

compliance with the requirements of subsection (a); and

“(C) designates an official of the agency who shall be responsible for bringing the agency’s financial management systems into compliance with the requirements of subsection (a) by the date specified under subparagraph (B).

“SEC. 804. REPORTING REQUIREMENTS.

“(a) REPORTS BY THE DIRECTOR.—No later than March 31 of each year, the Director shall submit a report to the Congress regarding implementation of this Act [title]. The Director may include the report in the financial management status report and the 5-year financial management plan submitted under section 3512(a)(1) of title 31, United States Code.

“(b) REPORTS BY THE INSPECTOR GENERAL[.]—Each Inspector General who prepares a report under section 405(b) of title 5, United States Code, shall report to Congress instances and reasons when an agency has not met the intermediate target dates established in the remediation plan required under section 3(c) [803(c)]. Specifically the report shall include—

“(1) the entity or organization responsible for the non-compliance [sic];

“(2) the facts pertaining to the failure to comply with the requirements of subsection (a), including the nature and extent of the non-compliance [sic], the primary reason or cause for the failure to comply, and any extenuating circumstances; and

“(3) a statement of the remedial actions needed to comply.

“(c) REPORTS BY THE COMPTROLLER GENERAL.—No later than October 1, 1997, and October 1, of each year thereafter, the Comptroller General of the United States shall report to the appropriate committees of the Congress concerning—

“(1) compliance with the requirements of section 3(a) of this Act [803(a) of this title], including whether the financial statements of the Federal Government have been prepared in accordance with applicable accounting standards; and

“(2) the adequacy of applicable accounting standards for the Federal Government.

“SEC. 805. CONFORMING AMENDMENTS.

“(a) AUDITS BY AGENCIES.—[Amended section 3521 of this title.]

“(b) FINANCIAL MANAGEMENT STATUS REPORT.—[Amended this section.]

“(c) INSPECTOR GENERAL ACT OF 1978.—[Amended section 5 of the Inspector General Act of 1978, formerly set out in the Appendix to Title 5, Government Organization and Employees.]

“SEC. 806. DEFINITIONS.

“For purposes of this title:

“(1) AGENCY.—The term ‘agency’ means a department or agency of the United States Government as defined in section 901(b) of title 31, United States Code.

“(2) DIRECTOR.—The term ‘Director’ means the Director of the Office of Management and Budget.

“(3) FEDERAL ACCOUNTING STANDARDS.—The term ‘Federal accounting standards’ means applicable accounting principles, standards, and requirements consistent with section 902(a)(3)(A) of title 31, United States Code.

“(4) FINANCIAL MANAGEMENT SYSTEMS.—The term ‘financial management systems’ includes the financial systems and the financial portions of mixed systems necessary to support financial management, including automated and manual processes, procedures, controls, data, hardware, software, and support personnel dedicated to the operation and maintenance of system functions.

“(5) FINANCIAL SYSTEM.—The term ‘financial system’ includes an information system, comprised of one or more applications, that is used for—

“(A) collecting, processing, maintaining, transmitting, or reporting data about financial events;

“(B) supporting financial planning or budgeting activities;

“(C) accumulating and reporting costs information; or

“(D) supporting the preparation of financial statements.

“(6) MIXED SYSTEM.—The term ‘mixed system’ means an information system that supports both financial and nonfinancial functions of the Federal Government or components thereof.

“SEC. 807. EFFECTIVE DATE.

“This title shall take effect for the fiscal year ending September 30, 1997.

“SEC. 808. REVISION OF SHORT TITLES.

“(a) [Amended section 4001 of Pub. L. 104–106, set out as a Short Title of 1996 Act note under section 101 of Title 41, Public Contracts.]

“(b) [Amended section 5001 of Pub. L. 104–106, div. E, Feb. 10, 1996, 110 Stat. 679, subsequently repealed by Pub. L. 107–217, §6(b), Aug. 21, 2002, 116 Stat. 1304.]

“(c) Any reference in any law, regulation, document, record, or other paper of the United States to the Federal Acquisition Reform Act of 1996 or to the Information Technology Management Reform Act of 1996 shall be considered to be a reference to the Clinger-Cohen Act of 1996 [see Short Title of 1996 Act note set out under section 101 of Title 41].”

§ 3513. Financial reporting and accounting system

(a) The Secretary of the Treasury shall prepare reports that will inform the President, Congress, and the public on the financial operations of the United States Government. The reports shall include financial information the President requires. The head of each executive agency shall give the Secretary reports and information on the financial conditions and operations of the agency the Secretary requires to prepare the reports.

(b) The Secretary may—

(1) establish facilities necessary to prepare the reports; and

(2) reorganize the accounting functions and procedures and financial reports of the Department of the Treasury to develop an effective and coordinated system of accounting and financial reporting in the Department that will integrate the accounting results for the Department and be the operating center for consolidating accounting results of other executive agencies with accounting results of the Department.

(c) The Comptroller General shall—

(1) cooperate with the Secretary in developing and establishing the reporting and accounting system under this section; and

(2) approve the system when the Comptroller General considers it to be adequate and in conformity with the principles, standards, and requirements prescribed under section 3511 of this title.

