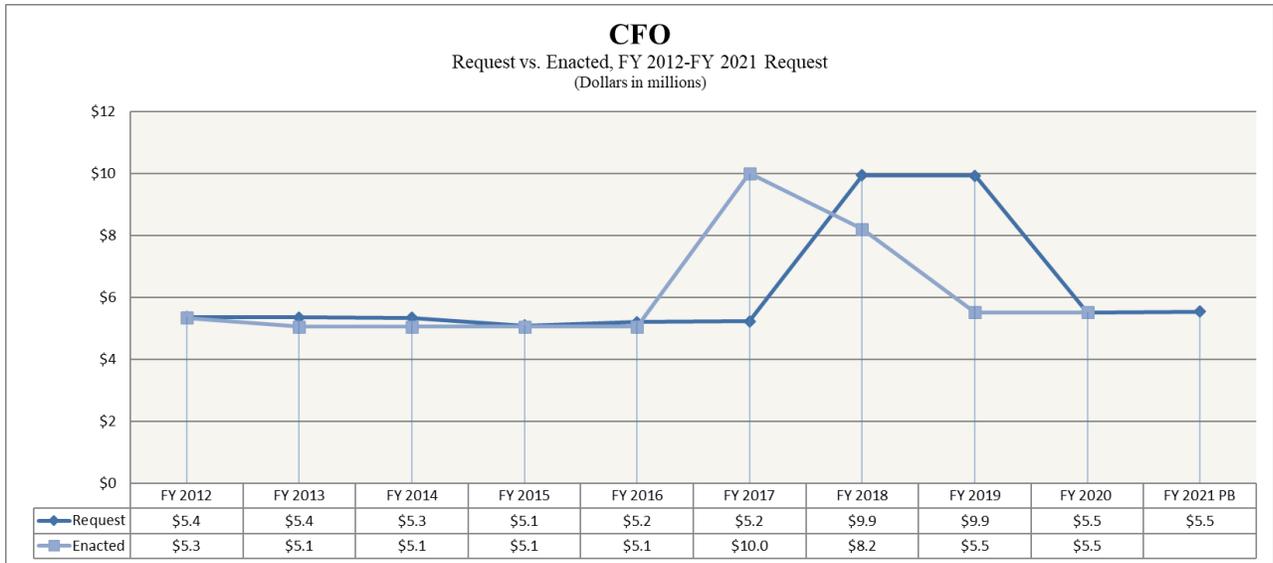
At-A-Glance

- The OCFO receives funding as an activity in the Departmental Management (DM) appropriation and through the WCF.
- DM funding supports staff and related expenses for the policy-making functions of the CFO. The WCF supports staff and all expenses for operational functions.

