



COMDTINST 5402.3
10 NOV 2009

COMMANDANT INSTRUCTION 5402.3

Subj: CHIEF FINANCIAL OFFICER (CFO) TECHNICAL AUTHORITY

- Ref: (a) Uniform Code of Military Justice (10 U.S.C. 801 et seq.)
 (b) Anti-Deficiency Act (31 U.S.C. §1341/1342/1517)
 (c) OMB Circular A-123, Management's Responsibility for Internal Control
 (d) Homeland Security Organization: Coordination with Non-Federal Entities; Inspector General; United States Secret Service; Coast Guard; General Provision (6 U.S.C. §468)
 (e) OMB Circular A-130, Management of Federal Information Resources
 (f) Establishment of Coast Guard Chief Financial Officer (CFO) Technical Authority Decision Memorandum 7000 dated 13 May 2009
 (g) Information and Life Cycle Management Manual, COMDTIST M5212.12 (series)
 (h) Decision Memo – Strategic Alternatives for Financial Management Transformation, dated 9 Nov 06

1. **PURPOSE.** This Instruction establishes the technical authority of the Assistant Commandant for Resources/Chief Financial Officer (CFO) pertaining to Coast Guard financial management. These policies define CFO responsibility to establish, maintain and promulgate policies, requirements, and processes necessary to fully support mission execution and ensure compliance with Federal statute and directives and transform the Coast Guard into a premier financial management organization.
2. **ACTION.** All CG Unit Commanders, Commanding Officers, Officers-in-charge, Deputy/Assistant Commandants, and Chiefs of Headquarters Staff Elements shall comply with the provisions of this Instruction. Internet release is authorized.
3. **DISCUSSION.** An array of laws, regulations, policies and Department of Homeland Security (DHS) directives mandates that the Coast Guard take action with regard to oversight and control of the Service's full array of financial management activities. The critical first hurdle in the effort to modernize Coast Guard's financial management is audit readiness. Recent remediation actions, however, comprise only one solution set toward a new paradigm of robust accountability, internal

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controls, and effective and efficient delivery of financial management services. Creating this enduring culture of sound financial management requires a strong CFO presence, through which a comprehensive and cohesive financial management strategy linking planning, programming, budgeting, execution and evaluation can be implemented. The knowledge and skills necessary to accomplish this enterprise-wide purpose must reside within the financial management community of the Coast Guard. The Coast Guard modernization imperative vests the CFO with the necessary authority to drive change across the organization. Formal establishment of CFO technical authority for financial management designates the CFO as the Commandant's single point of accountability, responsible for effective financial management in the Coast Guard. Furthermore, designation of the CFO as the technical authority institutes a deliberate decision-making framework in which the CFO is informed by and informs all appropriate equities through a disciplined consultation process structured around standardized lines of business.

4. **ROLES/RESPONSIBILITIES.**

a. **Technical Authority.** The CFO serves as a trusted strategist and financial advisor to the Commandant, Vice Commandant and senior leadership of the Coast Guard for budgetary and fiscal matters (including financial management, accounting and financial systems requirements, budget formulation and execution and integrity of organizational structure). Technical authority is the authority, responsibility, and accountability to establish, monitor, and approve policies, technical standards, tools, procedures and processes in conformance with higher-level policy, requirements, architectures, and standards, through which the CFO develops a world-class financial management enterprise that optimizes mission execution. CFO technical authority includes but is not limited to the following roles and responsibilities:

- (1) The CFO shall serve as the Coast Guard's single point of authority, accountability and management for Coast Guard financial policy, procedures, processes and requirements for systems. This authority includes the design, configuration management, development, implementation, operation and maintenance of financial management and mixed systems, and the stipulation of standards for data quality and implementation of data assurance processes. This pertains to all data within financial systems and data relating to Coast Guard activities and financial management performance results, as well as all data relationships between budgets, funds, organizations, costs, activities and results to meet mandated reporting requirements. The data configuration controls shall set standards for data quality and mandate processes for monitoring and achieving data.
- (2) The CFO shall ensure compliance with laws and regulations pertaining to financial management. This includes authority to enforce accountability for resource and financial funds control violations, to include personal performance documentation, Uniform Code of Military Justice enforcement, and appointment of an Administrative Investigator for potential Anti-Deficiency Act (ADA) violations.
- (3) The CFO shall establish and maintain robust internal audit oversight over all three areas of internal control identified in Office of Management and Budget (OMB) Circular A-123: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. As a result, the CFO shall have authority to set the Coast Guard's policy for the establishment, operation, evaluation and improvement of management controls (internal controls policy) throughout the Coast Guard.

