

Approved: 1-7-2021

**SUBJECT: FINANCIAL MANAGEMENT AND CHIEF FINANCIAL OFFICER
RESPONSIBILITIES**

1. PURPOSE.

- a. Establish policies and responsibilities for Department of Energy (DOE) financial and accounting management officials in accordance with the Chief Financial Officer Act of 1990 (the CFO Act, Public Law (Pub. L.) 101-576) and other requirements. DOE is one of 24 statutorily designated CFO Act agencies.
- b. Establish internal controls and financial management oversight requirements based on the Federal Managers' Financial Integrity Act of 1982 (Pub. L. 97-255), Office of Management and Budget (OMB) policy, and internal control standards.

2. CANCELLATION. This directive cancels and supersedes DOE O 520.1A, *Chief Financial Officer Responsibilities*, dated 11-21-06; DOE O 523.1, *Financial Management Oversight*, dated 08-31-06; DOE O 534.1B, *Accounting*, dated 01-06-03; and DOE O 413.1B, *Internal Control Program*, dated 10-28-08.

Cancellation of a directive does not, by itself, modify or otherwise affect any contractual or regulatory obligation to comply with the directive. Contractor Requirements Documents (CRDs) that have been incorporated into a contract remain in effect throughout the term of the contract unless and until the contract or regulatory commitment is modified to either eliminate requirements that are no longer applicable or substitute a new set of requirements.

Changes in federal law and regulation supersede this document.

3. APPLICABILITY.

a. Departmental Applicability.

- (1) The provisions of this Order apply to every Departmental Element.
- (2) The Administrator of the National Nuclear Security Administration (NNSA) shall assure that NNSA employees comply with their respective responsibilities under this directive. Nothing in this directive shall be construed to interfere with the NNSA Administrator's authority under section 3212(d) of Public Law (Pub. L.) 106-65 to establish Administration-specific policies, unless disapproved by the Secretary.

- b. DOE Contractors. Except for the equivalencies/exemptions in paragraph 3.c., the Contractor Requirements Document (CRD), Attachment 1, sets forth requirements of this Order that will apply to contracts that include the CRD or its

requirements. The CRD must be included in Management and Operating (M&O) contracts, non-M&O contracts with integrated accounting (those that include the Department of Energy Acquisition Regulation (DEAR) clause 970.5232-8, *Integrated Accounting*, or successor clause), contracts that represent improper payment reporting sites (those that include DEAR clause 970.5232.2-2, *Payments and Advances*), and any other contract identified by the cognizant Designated Financial Officer.

The CRD shall be incorporated into M&O contracts consistent with Department of Energy Acquisition Regulation clause 970.5204-2, “Laws, regulations, and DOE Directives,” or successor clause.

c. Equivalencies/Exemptions for DOE O 520.1B.

- (1) Equivalency. Navy/DOE Naval Nuclear Propulsion Program. In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 U.S.C. sections 2406 and 2511, and to ensure consistency throughout the joint Navy/DOE Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors will implement and oversee requirements and practices pertaining to this directive for activities under the Deputy Administrator for Naval Reactors’ cognizance, as deemed appropriate.
- (2) Equivalency. Power Marketing Administrations (PMAs). The requirements and responsibilities of this order apply to the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the Western Area Power Administration to the extent compatible with the PMA unique business operations and organic statutes.

The PMAs manage unique business operations through the use of financial information reported according to guidance promulgated by the Financial Accounting Standards Board and Federal Energy Regulatory Commission (FERC). The PMAs are also part of the DOE Financial Reporting entity. PMA financial information is consolidated along with other parts of the reporting entity, consistent with Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board and any clarifying guidance provided by the DOE Chief Financial Officer (CFO). The CFO and each PMA Chief Financial Officer shall work collaboratively on application of this order to address both PMA-specific and broader Departmental requirements.