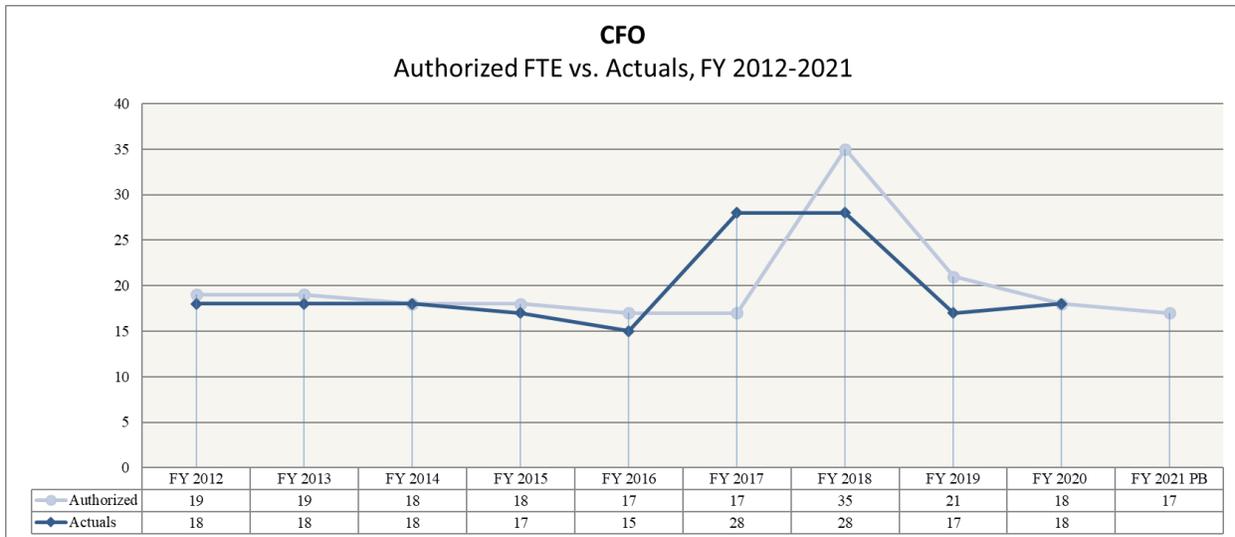
Budget and FTE Trends

- The OCFO’s appropriated funding levels have been stable between FY 2012 and FY 2020. The appropriated funding makes up a small percentage of the overall resources. The Department has not made any significant budget requests for the OCFO’s DM appropriation.
- The OCFO’s WCF budget authority has grown from \$36.6 million in FY 2010 to \$51.3 million in FY 2017 primarily for NCFMS, the Department’s financial system of record.
- The Department has had to make significant investments in NCFMS through the WCF. In 2014, the contractor responsible for migrating the Department’s financial systems into the cloud, as well as maintaining and hosting this system, went bankrupt. The Department worked with the Department of Transportation (DOT) and a contractor to acquire the system and to support the operations. After stabilizing operations, the Department again took control of NCFMS.
- In FY 2017 the Departmental Budget Center (DBC) was moved from OASAM to the Office of the Chief Financial Officer, and \$4.8 million and 21 FTE were transferred from OASAM to OCFO. In FY 2018 the Departmental Budget Center (DBC) was moved back from OCFO to OASAM.
- OCFO’s FY 2020 enacted funding is \$5.5 million and 18 FTE.
- The FY 2020 House Appropriations bill funded OCFO at \$5.5 million, which is the same level as the FY 2020 President’s Budget.

**TAB 4: Budget**



**TAB 4: Budget**



## TAB 5: AGENCY PERFORMANCE

### Audit

DOL undergoes an annual independent audit of its consolidated financial statements. The auditors may identify significant control deficiencies and/or material weaknesses during the audit. Preventing and eliminating these issues are among OCFO’s most important goals. In FY19, DOL earned its 23rd unmodified or ‘clean’ audit opinion since audits were first required in FY 1997.

A **significant control deficiency** exists when the design or operation of an internal 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.

- **Audit Findings:** DOL currently has zero significant control deficiencies.

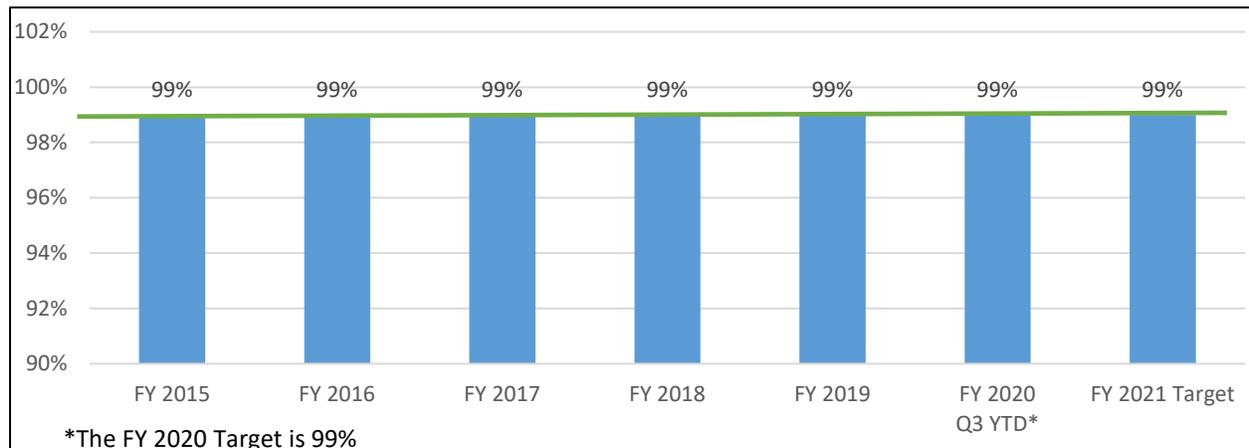
A **material weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

- **Audit Findings:** DOL currently has zero material weaknesses.

