



ORDER

U.S. Department of
Transportation
Office of the Secretary
of Transportation

DOT 2300.3B

2-22-18

Subject: FINANCIAL MANAGEMENT AND INFORMATION SYSTEMS

1. PURPOSE.

This Order establishes the policy for planning, acquisition and management of financial systems, mixed systems, equipment, funds, information technology (IT) resources and supporting infrastructure and services including the approval of significant modifications, replacements and disposal of financial management systems.

2. CANCELLATION.

DOT 2300.3A, Departmental Financial Management Improvement, of 5/15/86.

3. SCOPE.

This order applies to all financial management systems as defined in Appendix D of Office of Management and Budget (OMB) Circular A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, (FFMIA) of all DOT Operating Administrations (OAs).

4. REFERENCES.

- a. Budget and Accounting Procedures Act of 1950 (31 U.S.C. § 3512, 3513) which requires agencies to establish and maintain adequate systems of internal control.
- b. Federal Managers' Financial Integrity Act of 1982, Pub. L. 97-255 (31 U.S.C. § 3512(c), (d)) (FMFIA) which requires agencies to perform ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency.
- c. The Chief Financial Officers Act of 1990, Pub. L. 101-576 (CFO Act) was intended to improve the Federal Government's financial management, outlining standards of financial performance and disclosure.
- d. OMB Circular A-123, Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996 as revised, which transforms executive

branch financial system policy and compliance to meet FFMIA requirements for creating uniform financial systems, standards and reporting.

- e. OMB Circular A-130, *Managing Information as a Strategic Resource* as revised, which establishes general policy for the planning, budgeting, governance, acquisition, and management of Federal information, personnel, equipment, funds, IT resources and supporting infrastructure and services.
 - f. OMB Circular A-136, *Financial Reporting Requirements* as revised, which establishes the central point of reference for all Federal financial reporting guidance for Executive Branch departments, agencies and entities required to submit audited financial statements.
 - g. Treasury Financial Manual (TFM), Chapter 9500, *Federal Financial Management System Requirements for Fiscal Reporting*. TFM Chapter 9500 provides FFMIA compliance guidance requirements for agencies that are subject to the CFO Act as revised.
 - h. DOT Order 1351.37, *Departmental Cybersecurity Policy*, which include the Compendium or its successors.
5. BACKGROUND. The OMB Circular A-130, *Managing Information as a Strategic Resource* and OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*, required agencies to develop policies to enable the agencies to comply to the provisions of the circulars.
6. DEFINITIONS.
- a. Financial management system includes an agency's overall financial operation. This includes the people, processes and technology to capture, classify, summarize and report data in a meaningful manner to support business decisions. It also includes hardware, applications, system software, personnel, procedures, data and reporting functions. DOT's financial system of record, Delphi and the accounting shared services provided by the Enterprise Service Center, is an example of financial management system.
 - b. Financial system is an information system or set of applications that may comprise the accounting portion of the financial management system that maintains all summary and detailed transactions resulting from budgetary and proprietary financial activity. A financial system encompasses processes and records that:
 - (1) identify and record all valid transactions;
 - (2) describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting;
 - (3) measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements; and

- (4) determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.
- c. Mixed system is a hybrid of financial and non-financial portions of the overall financial management system. Examples of mixed systems include: payment and invoice, procurement, receivable, loan, grant payroll, budget formulation, billing and travel systems that impact a financial management system.
 - d. System Owner (SO) is the official responsible for the overall procurement, development, integration, modification or operation and maintenance of an information system (NIST SP 800-63).
 - e. Authorizing Official (AO) is the official with the authority to formally assume responsibility for operating an information system at an acceptable level of risk to agency operations (including mission, functions, image or reputation), agency assets or individuals. Synonymous with Accreditation Authority (NIST SP 800-63).
 - f. Authorization to Operate (ATO) is an accreditation decision made by the AO that allows the General Support System or Major Application to operate within its existing operating environment (NIST SP 800-37).
 - g. Information System is a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information (44 U.S.C. § 3502).
 - h. Information Security is the protection of information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction in order to provide: a) integrity, which means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity; b) confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and c) availability, which means ensuring timely and reliable access to and use of information (44 U.S.C. § 3552).

7. POLICY.

- a. The DOT shall operate under a single instance of financial management system, as designated, approved and authorized by the DOT Chief Financial Officer (CFO) and Assistant Secretary for Budget and Programs.
- b. The designated, approved and authorized Federal Shared Service Provider (SSP) for DOT shall maintain the single, integrated financial management systems and provide accounting services. The financial management systems must comply with:

- (1) accounting principles, standards, and related requirements, as defined by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB), and Department of Treasury (Treasury);
 - (2) internal control standards, as defined in OMB Circular A-123, *Management's Responsibility for Internal Control*, and its appendices;
 - (3) information resources management policy, as defined in OMB Circular A-130, *Management of Federal Information Resources*, and any successor documents; and
 - (4) operational policies and related requirements, as prescribed by OMB, Treasury, and DOT.
- c. The DOT Chief Financial Officer, Chief Information Officer and Chief Administration Officer are responsible for approving major capital investments and/or enhancements to the financial management system including adding new customers to the SSP. This responsibility may be delegated to the Chief Financial Officer (CFO) or designee, depending on unique circumstances at the Department.
- d. Security control in all financial and information management systems shall be implemented in accordance with the OMB Circular A-130, *Managing Information as a Strategic Resource*, OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996* and DOT policy.
- e. Evaluation of the effectiveness and efficiency of the financial management systems in supporting the DOT's mission will be done every 5 years. The evaluation will be done by an independent reviewer to determine if the financial management system is cost effective and meeting the needs of the Department.