- (3) Equivalency. Bonneville Power Administration. The Bonneville Power Administration is governed by provisions of the Government Corporation Control Act and is exempt from the *DOE Financial Management Handbook* and internal control provisions of this order.

- (4) Equivalency. Federal Energy Regulatory Commission. The Federal Regulatory Commission is part of the DOE Financial Reporting entity and follows applicable guidance in the *DOE Financial Management Handbook*.

4. REQUIREMENTS.

a. Financial Management Oversight.

- (1) The CFO Act requires that a CFO position be established to “direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities, and operations.”
- (2) The *DOE Financial Management Handbook* sets forth financial, accounting, and budgetary policies and operational requirements to implement this Order and other applicable Departmental policies and directives.
- (3) Financial and accounting management guidance or procedures developed by the Departmental Elements must be consistent with the financial policies, procedures, and guidance provided by the CFO.
- (4) Financial and accounting management processes developed by Departmental Elements must consider internal control requirements, including requirements for fraud risk management and payment integrity.
- (5) Financial and accounting management oversight activities of a contractor must consider applicable financial contract clauses and be coordinated with the cognizant contracting authorities.

b. Financial Management Systems.

- (1) Financial management systems must conform to mandatory accounting and financial management guidance received from OMB, U.S. Department of the Treasury (Treasury), Federal Accounting Standards Advisory Board, and applicable laws and regulations.
- (2) Financial information and data must be accurate, timely, and consistent to meet the Department’s reporting requirements.
- (3) Proper internal controls must be part of financial management systems to protect the integrity of financial data; detect fraud, waste, and abuse; and prevent improper payments.
- (4) Financial management system nonconformance must be corrected in a timely and effective manner. A financial management system nonconformance could include findings by the Department, the Government Accountability Office (GAO), the Office of Inspector

General, and material weaknesses and deficiencies identified by internal control assessments.

- (5) Financial systems must be automated to minimize manual processes to the extent it is cost beneficial to the Department.

c. Internal Controls.

- (1) The Internal Control program must be conducted in accordance with this directive, OMB policy, and applicable laws and regulations. Consistent with the requirements of OMB Circular No. A-123, the Internal Controls Program must be integrated with and supportive of the Department's Enterprise Risk Management efforts.
- (2) Internal Control activities must be consistent with the policies, procedures, and guidance issued by the CFO.
- (3) Appropriate internal controls must be in place for effective and efficient operations; reliable reporting; compliance with applicable laws and regulations; to detect fraud, waste, and abuse; and prevent improper payments. Internal control significant deficiencies, material weakness, and other deficiencies must be reported to the appropriate management official; the Office of the CFO; and must be corrected in a timely and effective manner. Reporting to the Office of Inspector General shall be consistent with DOE Order 221.1, *Reporting Fraud, Waste and Abuse to the Office of Inspector General*, current version.
- (4) DOE applies Federal internal controls requirements to integrated DOE contracts, consistent with applicable contract provisions, the CRD for this Order, and annual CFO implementing guidance for internal controls. Guidance and policy relating to Contractor Assurance Systems will be coordinated with Internal Controls guidance to promote appropriate coordination between internal controls and contractor assurance programs.
- (5) The Departmental Internal Control and Assessment Review Council (DICARC).
 - (a) Functions. The DICARC provides oversight of the Departmental internal control program and promotes collaborative efforts to evaluate risk as appropriate. The DICARC constitutes the Senior Management Council for Internal Controls, as described in OMB Circular No. A-123. The DICARC also constitutes the DOE Senior Risk Management Council, which serves the function of the Risk Management Council recommended by OMB Circular No. A-123 and GAO.

(b) Membership. The DICARC is chaired by the CFO. The DICARC charter is approved by the Secretary and details membership, including voting and non-voting members.

d. Financial Management Organizations outside the Office of the CFO.

