

SECTION 50 -- ADMINISTRATIVE CONTROL OF FUNDS

Table of Contents

- 50.1 Why must my agency have a fund control system?
- 50.2 What is the purpose of my agency's fund control system?
- 50.3 What is the relationship among my agency's management controls, its internal controls, and its fund controls?
- 50.4 What is the relationship between my agency's financial management system and its fund control system?
- 50.5 What is the U.S. Standard General Ledger (SGL) and how does it relate to my agency's financial management system?
- 50.6 What are Federal Financial Management Systems requirements and how are they related to my agency's fund control systems?
- 50.7 When and how should I get OMB approval of my agency's fund control regulations?

Summary of Changes

Renames the section from "Accounting and Internal Control Systems" to "Administrative Control of Funds."

Clarifies the relationship between accounting systems, internal control systems, and the U.S. Standard General Ledger (SGL).

Adds a reference to the Federal Financial Management Systems requirements that are issued by JFMIP.

Moves all references to anticipated budgetary resources to Appendix B.

50.1 Why must my agency have a fund control system?

The Antideficiency Act requires that your agency head prescribe, by regulation, a system of *administrative control of funds*. The system is also called *the fund control system* and the regulations are called *fund control regulations*.

50.2 What is the purpose of my agency's fund control system?

The purpose of your agency's fund control system is to:

- Restrict *both* obligations and expenditures (for example, outlays or disbursements) from each appropriation or fund account to *the lower of* the amount apportioned by OMB or the amount available for obligation and/or expenditure in the appropriation or fund account.
- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or sub-allotments made by your agency, any statutory limitations, and any other administrative subdivision of funds made by your agency.

50.3 What is the relationship among my agency's management controls, its internal controls, and its fund controls?

Your agency's *management controls* are the organization, policies, and procedures that your agency uses to reasonably ensure that:

- Programs achieve their intended results.
- Resources are used consistent with agency mission.
- Programs and resources are protected from waste, fraud, and mismanagement.
- Laws and regulations are followed.
- Reliable and timely information is obtained, maintained, reported and used for decision making.

Your agency's *internal controls* are a part of your agency's management controls that are used to assure that there is prevention or timely detection of unauthorized acquisition, use, or disposition of your agency's assets. Your agency's appropriation and fund accounts are part of your agency's assets.

For further guidance on your agency's management and internal controls, see OMB Circular No. A-123, *Management Accountability and Control*.

Internal control requirements are one of the overarching requirements. This means that they apply to all financial management systems, including your agency's *fund control* system.

50.4 What is the relationship between my agency's financial management system and its fund control system?

Your agency's *financial management system* must support the preparation and execution of your agency's budget, among other things. Your agency's fund control system is part of your agency's budget execution process. Therefore, your agency's financial management system must support your agency's fund control system.

The policies and standards your agency must follow in developing, operating, evaluating, and reporting on financial management systems is in OMB Circular No. A-127, *Policies and Standards for Financial Management Systems*. For policies related to information technology that pertain to financial management systems, see OMB Circular No. A-130, *Management of Federal Information Resources*.

50.5 What is the U.S. Standard General Ledger (SGL) and how does it relate to my agency's financial management system?

The SGL includes a chart of accounts and technical guidance established to support the consistent recording of financial events as well as the preparation of standard external reports that are required by the central agencies, such as OMB and Treasury. The Treasury Financial Manual (TFM) SGL Supplement provides:

- A list of the accounts (i.e., the chart of accounts).
- Descriptions of each account.
- A listing of transactions processed by Federal agencies.
- The posting models, including debit and credit pairs, for each type of transaction.
- The SGL attributes which are an integral part of the SGL.

- Crosswalks from the SGL to various external reports, such as the SF 133 and the actual year column of the Program and Financing Schedule in the President's budget.

An electronic version of the TFM SGL Supplement is available at <http://www.fms.treas.gov/ussgl/html>.

The OMB policies regarding the SGL are in OMB Circular No. A-127, *Policies and Standards for Financial Management Systems*. Specifically, paragraph 7.c of A-127 requires that agencies record financial events throughout the financial management system using the SGL at the transaction level. This requirement is based in law.

50.6 What are Federal Financial Management Systems Requirements and how are they related to my agency's fund control system?

The *Federal Financial Management Systems Requirements* (FFMSR) are issued by the Joint Financial Management Improvement Program (JFMIP) to define the minimum functionality required for your agency's fund control system. The FFMSR are in JFMIP-SR-99-4, issued in February, 1999. An electronic version can be found at <http://www.financenet.gov/financenet/fed/jfmip/corfinsys.pdf>.

50.7 When and when how should I get OMB approval of my agency's fund control regulations?

Use the checklist in Appendix B to prepare draft fund control regulations. Send your proposed update to OMB for approval.

For newly established agencies, submit an original and three copies of the proposed fund control regulations to the Director of OMB within 90 days after the agency is established.

The Director of OMB will respond within 90 days after receiving the draft regulations. Agency fund control regulations are in effect only to the extent approved by OMB.

To revise regulations previously approved by OMB, submit an original and three copies of the draft revised regulations to the Director of OMB.

You should review your fund control regulations periodically to determine whether improvements should be made. At a minimum, review the system whenever:

- OMB issues revised guidance on budget execution.
- Your agency is reorganized.
- Staff from your agency have violated the Antideficiency Act.