(Pub. L. 97–258, Sept. 13, 1982, 96 Stat. 960.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3513(a)	31:66b(a).	Sept. 12, 1950, ch. 946, §114(a), 64 Stat. 836; Reorg. Plan No. 2 of 1970, eff. July 1, 1970, §102(a), 84 Stat. 2085.
3513(b)	31:66b(b).	Sept. 12, 1950, ch. 946, §§112(b)(related to Treasury Department), 114(b), (c), 64 Stat. 835, 836.

HISTORICAL AND REVISION NOTES—CONTINUED

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
3513(c)	31:66(b)(related to Treasury Department). 31:66b(c).	

In subsection (a), the words “the results of” are omitted as surplus. The words “The report” are substituted for “Provided, That” for clarity. The word “information” is substituted for “data” for consistency. The word “President” is substituted for “Director of the Office of Management and Budget” because sections 101 and 102(a) of Reorganization Plan No. 2 of 1970 (eff. July 1, 1970, 84 Stat. 2085) redesignated the Bureau of the Budget as the Office of Management and Budget and transferred all functions of the Bureau to the President. The words “in connection with the preparation of the Budget or for other purposes of the Office” are omitted as unnecessary. The words “The head of” are added for consistency in the revised title and with other titles of the United States Code. The words “by rules and regulations” are omitted as unnecessary because of section 321(b) of this title. The words “to prepare the reports” are substituted for “for the effective performance of his responsibilities under this section” for clarity and to eliminate unnecessary words.

In subsection (b)(2), the words “install, revise, or eliminate”, “the several bureaus and offices of”, “with such concentration of accounting and reporting as is necessary”, and “the activities of” are omitted as surplus. The word “be” is substituted for “provide” for clarity. The text of 31:66b(b)(last sentence) is omitted as unnecessary because of section 321 of this title.

In subsection (c), before clause (1), the text of 31:66b(c) is omitted as unnecessary. The words “Comptroller General” are substituted for “General Accounting Office” for consistency. In clause (1), the word “Secretary” is substituted for “Treasury Department” in 31:66(b)(related to Treasury Department) for consistency. The word “central” is omitted as surplus. In clause (2), the word “considers” is substituted for “deemed” as being more precise. The words “under section 3511 of this title” are substituted for “by him” for clarity.

§ 3514. Discontinuing certain accounts maintained by the Comptroller General

The Comptroller General may discontinue an agency appropriation, expenditure, limitation, receipt, or personal ledger account maintained by the Comptroller General when the Comptroller General believes that the accounting system and internal controls of the agency will allow the Comptroller General to carry out the functions related to the account.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 960.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
3514	31:66d.	Sept. 12, 1950, ch. 946, § 116, 64 Stat. 837.

The words “Comptroller General” are substituted for “General Accounting Office” for consistency. The word “agency” is substituted for “executive, legislative, and judicial agencies” because of sections 101, 102, and 3501 of the revised title. The word “properly” is omitted as surplus.

§ 3515. Financial statements of agencies

(a)(1)¹ Except as provided in subsection (e), not later than March 1 of 2003 and each year

¹ So in original. No par. (2) has been enacted

thereafter, the head of each covered executive agency shall prepare and submit to the Congress and the Director of the Office of Management and Budget an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the agency.

(b) Each audited financial statement of a covered executive agency under this section shall reflect—

- (1) the overall financial position of the offices, bureaus, and activities covered by the statement, including assets and liabilities thereof; and
- (2) results of operations of those offices, bureaus, and activities.

(c) The Director of the Office of Management and Budget shall identify components of covered executive agencies that shall be required to have audited financial statements meeting the requirements of subsection (b).

(d) The Director of the Office of Management and Budget shall prescribe the form and content of the financial statements of covered executive agencies under this section, consistent with applicable accounting and financial reporting principles, standards, and requirements.

(e)(1) The Director of the Office of Management and Budget may exempt a covered executive agency, except an agency described in section 901(b), from the requirements of this section with respect to a fiscal year if—

(A) the total amount of budget authority available to the agency for the fiscal year does not exceed \$25,000,000; and

(B) the Director determines that requiring an annual audited financial statement for the agency with respect to the fiscal year is not warranted due to the absence of risks associated with the agency’s operations, the agency’s demonstrated performance, or other factors that the Director considers relevant.

(2) The Director shall annually notify the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate of each agency the Director has exempted under this subsection and the reasons for each exemption.

(f) The term “covered executive agency”—

(1) means an executive agency that is not required by another provision of Federal law to prepare and submit to the Congress and the Director of the Office of Management and Budget an audited financial statement for each fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the agency; and

(2) does not include a corporation, agency, or instrumentality subject to chapter 91 of this title.

(Added Pub. L. 101-576, title III, §303(a)(1), Nov. 15, 1990, 104 Stat. 2849; amended Pub. L. 103-356, title IV, §405(a), Oct. 13, 1994, 108 Stat. 3415; Pub. L. 106-531, §4(a), Nov. 22, 2000, 114 Stat. 2539; Pub. L. 107-289, §2(a), Nov. 7, 2002, 116 Stat. 2049.)

Editorial Notes

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-289, §2(a)(1), substituted “(1) Except as provided in subsection (e), not later” for