- (1) Key activities necessary to support the DOE financial management are performed by financial management organizations that are not part of the DOE Office of the CFO. The financial management functions of these offices will be coordinated with the Office of the CFO, consistent with the statutory responsibilities of the CFO.
- (2) Each financial management organization will be led by a Designated Financial Officer. The financial management functions, responsibilities, and authorities of Designated Financial Officers are detailed in this order. Other authorities may be delegated by the CFO.
- (3) Designated Financial Officers are assigned by the Heads of Departmental Elements in consultation with the CFO. The Chief Financial Officers of the PMAs and the National Energy Technology Laboratory perform the applicable functions of the Designated Financial Officer for the PMAs and the National Energy Technology Laboratory. .
- (4) Designated Financial Officers must demonstrate financial management knowledge and experience to perform the functions specified in this order, including applicable contractor oversight functions.
- (5) The CFO maintains the current list of Designated Financial Officers, the associated financial management office(s), and the Federal offices and major contractors supported by each financial management office.

5. RESPONSIBILITIES.

a. Chief Financial Officer.

- (1) Advises the Secretary, Departmental Senior Leadership, DOE councils, and DOE officials on financial management activities, and the strategic use of financial resources.
- (2) Leads financial management activities related to DOE programs and operations under the CFO Act, Pub. L. 101-576 Section 902(a)(2), and performs other responsibilities delegated by the Secretary.
- (3) Establishes financial management policies, procedures, and guidance for Departmental Elements and, as appropriate, for contractors. Financial management policies, procedures, and guidance includes:

- (a) The *DOE Financial Management Handbook* to set forth Departmental policy on financial and accounting standards and operational requirements in accordance with the Equivalencies and Exemptions section of DOE Order 251.1, *Departmental Directives Program*, current version. The joint Navy/DOE Naval Nuclear Propulsion Program is part of the DOE Financial Reporting entity and follows all applicable guidance in the *DOE Financial Management Handbook*.
- (b) Detailed annual budgetary, accounting and reporting, internal control, fraud risk management, and improper payment guidance and procedures to execute financial management processes.
- (c) Policy memoranda and guidance documents when necessary to provide interpretations and analysis of OMB policy, Treasury guidance, applicable accounting standards, and other external guidance or requirements relating to financial matters.
 - 1 CFO memoranda providing clarification, policy, and guidance on financial topics will include a sunset date. Valid CFO policy memoranda are posted on the CFO Financial Policy internal webpage.
 - 2 CFO will work to incorporate the relevant content from policy and guidance memoranda into the appropriate permanent policy document.
- (4) Leads activities throughout DOE to evaluate the adequacy of established policies, procedures, and standards governing accounting and related reporting functions; evaluates the performance of such functions; and initiates necessary corrective and follow up actions.
- (5) Directs, manages, and provides policy guidance and oversight of DOE financial management personnel, activities, and operations, consistent with requirements of the CFO Act (Pub. L. 101-576).
 - (a) Makes recommendations to the Secretary on candidates for the Department's Deputy CFO, consistent with the qualification standards established by OMB, as required by section 202 of the CFO Act (Pub. L. 101-576).
 - (b) Consults with the heads of Departmental Elements or the appropriate hiring official on the selection of Designated Financial Officers.
 - (c) Consults with the heads of Departmental Elements on reorganizations affecting the structure, functions, staffing levels, and responsibilities of designated financial officer organizations.