- (4) The CFO shall provide financial policy, processes, data and systems requirements to financial and mixed process owners throughout the Coast Guard (including the Chief Procurement Officer/Head of Contracting Activity and the Assistant Commandant for Human Resources) to ensure compliance with regulatory requirements and work collaboratively across the Coast Guard to implement requirements.
- (5) The CFO is designated as the Coast Guard's Senior Account Certifying Officer and shall serve as the final internal arbiter on account certification decisions. In this capacity, the CFO will make final recommendations to the Vice Commandant on seeking relief and/or opinions from either the Government Accountability Office or DHS Office of General Counsel. This designation may be further delegated to the Deputy CFO.
- (6) The CFO shall serve as the final decision authority for internal pecuniary liability cases and has authority to enforce collection of the liability if necessary (Note: pends authorization in FY10).
- (7) The CFO shall formally advise the Commandant, DHS, and OMB when (1) budgetary, financial, or performance data (as defined in consultation with Program Authorities) indicates that the Coast Guard lacks the necessary resources to execute its statutory missions (e.g., deficiency apportionment), or (2) the Coast Guard needs to exercise or exceed the Secretary's authority regarding reductions of particular Coast Guard missions as outlined in 6 U.S.C. 468 (e)(1).
- (8) The CFO shall be a voting member of the C4IT Investment Review Board and will work collaboratively with board members. The Board charter stipulates that all financial and mixed systems are compliant with Federal financial accounting and reporting requirements, meet internal control standards under OMB Circular A-123, and comply with information resources management policies under OMB Circular A-130, including records and information life cycle requirements. The CFO shall ensure that Coast Guard business systems meet these requirements.
- (9) Given the performance data and reporting requirements vested in the CFO, the CFO shall be engaged in the entire Coast Guard planning and programming process and, where appropriate and with consultation with appropriate subject matter experts and Program Authorities, shall have authority over the planning processes pertaining to the Coast Guard's resources. The budget formulation and execution process is the purview of the CFO and tied to strategic planning and performance.
- (10) The CFO is responsible for the financial reporting process and all reports that contain financial information.
- (11) The CFO shall provide requirements and monitor Coast Guard asset management systems, including systems for cash management, credit management, debt collection, and property and inventory management controls.
- (12) The CFO shall establish human capital requirements for the resource and financial management workforce and, in cooperation with the Chief Human Capital Officer, shall oversee the education, training, and professional certification of the workforce. The CFO shall also establish specialty and competency requirements for the resource and financial

management workforce billets and guide assignments to ensure those requirements are best met.

- (13) The CFO shall work collaboratively with Coast Guard Program Authorities from program inception to conclusion, providing timely and responsive financial management expertise and technical standards to which the Program/Project/Activity is to develop, document, implement, monitor and improve.

b. Program Authority. The Program Authority is the senior official responsible for budget execution, formulation, and accountability within each operating entity of the Coast Guard (e.g., DCO, Mission Support Organization, Assistant Commandant, Area Commander and all subordinate entities).

- (1) The Program Authority works collaboratively with the Technical Authority from program inception to conclusion to include administration of established policies, standards, guidelines, architecture, and best practices provided by the Technical Authority.
- (2) The Program Authority implements the results of the Technical Authority's adjudication of changes and deviations to the established standards.
- (3) The Program Authority facilitates collaborative efforts between internal and external customers as required.

5. **TECHNICAL AUTHORITY PROCESS AND CERTIFICATION.** Technical Authority processes and associated certifications are an essential aspect of independent technical authority, providing objective evidence of effective, efficient, transparent, reliable, repeatable and sustainable financial management business processes and practices. These processes will be further defined in subsequent instructions.

6. **CONCLUSION.** The technical authority process and policies exist to ensure the Coast Guard can demonstrate the best value for its financial management products and services. Through the close partnership between the Technical Authority and the associated Program Authorities, continued support readiness will endure in the Coast Guard financial management business domain.

7. **ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.** Environmental considerations were examined in the development of this instruction and have been determined to be not applicable.

8. **FORMS/REPORTS.** None.

T. W. ALLEN /s/
Commandant