

## SECTION 150—ADMINISTRATIVE CONTROL OF FUNDS

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**150.1 Why must my agency have a funds control system?**

The Antideficiency Act (31 U.S.C. 1514) requires that your agency head prescribe, by regulation, a system of *administrative control of funds*. The system is also called *the funds control system* and the regulations are called *funds control regulations*.

**150.2 What is the purpose of my agency's funds control system?**

The purpose of your agency's funds 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 funds 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 A-123](#), Management's Responsibility for Enterprise Risk Management and Internal Control. 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 *funds control* system.

#### **150.4 What is the relationship between my agency's financial management system and its funds 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 funds control system is part of your agency's budget execution process. Therefore, your agency's financial management system must support your agency's funds 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 A-123](#), Management of Financial Management Systems – Risk and Compliance. For policies related to information technology that pertain to financial management systems, see [OMB Circular A-130](#), Managing Federal Information as a Strategic Resource.

#### **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://tfx.treasury.gov/tfm/supplements>.

The OMB policies regarding the USSGL are in [OMB Circular A-123](#), Appendix D, Management of Financial Management Systems – Risk and Compliance. Specifically, Circular A-123, Appendix D 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 funds control system?**

As defined in [OMB Circular A-123](#), Appendix D, agencies must make the best use of financial systems to initiate, record, process and report transactions to support agency missions in making business decisions and to provide transparency to the public. These systems help agencies ensure the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

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 funds control regulations (including updates)?**

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

For newly established agencies, submit the proposed funds 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 funds 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 funds 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.