- (d) Maintains a Financial Management Council to provide collaborative leadership of the Department's financial management activities. The Council will consist of officials from the CFO, Designated Financial Officers, and others designated by the CFO.
- (6) Serves as liaison with FASAB, GAO, OMB, Treasury, the General Services Administration, State and local governments, and other organizations outside the Department in the areas for which the CFO is responsible.
- (7) Oversees the design, implementation, and maintenance of the Department's financial management systems and oversees, in coordination with the Chief Information Officer (CIO), the Department's systems that provide data used in financial statements and cost accounting and performance management reports.
 - (a) Advises and provides recommendations to the CIO and other Departmental officials regarding the acquisition, development, or implementation of systems that interface with DOE corporate business systems under the CFO's control.
 - (b) Approves (in consultation with the CIO, as necessary) the design of other systems that provide, in whole or in part, financial and program performance data used in financial statements and cost accounting and performance management reports.
 - (c) Approves Departmental financial management systems and processes and coordinates with the cognizant Designated Financial Officer regarding the review and recommended approval of financial systems for integrated DOE contractors.
 - (d) Approves implementation of DOE asset management systems, including systems for cash management, credit management, debt collection, and property and inventory control.
 - (e) Verifies proper internal controls are in place for official DOE financial management systems to protect the integrity of financial data; detect fraud, waste, and abuse; and prevent improper payments.
- (8) Supports the review, collection, and reporting of accurate financial information and data.
 - (a) Reports on the financial status of DOE and the results of operations, including, as prescribed by law and OMB, the preparation and submission to the Congress and the Director of OMB, an audited Annual Financial Report for the preceding fiscal year, covering all accounts and associated activities of each office

of the Department, the Performance and Accountability Report, and other Financial Reporting.

- (b) Accesses all records, reports, audits, reviews, documents, papers, recommendations, and other material that are DOE property (or are available to the Department) and are related to programs and operations for which the CFO has responsibility.
 - (c) Coordinates with the GAO, Office of Inspector General, and other auditors to improve DOE financial reporting and provides financial reports and supporting documentation as required to support audit activities.
 - (d) Collects and analyzes financial information for data driven decisions, evaluations, and assessments on the strategic use of financial resources to support DOE programs and mission, consistent with requirements in the Foundations for Evidence-Based Policymaking Act of 2018, (Pub. L. 115-435).
 - (e) Advises DOE officials on Federal costs and benefit estimates as appropriate for major legislation, programmatic proposals, and, if requested, requirements for major procurements.
 - (f) Reviews and approves or disapproves (or for NNSA, reviews) financial reports and correspondence for transmittal to the Secretary, OMB, the President, Congress, or other external entities. NOTE: Concurrence or consultation typically would not be required for routine discussions with or presentations to local groups.
- (9) Leads the DOE Internal Controls Program.
- (a) Chairs DICARC.
 - (b) Collaborates with Departmental Elements so that the Internal Control Program is conducted in accordance with applicable DOE policies, OMB guidance, and statutory requirements.
 - (c) Prepares and issues detailed annual guidance for conducting the internal control reviews to identify risks and control deficiencies.
 - (d) Reviews the results of internal control evaluations performed by Departmental Elements to identify potential significant deficiencies or material weaknesses and to evaluate whether internal controls reporting requirements in this Order are followed.
 - (e) Prepares and presents to DICARC for review and concurrence an executive summary for the Secretary's approval on the status of the

Department's internal controls and those governing financial reporting. Pub. L. 97-255, Federal Managers' Financial Integrity Act of 1982 requires an assurance statement from the head of the agency.

- (f) Seeks corrective actions as needed in response to findings of inappropriate financial management practices. Takes appropriate action to address the potential for or actual reported instances of improper financial management.
 - (g) As appropriate, integrates the Internal Controls Program with DOE Enterprise Risk Management Efforts and utilizes the results of internal controls assessments to inform budget formulation and performance management.
- (10) Reviews and concurs or non-concurs (or for NNSA, advises) with requests for deviations from the standard DEAR financial management clauses in solicitations and contracts.
 - (11) Performs payment and certain accounting functions as detailed in the *DOE Financial Management Handbook*. The Director, CFO Office of Finance and Accounting, performs the applicable functions of the Designated Financial Officer for Departmental Elements and offices without a Designated Financial Officer.
 - (12) For the DOE Payment Integrity Program:
 - (a) Leads the DOE Payment Integrity Program consistent with the requirements of the current version of OMB Circular No. A-123, Appendix C, and applicable statutory requirements, including the Payment Integrity Information Act of 2019.
 - (b) Issues annual Payment Integrity Guidance.
 - (13) Leads DOE efforts to manage fraud risk, including appropriate implementation of the GAO Fraud Risk Framework, consistent with the OMB and statutory requirements.
 - (14) Leads DOE efforts to promote timely closeout of financial assistance awards to promote efficient use of resources and meet relevant OMB and statutory requirements.
 - (15) Serves as or designates the Senior Accountable Official for the Digital Accountability and Transparency Act.

b. Heads of Departmental Elements.

