

**THE CFO VIEWPOINT**

# How Labor Is Getting to Green Better Financial Management a Means, Not an End

In an administration with the first MBA president, it is not surprising that Secretary Elaine Chao, who also has an MBA, has set high standards in financial management for the Labor Department. For five consecutive years, Labor has

By **SAM MOK**

achieved an unqualified audit opinion on its annual financial statements and has also received the Association of Government Accountants' Certificate of Excellence in Accountability Reporting for the second consecutive year.

Now, the president's management agenda has set new challenges for improving financial management, and the secretary has set the Labor Department's sights on a green scorecard rating from the Office of Management and Budget. Recently, Labor became the first Cabinet-level agency to advance from a red to yellow baseline

rating for financial management. Improving to yellow in financial management resulted from partnerships with Labor program agencies and the Office of the Chief Financial Officer. Labor recently achieved full compliance with key governmentwide systems standards, including the Federal Financial Management Improvement Act and the Federal Managers' Financial Integrity Act, reaching this milestone for the first time ever. The department also has established a targeted action plan and performance measures to reduce the volume of erroneous payments made under its grant programs.

While we are certainly proud of our accomplishments, we also recognize that getting to green in financial management is a means, not an end. In keeping with the president's management agenda, we must rapidly evolve from a transaction-driven organization to one

with more sophisticated, analytical abilities that leverages technology to provide the department's leaders with the financial information necessary to support and render decisions about the performance of their programs. To meet the challenges of the 21st-century work environment, we must accelerate our efforts to provide the department's decision-makers with timely, accurate and useful financial management information and user-friendly, state-of-the-art tools to facilitate and enhance decision making.

Heavy leveraging of systems and technology and efficient redeployment of human capital underpin the department's efforts to link program performance to expenditure of resources. The ultimate goal is to provide the right information to the right people at the right time, and not merely issue routine reports.

Of course, systems and

processes succeed only to the extent of the competency of an organization's people. Within Labor, one of our main priorities is succession planning, preparing people for more challenging roles, and ensuring continuity in a maturing work force. We are also emphasizing more rotational assignments and cross-functional teams to broaden our employees' skills. In addition, Secretary Chao recently initiated an MBA recruitment program, the first of its kind in the federal government.

Increased resource demands placed upon the government require us to maximize the return of the tax dollars invested in our programs. Federal managers, Congress and citizens should be able to compare performance and cost across programs to ensure the effective and efficient operation of the federal government. One way to link financial and programmatic data is

through managerial cost accounting. Developing cost-accounting capability will provide agency decision-makers the means to make the best program decisions possible by having access to the cost of activities and business processes needed to provide services and maintain programs.

We also are improving our service to external customers. Under the leadership of Deputy Secretary Cam Findlay, the department recently launched GovBenefits.gov, a one-stop Web site streamlining the process of providing benefits information to citizens. GovBenefits is a cooperative effort among 10 federal agencies encompassing 55 programs and \$1 trillion in spending.

Through the leadership and support of Secretary Chao and her team, we have accomplished much with respect to the president's management agenda. However, our accolades are only mile markers of progress on the road to improved financial performance.

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