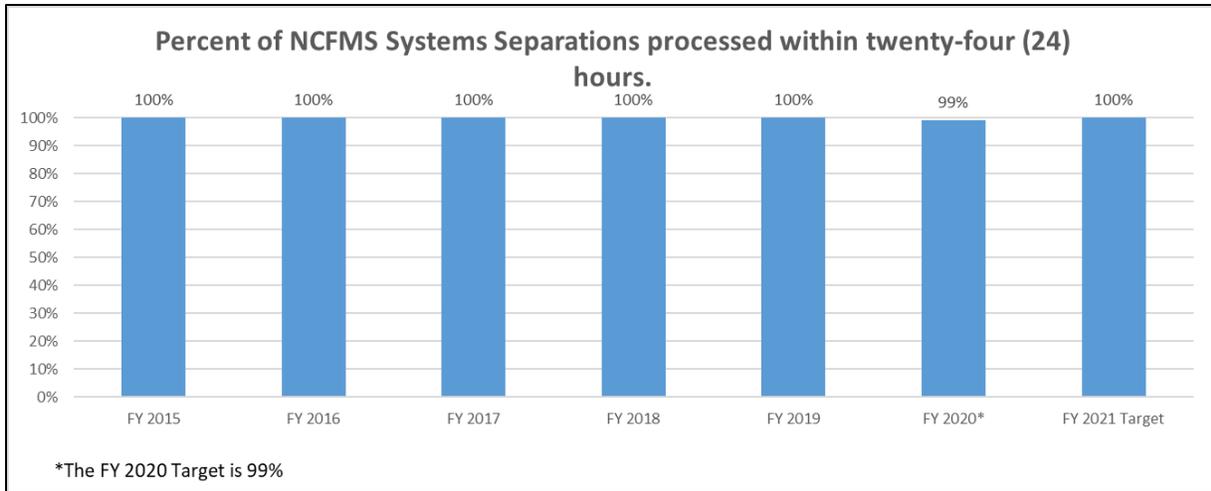
### Key Financial Performance Measures:

In FY 20, OCFO’s performance was tracked through 18 performance measures. Below is a snapshot of three key measures.

#### *Measure# 3.2.1: Percent of network and application services uptime (all OCFO internal Systems operate with target timeframe)*