- (1) Appoint, in consultation with CFO, Designated Financial Officers with primary management responsibility for each financial management organization.
- (2) Establish and maintain designated financial officer organizations under the Designated Financial Officer with sufficient staffing, resources, and authorities to perform required financial management functions, the requirements of this order, and other Departmental financial management policies.
- (3) Consult with the CFO prior to significant changes to the structure, functions, staffing levels, and responsibilities of designated financial officer organizations.
- (4) For financial management systems, obtains:
 - (a) The concurrence of the CFO regarding the development of new systems that provide, in whole or in part, financial and program performance data used in financial statements and cost accounting and performance management reports.
 - (b) The concurrence (in consultation with the CIO, as necessary) of the CFO for new and major upgrades to systems that interface with corporate business systems under the CFO's control.
- (5) Support and implement the DOE internal controls program, consistent with CFO guidance, by:
 - (a) Designating an Internal Control Action Officer to coordinate the Departmental Element's Internal Controls Program, including the designation of individual assessment units for internal controls within the Departmental Element.
 - (b) Providing assurance on the Departmental Element's compliance with internal control requirements consistent with annual DOE Internal Control Guidance.
 - (c) Maintaining stewardship of Federal resources and promote efficient and effective use to achieve intended program results.
 - (d) Maintaining cost-effective and appropriate internal controls in accordance with guidance issued by the CFO, and relevant external requirements.

- (e) Reporting financial management issues and concerns to the CFO and address deficiencies and inappropriate practices in a timely manner.
 - (f) Participating in DICARC, as assigned.
 - (g) As appropriate and consistent with CFO internal controls guidance, integrating internal control efforts with DOE Enterprise Risk Management Efforts.
 - (6) Support Designated Financial Officer financial management responsibilities.
 - (7) Support DOE financial, performance, and other evaluations, including financial audits, consistent with CFO guidance. When audits relevant to the Department's consolidated financial statements are performed separately from the Department's overall financial statement audit:
 - (a) Coordinate the performance of any audits relied upon as part of the Department's annual financial statement audit with the Office of the CFO, including any specific audit procedures performed to review accounting reports generated specifically for consolidation with DOE financial statements.
 - (b) Develop documented procedures to coordinate audit activities as appropriate and obtain Office of the CFO review and concurrence on any documented procedures.
 - (8) Support the DOE Payment Integrity Program, consistent with annual CFO Payment Integrity Guidance.
 - (9) Support efforts to manage fraud risk, consistent with CFO implementation of OMB and statutory fraud risk reduction requirements, including OMB Circular No. A-123.
- c. Designated Financial Officer.
- (1) Leads financial management activities for cognizant Departmental Element(s) consistent with requirements and DOE policy.
 - (2) Maintains accounting records in compliance with the *DOE Financial Management Handbook* and other applicable policies and requirements.
 - (3) Supports all Departmental financial reporting activities, including the preparation and audit of the Agency Financial Report, and leads financial reporting activities for designated federal offices and assigned integrated contractors. Meets established timelines for providing information to

support required financial audits and reviews information for accuracy and responsiveness.

