

CHAPTER 1

CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE0101 GENERAL

The Chief Financial Officer of the Department of Defense (CFO, DoD) is the chief financial management policy officer of DoD and chief financial management advisor to the Secretary of Defense. The CFO, DoD, shall manage all functions and responsibilities as assigned in chapter 9 and Section 3515 of Title 31 of the United States Code.

0102 AUTHORITIES AND FUNCTIONS

The CFO, DoD, is charged with the responsibility of developing and implementing DoD-wide financial management systems and overseeing financial management activities relating to the CFO programs and operations of the DoD. In that capacity, and consistent with the Chief Financial Officers Act of 1990, the following authorities and functions are assigned to the CFO, DoD:

010201 Reporting. Report directly to the Secretary of Defense regarding financial management matters.

010202 Oversight. Oversee all financial management activities relating to the programs and operations of the DoD. To carry out this responsibility, the CFO, DoD, has the authority to:

A. Establish financial management policies for the DoD including its component parts.

B. Ensure compliance throughout the DoD with applicable accounting policy, standards and principles, as well as financial information and systems functional standards.

C. Establish, review and enforce internal control policies, standards and compliance guidelines involving financial management.

D. Provide oversight of financial management personnel, activities and operations, including (a) preparation and annual revision of 5-year financial management plans, and (b) development of financial management budgets.

E. Ensure adequate controls over real property, equipment and inventories.

F. Ensure timely and accurate information on contract disbursements and projected costs.

010203 Financial Management Systems. Develop and maintain an integrated agency 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 OMB;

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 DoD management;

2. The development and reporting of cost information;

3. The integration of accounting and budgeting information; and

4. The systematic measurement or performance.

010204 Recommendations. Make recommendations to the Secretary of Defense regarding the selection of the Deputy CFO, DoD;

010205 Management. Direct, manage and provide policy guidance and oversight of DoD financial management personnel, activities, and operations, including:

A. The preparation and annual revision of a DoD plan to implement the 5-year financial management plan prepared by the Director of OMB, and to comply with the audited financial statements provisions of the CFO Act of 1990.

B. The development of DoD financial management budgets.

C. The recruitment, selection and training of personnel to carry out DoD financial management functions.

D. The approval and management of DoD financial management systems design or enhancement projects.

E. The implementation of DoD asset management systems, including systems for cash management, credit management, debt collection and property inventory management and control.

F. To direct, manage and provide policy guidance and oversight, the CFO, DoD, has authority:

1. To manage directly, and/or monitor, evaluate and approve, the design, budget, development, implementation, operation and enhancement of DoD-wide accounting, financial and asset management systems.

2. To coordinate on the design for other information systems that provide, at least in part, financial and/or program performance data used in financial statements, to ensure that CFO needs are met.

3. To ensure that program information systems provide financial and programmatic data (including program performance

measures) on a reliable, consistent and timely basis to DoD financial management systems.

4. To evaluate, where appropriate, the installation and operation of such systems.

010206 Annual Report. Prepare and transmit an annual report to the Secretary of Defense and the Director of the Office of Management and Budget, which shall include: (a) a description and analysis of the status of financial management within the Department, (b) annual financial statements, (c) audit reports submitted to the Secretary of Defense addressing financial statements, (d) a summary of reports on the internal accounting and administrative control systems submitted under the Federal Managers' Financial Integrity Act, and (e) other information the Secretary of Defense considers appropriate to fully inform the President and the Congress concerning the financial management of the DoD.

010207 Budget Execution. Monitor the financial execution of the DoD budget in relation to actual expenditures, and prepare and submit to the Secretary of Defense timely performance reports. To enable the CFO, DoD, to prepare and submit timely performance reports, the CFO, DoD, has authority:

A. To mandate DoD-wide data and reporting format requirements.

B. To review and approve financial reports and statements prepared by DoD components for transmittal to the Secretary of Defense, OMB, the President, the Congress or external groups.

C. To prepare consolidated and/or combined financial statements and work with the Inspector General, DoD and other auditors to improve the statements' independent review and auditability.

D. To develop, in coordination with program managers, financial and programmatic performance indicators for inclusion in financial systems and financial reports and statements.

E. To ensure that data included in financial reporting (including program performance measures) becomes auditable.

F. To advise and provide direction to program managers on financial management matters.

010208 Biennial Review. 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 in providing those services and things of value.

0103 CHIEF FINANCIAL OFFICERS COUNCIL

The CFO, DoD, is a member of the Chief Financial Officers Council consisting of the Deputy Director for Management of OMB, the Controller of the Office of Federal Financial Management of OMB, the Fiscal Assistant Secretary of the Treasury and Agency CFOs. The CFO Council meets periodically to advise and coordinate the activities of the agencies of its members on such matters as consolidation and modernization of financial systems, improved quality of financial information, financial data and information standards, internal controls, legislation affecting financial operations and organizations, and other financial management matter.

0104 DEPUTY CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE

The CFO Act requires that each of the specified agencies shall have a Deputy CFO who shall report directly to the Agency CFO on financial management matters. The position of Deputy CFO shall be a career reserved position in the Senior Executive Service. Consistent with qualifications standards developed by, and in con-

sultation with, the Agency CFO and the Director of OMB, each Agency head shall appoint as Deputy CFO an individual with demonstrated ability and experience in accounting, budget execution, financial and management analysis, and systems development, and not less than 6 years practical experience in financial management at large governmental entities.

0105 DOD STAFF ORGANIZATIONS RESPONSIBLE FOR IMPLEMENTING CFO FUNCTIONAL REQUIREMENTS

010501 The Deputy Comptroller (Program/Budget) is responsible for overseeing and implementing budgetary functions within the DoD on a day-to-day basis.

010502 The Deputy Chief Financial Officer is responsible for overseeing and implementing accounting policy, improvements in financial management, as well as other financial management functions for the DoD on a day-to-day basis.

010503 The Director, Defense Finance and Accounting Service (DFAS) is responsible for overseeing and implementing finance and accounting operations within the DoD on a day-to-day basis.

0106 RESPONSIBILITIES OF THE HEADS OF DoD COMPONENTS FOR IMPLEMENTING CFO FUNCTIONAL REQUIREMENTS

The Heads of the DoD Components, in accordance with Pub. Law No. 101-576, "Chief Financial Officers Act of 1990," shall direct and manage financial management activities within their Components, consistent with financial management policies prescribed by the CFO, DoD, and other policies prescribed by the Heads of the DoD Components.

FIGURE 1-1