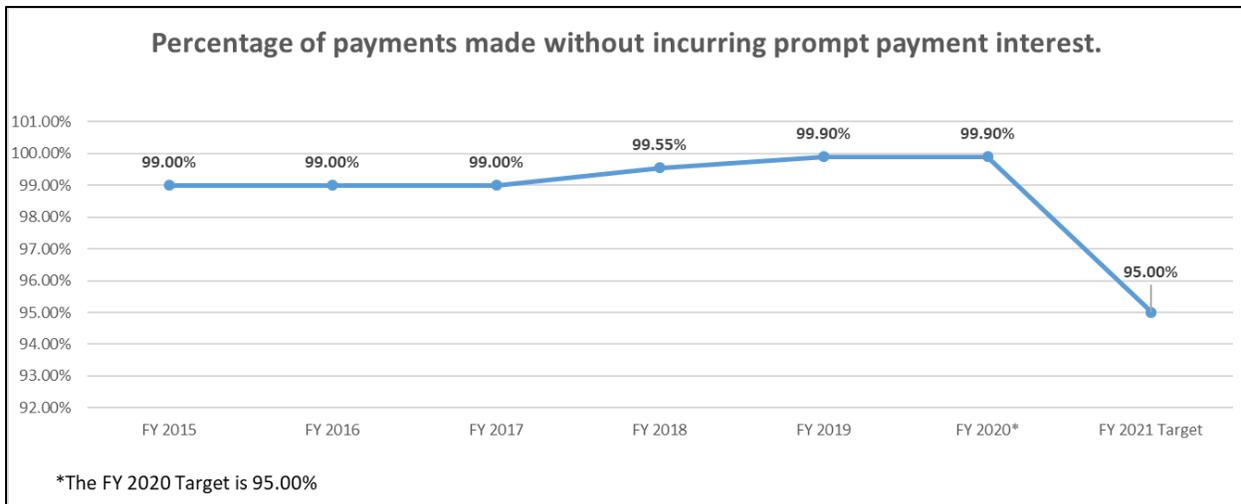
**TAB 5: Agency Performance**



This metric is an indicator whether the NCFMS technical infrastructure and support staff are working effectively to provide an integrated core financial management system that meets both guidance set forth by OMB and Treasury, and DOL-specific requirements.

- Consistently exceeding the target of 99 percent since 2015 reduces the risk of financial system errors that could prevent DOL from maintaining an unqualified audit opinion.

**Measure# 3.1.5: Percentage of payments made without incurring Prompt Payment Act interest.**



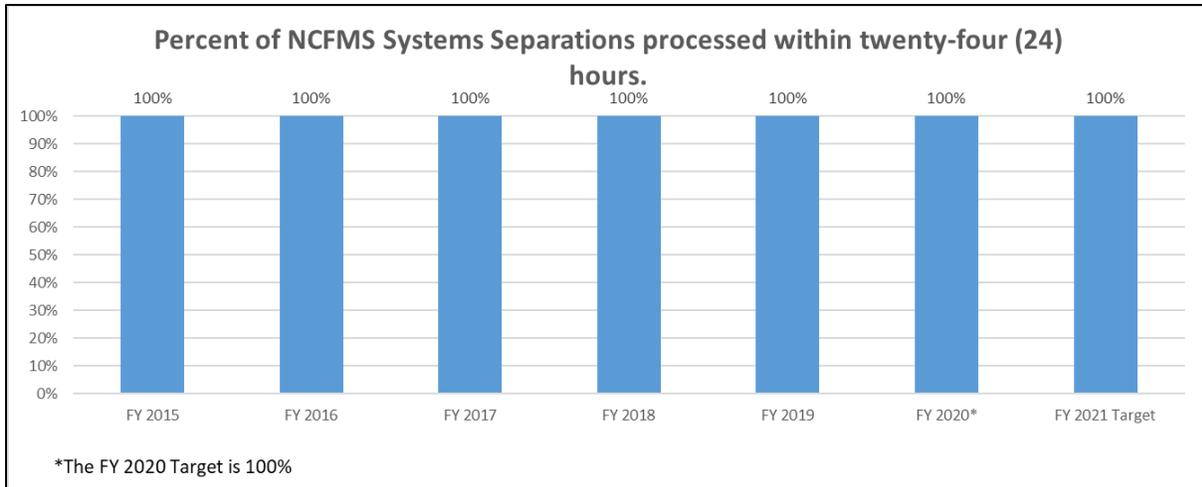
Per the Federal Acquisition Regulations and Prompt Payment Act, contract invoices must be paid on time or incur interest. OCFO monitors the percentage of payments made without incurring Prompt Payment Act interest as an indication of timeliness.

- DOL has consistently made timely payments on 99 percent of invoices, exceeding the 95.00 target rate.

**Measure# 3.2.3: Percent of NCFMS systems separations processed within 24-hours.**

**TAB 5: Agency Performance**

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This metric measures the effectiveness of the NCFMS account management process related to quickly disabling access for users that are no longer employed by DOL. DOL guidance indicates account access should be terminated no more than 24 hours from receipt of a separation notification from the Office of Human Resources.

- Since FY 15, OCFO has met the target of 100 percent of separations processed within 24 hours.