- (4) Provides financial information and reports as required to support mission execution.
- (5) Exercises CFO Act (Pub. L. 101-576) authorities to access, as needed, all records, reports, audits, reviews, documents, papers, recommendations, or other material which are the property of DOE or available to DOE and that relate to assigned financial management responsibilities. Such access is subject to the limitations in the law established for Office of Inspector General (OIG) material (31 U.S.C. 902(b)(2)).
- (6) Performs financial management review and oversight activities consistent with identified risks and supports the analysis and review activities of the CFO.
- (7) Develops guidance and procedures as necessary to implement and interpret DOE financial management policies and instructions for assigned federal offices and assigned contractors.
- (8) Supports the DOE Internal Controls program.
- (9) Supports the DOE Improper Payments risk assessment and reporting program.
- (10) Supports the CFO in the development and revision of financial policy and provides timely comments on proposed policy changes.
- (11) Supports CFO in the implementation of financial management requirements established by OMB, Treasury, applicable accounting standards, or other government-wide policy offices.
- (12) Serves as lead manager for a designated federal office on financial management matters, including proposed financial policy changes.
- (13) Advises the CFO of financial management issues or concerns, including crosscutting financial management issues and concerns regarding access to information, systems, and records.
- (14) Reports incidents of apparent Antideficiency Act violations or other appropriations law violations to the CFO. Reporting to the Office of Inspector General shall be consistent with DOE Order 221.1, current version.
- (15) For Financial Systems:

- (a) Consults with CFO on existing and planned DOE financial system capabilities before acquiring new financial management systems or performing major upgrades to existing systems.
 - (b) Obtains the approval of CFO for any systems planned to provide financial and program performance data used in financial statements and cost accounting and performance management reports.
- (16) Contractor Management and Oversight.
- (a) General.
 - 1 In consultation with the Head of Contracting Activity, identifies the contracts into which the CRD of DOE O 520.1B must be included and informs the Contracting Officers responsible for those contracts. For nonintegrated contracts, describes reporting requirements of the contractor and relevant provisions of the DOE *Financial Management Handbook*. Provides guidance to Contracting Officers on which financial management clauses and financial-management related CRDs should be included in acquisition plans, requests for proposal, or contracts.
 - 2 Provides a recommendation to the CFO for any deviations from standard financial management contract clauses, including the use of DEAR 970 financial clauses for non-M&O contracts.
 - (b) Leads oversight and monitoring of contractor financial and accounting operations. (Applies to all M&O contracts and non-M&O contracts with integrated accounting.)
 - (c) Serves as a Contracting Officer's Representative (COR) for financial management issues. Designated Financial Officers serving as CORs are designated consistent with the requirements in DOE Order 541.1C (or successor policy). (Applies to all M&O contracts and non-M&O contracts with integrated accounting.)
 - (d) Reviews Cost Accounting Standards Disclosure Statements and provides recommendations of adequacy and compliance to the Contracting Officer. (Applies to all M&O contracts and contracts with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)
 - (e) Monitors contractors' cost accounting, including indirect rates and cost allocations, for: (Applies to all M&O contracts and contracts

with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)

- 1 Adherence to Cost Accounting Standards and the contractors' Cost Accounting Standards Disclosure Statements.
 - 2 Incorrect allocation of costs to benefitting programs and projects which results in inaccurate reporting of costs. CAS compliance is required to accurately accumulate and report the cost of discretely appropriated DOE contract activities, reimbursable work projects, Laboratory Directed Research and Development activities, and other major projects.
- (f) Reviews the internal audit implementation design, the annual audit plan and annual audit report and provides a recommendation on approval or disapproval to the Contracting Officer. (Applies to all M&O contracts and contracts with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)
 - (g) Provides a recommendation to the Contracting Officer on the selection of the contractor's Internal Audit Director, when the contract terms require DOE approval for the Internal Audit Director position. (Applies to all M&O contracts and contracts with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)
 - (h) Monitors the contractors' internal controls programs for compliance with DOE internal controls guidance. (Applies to M&O contracts and all non-M&O contracts with integrated accounting.)
 - (i) Reviews contractor financial systems and changes to those systems as required by the contract terms, applicable acquisition regulations, and DOE financial reporting requirements, and recommends acceptance or rejection of those systems or changes to the Contracting Officer. (Applies to all M&O contracts and non-M&O contracts with integrated accounting.)
 - (j) Assess contractor financial performance consistent with contractor Performance Evaluation Measurement Plans and make recommendations to the Award Fee Determining Official. (Applies to all M&O contracts, in contracts with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)
 - (k) Reviews and certifies reporting on Laboratory Directed Research and Development, as applicable. (Applies to all M&O contracts.)

