

SECTION 150—ADMINISTRATIVE CONTROL OF FUNDS

Table of Contents

- 150.1 Why must my agency have a fund control system?
- 150.2 What is the purpose of my agency's fund control system?
- 150.3 What is the relationship between my agency's internal controls and its fund controls?
- 150.4 What is the relationship between my agency's financial management system and its fund control system?
- 150.5 What is the U.S. Standard General Ledger (USSGL) and how does it relate to my agency's financial management system?
- 150.6 What are Federal Financial Management Systems requirements and how are they related to my agency's fund control systems?
- 150.7 When and how should I get OMB approval of my agency's fund control regulations (including updates)?

150.1 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*.

150.2 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 (also known as outlays or disbursements) from each appropriation or fund account to *the lower of* the amount apportioned by OMB or the amount available for obligation 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 suballotments made by your agency, any statutory limitations, and any other administrative subdivision of funds made by your agency.

150.3 What is the relationship between my agency's internal controls and its fund controls?

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

- Programs achieve their intended results.
- Resources used are 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 should include objectives specific to compliance with the Antideficiency Act, ensuring that:

- Expenditures and obligations do not exceed the amounts available in the appropriation, apportionment, allotment, suballotment, and/or other administrative subdivisions or limitations of funds.
- Obligations do not occur before an appropriation is made or otherwise authorized by law.
- Staff are adequately trained and knowledgeable about the current status of funds, including the current year's appropriation, apportionment, allotment, suballotment, and other administrative subdivisions or limitations of funds.
- Approving and certifying officials have adequate and current training in appropriations law and the budget process, OMB Circular A-123, and budget execution practices that may prevent violations of the Antideficiency Act.
- Commitment and obligation tracking can be monitored in real time with comparisons to the apportionment, allotment and suballotment, on a fiscal year and quarterly basis.

For further guidance on your agency's internal controls, see [OMB Circular No. A-123, Management's Responsibility for Internal Control](#). OMB is updating the circular, with release expected in Spring 2016. Agencies should consult the updated circular as appropriate.

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.

150.4 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 are in [Appendix D to OMB Circular No. A-123, Compliance with the Federal Financial Management Improvement Act of 1996](#). For policies related to information technology that pertain to financial management systems, see [OMB Circular No. A-130, Management of Federal Information Resources](#).

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

The USSGL 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) USSGL 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 USSGL attributes that are an integral part of the USSGL.
- Crosswalks from the USSGL to various external reports, such as the SF 133 and the prior year column of the Program and Financing Schedule in the President's Budget.

An electronic version of the TFM USSGL Supplement is available at:

https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm.

The OMB policies regarding the USSGL are in OMB Circular No. A-127, *Policies and Standards for Financial Management Systems*. Specifically, the A-127 requires that agencies record financial events throughout the financial management system using the USSGL at the transaction level. This is a legal requirement.

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

As defined in A-127, agencies must use a core financial system that has been certified as meeting the core financial system requirements. Please refer to Circular A-127 for guidance on the certification process.

Specific non-core financial system requirements, previously published by the Joint Financial Management Improvement Program (JFMIP) and known as the JFMIP Federal Financial Management System Requirements (FFMSR) series, should be regarded as guidance when defining system requirements for acquisition. Please refer to the Federal Financial System Requirements (FFSR) document for the applicable core financial system requirements for funds control.

150.7 When and how should I get OMB approval of my agency's fund control regulations (including updates)?

Use the checklist in [Appendix H](#) to prepare draft fund control regulations. Send your proposed draft (or updates to existing OMB-approved regulations) to OMB for approval. Approved fund control regulations shall be posted on the agency's website.

For newly established agencies, submit 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 the draft revised regulations to the Director of OMB for review and approval.

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 has violated the Antideficiency Act.