8. RESPONSIBILITIES.

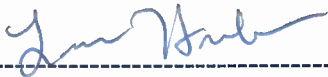
- a. The CFO and Assistant Secretary for Budget and Programs (B-1) oversees all financial management activities relating to the Department's programs and operations as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. The CFO or designee is responsible for:
- (1) directing, managing and providing policy guidance and oversight over the financial management systems, personnel, activities and operations;
 - (2) submitting requests for approval per paragraph 7 section c of this order, proposed plans to design and install a new financial management system, or significantly modify an existing system including accepting new customers to the SSP;
 - (3) ensuring that all financial management systems and financial reporting practices conform with the policies and guidance of the Department and that significant changes to, or replacements of, financial management systems are processed in accordance with this directive;
 - (4) ensuring that financial management systems identified in this order adhere to the policies and procedures contained in OMB Circular No. A-123, Appendix A, *Management's Responsibility for Internal Controls*, OMB Circular A-123 Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996* and OMB Circular No. A-130, *Management of Federal Information*

- Resources*, which govern agency management of information systems and technology investments including financial management systems;
- (5) ensuring that financial systems adhere to the policies and procedures contained in OMB Circular No. A-136, *Financial Reporting Requirements*;
 - (6) ensuring that financial management systems adhere to the policies and procedures in accordance with the standard general ledger accounting requirements of the Department of Treasury as published in the United States Standard General Ledger (USSGL) supplement to the Treasury Financial Manual (TFM); and
 - (7) Delegating the AO and SO roles for Delphi.
- b. The Director, Office of Financial Management (B-30) is the designated official responsible for:
- (1) serving as the AO in charge of Delphi oversight;
 - (2) maintaining a copy of inventory of information systems receiving information from the financial management systems;
 - (3) evaluating the annual information systems review reports prepared by OAs; and
 - (4) preparing responses to the annual Statement on Standards for Attestation Engagements 18 report.
- c. The Associate Director, Office of Financial Management (B-30) is responsible for:
- (1) serving as the SO for Delphi in charge of managing Delphi operations, modifications, integrations, security and budget;
 - (2) conducting annual accreditation reviews such as continuous monitoring on financial systems in accordance with the applicable Federal Information Security Management Act (FISMA) directives and guidance provided by the Office of Financial Management, B-30;
 - (3) coordinating with OAs and Enterprise Services Center (ESC) system upgrades to Delphi. The Associate Director will also notify the DOT OAs and ESC of upcoming material changes or planned upgrades as appropriate;
 - (4) ensuring that all financial management systems are established, maintained, reviewed, improved and reported on in accordance with the provisions of this Order and applicable authorities in Section 4 of this Order.
- d. The Office of Inspector General is responsible for:
- (1) reviewing the financial management systems in accordance with the requirements under OMB Circular No. A-123, *Management's Responsibility for Internal Controls*, OMB Circular A-123 Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996* and OMB Circular No. A-130, *Management of Federal Information Resources*; and
 - (2) conducting independent reviews of financial management systems as appropriate.
- e. The Chief Information Officer is responsible for:
- (1) participating in the matters involving the financial management and information systems to ensure DOT compliance to the OMB Circular No. A-123, Appendix A, *Management's Responsibility for Internal Controls*, OMB Circular A-123 Appendix D, *Compliance with the Federal Financial Management Improvement*

Act of 1996 and OMB Circular No. A-130, Management of Federal Information Resources; and

- (2) reviewing information security compliance for the financial management systems and approve or revoke ATOs.
- f. The DOT Chief Financial Officer, Chief Information Officer and Chief Administration Officer are responsible for:
 - (1) establishing the vision, strategic goals and initiatives and related policies for DOT Shared Services;
 - (2) providing oversight and guidance to financial management policy and execution;
 - (3) providing oversight and guidance to the technical and administrative support of; shared services systems
 - (4) supporting the shared services organization to enable them to meet the needs of its customers; and
 - (5) approving or delegating approval for major capital investment and enhancements to the existing financial management systems.
 - (6) approving exemptions from the provisions of this Order.
- g. The AO is responsible for approving access to all information coming from the financial management system prior to dissemination to any information system both within and outside the Department.
- h. The SO is responsible for monitoring the ESC's performance as shared service provided for the DOT and ensuring that policies in accordance with this directive are followed. The SO ensures compliance with information security requirements.

FOR THE SECRETARY OF TRANSPORTATION:



Lana Hurdle
Acting Chief Financial Officer and Assistant Secretary for Budget and Programs