- (1) Reviews and signs contractor Annual Statement of Cost Incurred and Claimed, as applicable. (Applies to M&O contracts, in contracts with the DEAR clause 970.5232-3, *Accounts, records, and inspection*, or successor clause.)

d. Head of Contracting Activities.

- (1) Confirms Designated Financial Officers are designated by Contracting Officers as Contracting Officer's Representatives or equivalents for the administration of financial matters for applicable M&O and non-M&O contracts with integrated accounting, including cost accounting matters.
- (2) Verifies that a determination of adequacy and compliance of Cost Accounting Standards Disclosure Statements is made by the Contracting Officer in consultation with the Designated Financial Officer.
- (3) Verifies that, after the Designated Financial Officer identified the contracts into which the CRD of DOE O 520.1B must be included and informed the responsible Contracting Officer, the Contracting Officer incorporated the CRD into the contracts.
- (4) Assists in resolving contractor financial management issues.
- (5) Obtains concurrence from the CFO on any deviations from standard financial management contract clauses, including the use of DEAR 970 financial clauses for non-M&O contracts.
- (6) Verifies that the Contracting Officer obtains review and concurrence from the cognizant Designated Financial Officer prior to the approval of contractor financial systems, for M&O and non-M&O contracts with integrated accounting.
- (7) Verifies that the Contracting Officer, after being informed by the Designated Financial Officer of updates to the *DOE Financial Management Handbook*, provides notice to the contractor consistent with the provisions of the laws, regulations, and DOE directives clause of the contract and the CRD of DOE O 520.1B.

6. REFERENCES.

- a. Public Law 101-576, Chief Financial Officers Act of 1990, which establishes the authority and functions of CFOs.
- b. Public Law 106-531, Reports Consolidation Act of 2000, which authorizes the consolidation of key financial and performance management report required of federal agencies.

- c. Public Law 97-255, Federal Managers' Financial Integrity Act of 1982, which requires internal management controls to be established in accordance with GAO standards.
- d. Public Law 103-62, Government Performance and Results Act of 1993, which requires the establishment of strategic planning and performance measures.
- e. Public Law 103-356, Government Management Reform Act of 1994, which requires CFO Act agencies to provide an audited annual financial statement.
- f. Public Law 81-784, Title I, Part II, as amended, Accounting and Auditing Act of 1950, which requires federal agencies to maintain effective systems of internal controls.
- g. Public Law 104-208, Title VIII, Federal Financial Management Improvement Act of 1996, which provides requirements for federal financial management systems.
- h. Public Law 116-117, Payment Integrity Information Act of 2019, which codified and updated existing federal improper payment laws.
- i. Public Law 113-101, Digital Accountability and Transparency Act of 2014, which establishes government-wide data standards.
- j. Public Law 115-435, Foundations for Evidence-Based Policymaking Act of 2018, which establishes processes for agencies to improve data management practices to make evidence based policy decisions.
- k. Public Law 100-679, Cost Accounting Standards Amendments to the Office of Federal Procurement Policy Act Amendments of 1988, which amends the requirements for a cost accounting standards board and standards.
- l. Public Law 106-65, Title XXXII, as amended, the National Nuclear Security Administration Act, which established a separately organized sub-agency within DOE.
- m. 31 U.S.C.1341-1342, 1349-1351, and 1511-1519, the Antideficiency Act, which prohibits agencies from obligating or expending federal funds in advance or in excess of an appropriation, and from accepting voluntary services.
- n. Title 48, Code of Federal Regulations (CFR), Chapter 9, the Department of Energy Acquisition Regulation, which establishes DOE acquisition regulations including financial management clauses.
- o. Title 48, CFR, Chapter 99, Subchapter B, Part 9904, Cost Accounting Standards, which prescribes cost accounting standards.

