

DEPARTMENTAL REGULATION		Number: 2110-001
SUBJECT: Accounting Systems Approval	DATE: December 14, 1983	
	OPI: Office of Finance and Management	

1 PURPOSE

This regulation describes General Accounting Office (GAO) procedures for approving accounting systems, and establishes USDA policy for requesting GAO review and approval of operating accounting systems.

2 BACKGROUND

Under 31 U.S.C. 3512(a), each executive agency is responsible for establishing and maintaining adequate systems of accounting and internal control for the programs and activities for which it is responsible.

These systems must conform to the principles, standards, and requirements prescribed by the Comptroller General of the United States. (31 U.S.C. 3511)

In 1983, GAO changed the manner in which it carries out its approval function in order to streamline the process and make it more compatible with the Federal Managers' Financial Integrity Act's emphasis on agency operating systems. (31 U.S.C. 3512(b) and (c))

GAO's approval process is now limited to one stage: approval of the operating accounting system. The GAO will no longer undertake to approve statements of accounting principles and standards or designs of accounting systems.

Under the revised approval procedures, GAO will review system design and documentation in conjunction with a review of operations to determine if the system is in accordance with GAO principles and standards, and is functioning as intended.

GAO will formally approve only complete accounting systems, as defined in section 4 of this regulation.

3 POLICY; APPROVAL PROCEDURES

Agencies with approvable accounting systems must develop statements of accounting principles and standards in accordance with those prescribed by GAO in Title 2, Policy and Procedures Manual for Guidance of Federal Agencies (GAO Manual).

Agencies must submit requests for GAO approval to the Director, Office of Finance and Management (OFM). Requests must state that the system is operational and that the head of the agency has determined that the accounting system conforms to the principles, standards, and related requirements prescribed by the Comptroller General. Requests should also state that statements of accounting principles and standards and system design documentation are complete.

OFM will formally request the Comptroller General to review and approve agency accounting systems, and will act as liaison between agencies and GAO.

4 DEFINITION OF COMPLETE ACCOUNTING SYSTEM

A complete accounting system, for GAO approval purposes, is one established to assist in the financial management functions of budget formulation and execution, proprietary accounting, and financial reporting. It is the total structure of methods and procedures used to record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, balanced account groups, and organizational components. Accounting systems for approval purposes shall be comprised of the various operations involving the authorizing, recording, classifying and reporting of financial data related to revenues, expenses, assets, liabilities, and equity.

5 INQUIRIES

Requests for additional information or assistance should be sent to the Director, Office of Finance and Management.