

3/30/00

SUBJ: FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

1. **PURPOSE.** This order prescribes policy for the Federal Aviation Administration (FAA) to comply with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. This order implements Order DOT 5100.4C, Policy for Meeting Federal Managers' Financial Integrity Act Requirements.
2. **DISTRIBUTION.** This order is distributed to the division level in Washington, regions, and centers and a limited distribution to all field offices and facilities.
3. **CANCELLATION.** Order 1000.32B, FAA Implementation of the Federal Managers' Financial Integrity Act, dated November 16, 1990.
4. **BACKGROUND.** The 1950 Budget and Accounting Procedures Act (64 Stat 832) requires Federal managers to establish and maintain adequate systems of management control. Because of numerous instances of waste, fraud, abuse, and mismanagement, Congress passed the FMFIA. This Act requires an annual evaluation of management controls (Section 2) and financial management controls (Section 2) and financial management systems (Section 4) and a report of the results to the President and Congress. OMB Circulars A-123, Management Accountability and Control, and A-127, Financial Management Systems, furnish guidance on complying with Sections 2 and 4, respectively.
5. **EXPLANATION OF CHANGES.** This revision:
 - a. Incorporates changes made in Order DOT 5100.4C.
 - b. Eliminates all reporting requirements except the annual statement of assurance.
 - c. Decentralizes responsibility for evaluating internal controls to each office that reports directly to the Administrator.


6. RESPONSIBILITIES.**a. Each office that reports directly to the Administrator:**

- (1) Establishes and maintains adequate management controls over the resources entrusted to it.
- (2) Determines how best to meet the requirements of OMB Circulars A-123 and A-127, that is, to structure its internal management control systems in the most efficient and effective ways.
- (3) Vests accountability, responsibility, and authority in its line managers to identify, assess, and monitor the controls over functional areas, which are most appropriate and effective within the context of existing, limited resources.
- (4) Evaluates the control environment over the programs and resources for which it is responsible, conducts internal control assessments, and ensures that any deficiencies are corrected in a timely manner.
- (5) Prepares an annual statement of assurance for the Administrator.

b. The Office of Performance Management:

- (1) Provides guidance for complying with reporting requirements of sections 2 and 4 of FMFIA.
- (2) Prepares the consolidated FAA annual statement of assurance.

7. REPORTING REQUIREMENTS. Each office which reports directly to the Administrator will submit to the Office of Performance Management (APF-200) an annual statement of assurance representing the overall adequacy and effectiveness of management controls within its organization. FMFIA material deficiencies, material weaknesses, and material nonconformances will also be reported. Guidance for the annual assurance statement is sent out by Office of the Secretary of Transportation in July with a request for FAA to submit the statement by the end of the fiscal year. APF-200 forwards the statement to each office which reports directly to the Administrator requesting its assurance statement in mid-September.



Jane F. Garvey
Administrator