- p. GAO-14-704G, Standards for Internal Control in the Federal Government, dated September 2014, which prescribes GAO's internal control standards.
 - q. DOE Order 221.1, *Reporting Fraud, Waste and Abuse to the Office of Inspector General*, current version.
 - r. DOE Order 251.1, *Departmental Directives Program*, current version, which establishes the primary means of developing and setting DOE policies, including an exception for the *DOE Financial Management Handbook*.
 - s. *DOE Acquisition Guide*, Chapter 70.4, which provides guidance on CFO and Contracting Officer responsibilities for the approval of contractor financial systems.
 - t. OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, which establishes OMB policies for enterprise risk management and internal controls.
7. CONTACT. Address questions concerning this Order to the Office of the Chief Financial Officer.

BY ORDER OF THE SECRETARY OF ENERGY:



MARK W. MENEZES
Deputy Secretary

CONTRACTOR REQUIREMENTS DOCUMENT (CRD)
DOE O 520.1B, *FINANCIAL MANAGEMENT AND CHIEF FINANCIAL OFFICER*
RESPONSIBILITIES

Regardless of the performer of the work, the contractor is responsible for complying with the requirements of this CRD. The contractor is responsible for flowing down the requirements of this CRD to subcontractors at any tier to the extent necessary to ensure the contractor's compliance with the requirements.

1. Integrated Contractors.

- a. As an integrated contractor of the Department of Energy (DOE), a separate set of accounts and records for recording and reporting all business transactions under the contract must be maintained. An Integrated Contractor's books of account must be integrated with those of the Department through the use of reciprocal accounts, consistent with contract requirements, including the clause at 48 CFR 970.5232-8. An Integrated Contractor's system of accounts must conform with generally accepted accounting principles for the Federal Government and produce accurate results. The system of accounts must not conflict with DOE O 520.1B or the *DOE Financial Management Handbook* (versions in effect as of the date of contract award or contract modification).
- b. Integrated contractors must follow the applicable standards and procedures in the DOE Financial Management Handbook. Integrated contractor must comply with subsequent revisions to the *DOE Financial Management Handbook* when notified under the "Laws, regulations, and DOE directives" clause of the contract.
- c. Integrated contractors must provide the cognizant Designated Financial Officer access to contractor financial systems when required by the Designated Financial Officer.
- d. Integrated contractors must obtain the approval of the cognizant Designated Financial Officer for financial systems that integrate with the Department's accounting system, consistent with contract requirements.

2. Nonintegrated Contractors. Nonintegrated Contractors must provide financial information to DOE as required to support DOE accounting and financial reporting, including, as applicable, information on pensions and benefits, environmental liabilities, and DOE-owned assets. Information provided will be compliant with applicable financial reporting and accounting requirements specified by the cognizant Designated Financial Officer.

3. Internal Control and Enterprise Risk Management. When identified by Office of the Chief Financial Officer as a DOE internal controls assessable unit, the contractor must assist DOE in meeting obligations imposed on DOE by Office of Management and Budget (OMB) Circular No. A-123 (version in effect as of the date of contract award or contract modification), including: *Management's Responsibility for Enterprise Risk Management and Internal Control*, *Management's Responsibility for Internal Control*,

and *Appendices*. Contractor activity is to be performed in accordance with annual guidance provided by the Department's Chief Financial Officer.

4. Payment Integrity. When identified by the Office of Chief Financial Officer as a DOE payment integrity reporting site, the contractor must assist DOE in meeting payment integrity obligations imposed by OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and other relevant policies and statutes. Contractor activity is to be performed in accordance with annual guidance provided by the Department's Chief Financial Officer.