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AMENDMENTS

2010—Pub. L. 111-204, §2(h)(6)(B)(i), July 22, 2010, 124 Stat. 2231, struck out subchapter VI heading “RECOVERY AUDITS” and items 3561 “Identification of errors made by executive agencies in payments to contractors and recovery of amounts erroneously paid”, 3562 “Disposition of recovered funds”, 3563 “Sources of recovery services”, 3564 “Management improvement programs”, 3565 “Relationship to authority of Inspectors General”, 3566 “Privacy protections”, and 3567 “Definition of executive agency”.

2008—Pub. L. 110-417, [div. A], title X, §1061(c)(3), Oct. 14, 2008, 122 Stat. 4613, struck out item 3557 “Expedited action in protests for public-private competitions”, as added by Pub. L. 110-161.

Pub. L. 110-181, div. A, title III, §326(b)(2), Jan. 28, 2008, 122 Stat. 63, added item 3557 “Expedited action in protests of public-private competitions”.

2007—Pub. L. 110-161, div. D, title VII, §739(c)(1)(B)(ii), Dec. 26, 2007, 121 Stat. 2031, added item 3557.

2001—Pub. L. 107-107, div. A, title VIII, §831(a)(2), Dec. 28, 2001, 115 Stat. 1188, added subchapter VI heading and items 3561 to 3567.

2000—Pub. L. 106-531, §3(c), Nov. 22, 2000, 114 Stat. 2539, added item 3516.

1996—Pub. L. 104-316, title I, §115(f)(2), Oct. 19, 1996, 110 Stat. 3834, struck out item 3531 “Property returns”.

1990—Pub. L. 101-576, title III, §§301(b), 303(f), Nov. 15, 1990, 104 Stat. 2848, 2852, substituted “and other financial management reports and plans” for “systems” in item 3512 and added item 3515.

1984—Pub. L. 98-369, div. B, title VII, §2741(b), July 18, 1984, 98 Stat. 1203, added subchapter V heading and items 3551 to 3556.

SUBCHAPTER I—GENERAL

§ 3501. Definition

In this chapter, “executive agency” does not include (except in section 3513) a corporation,

¹ Editorially supplied.

agency, or instrumentality subject to chapter 91 of this title.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 959; Pub. L. 107-107, div. A, title VIII, §831(c), Dec. 28, 2001, 115 Stat. 1189; Pub. L. 111-204, §2(h)(6)(B)(ii), July 22, 2010, 124 Stat. 2231.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3501	31:65a.	Sept. 12, 1950, ch. 946, §118, 64 Stat. 837; Aug. 1, 1956, ch. 814, §2(c), 70 Stat. 783.

The words “As used . . . the term” are omitted as surplus. The words “means any executive department or independent establishment in the executive branch of the Government” are omitted because of section 102 of the revised title. The reference to 31:66d is unnecessary because the defined term is not used in the re-statement of 31:66d in section 3514 of the revised title. The text of 31:65a(words after 4th comma) is omitted as unnecessary because of 39:410.

AMENDMENTS

2010—Pub. L. 111-204 struck out “and subchapter VI of this title” after “section 3513”.

2001—Pub. L. 107-107 inserted “and subchapter VI” after “section 3513”.

SHORT TITLE OF 2002 AMENDMENT

Pub. L. 107-289, §1, Nov. 7, 2002, 116 Stat. 2049, provided that: “This Act [amending section 3515 of this title and enacting provisions set out as a note under section 3515 of this title] may be cited as the ‘Accountability of Tax Dollars Act of 2002’.”

SHORT TITLE OF 2000 AMENDMENT

Pub. L. 106-531, §1, Nov. 22, 2000, 114 Stat. 2537, provided that: “This Act [enacting section 3516 of this title, amending sections 1116, 3515, and 3521 of this title, and enacting provisions set out as notes under sections 1116 and 3516 of this title] may be cited as the ‘Reports Consolidation Act of 2000’.”

SUBCHAPTER II—ACCOUNTING REQUIREMENTS, SYSTEMS, AND INFORMATION

§ 3511. Prescribing accounting requirements and developing accounting systems

(a) The Comptroller General shall prescribe the accounting principles, standards, and requirements that the head of each executive agency shall observe. Before prescribing the principles, standards, and requirements, the Comptroller General shall consult with the Secretary of the Treasury and the President on their accounting, financial reporting, and budgetary needs, and shall consider the needs of the heads of the other executive agencies.

(b) Requirements prescribed under subsection (a) of this section shall—

- (1) provide for suitable integration between the accounting process of each executive agency and the accounting of the Department of the Treasury;
- (2) allow the head of each agency to carry out section 3512 of this title; and
- (3) provide a method of—

(A) integrated accounting for the United States Government;

(B) complete disclosure of the results of the financial operations of each agency and the Government; and

(C) financial information and control the President and Congress require to carry out their responsibilities.

(c) Consistent with subsections (a) and (b) of this section—

(1) the authority of the Comptroller General continues under section 121(b) of title 40; and

(2) the Comptroller General may prescribe the forms, systems, and procedures that the judicial branch of the Government (except the Supreme Court) shall observe.

(d) The Comptroller General, the Secretary, and the President shall conduct a continuous program for improving accounting and financial reporting in the Government.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 959; Pub. L. 107-217, §3(h)(5), Aug. 21, 2002, 116 Stat. 1299.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3511(a)	31:66(a)(1st sentence words before last comma).	Sept. 12, 1950, ch. 946, §§111(f), 112(a), 64 Stat. 835; Reorg. Plan No. 2 of 1970, eff. July 1, 1970, §102(a), 84 Stat. 2085.
3511(b)	31:66(a)(1st sentence words after last comma, 2d sentence).	
3511(c)	31:49	June 10, 1921, ch. 18, §309, 42 Stat. 25.
3511(d)	31:66(a)(3d, last sentences). 31:65(f).	

In the section, the words “the head of” are added for consistency in the revised title and with other titles of the United States Code.

In subsection (a), the words “of the United States” are omitted as surplus. 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.

In subsection (b)(3), the words “as a whole” and “respective” are omitted as surplus.

Subsection (c)(2) is substituted for 31:49 and the words “and, to the extent he deems necessary, the authority vested in him by section 49 of this title” in 31:66(a) for clarity and consistency. H. Rept. 2556, 81st Cong. (1950), states that the Comptroller General will be able to prescribe appropriation and fund accounting systems under 31:49 “in terms of principles, standards and related requirements rather than in terms of detailed forms and procedures”. The reference to the judicial branch covers authority that the Comptroller General was given under 31:49 that applies to departments and establishments except the Supreme Court that was not superseded by the source provisions restated in subsection (a) of this section.

AMENDMENTS

2002—Subsec. (c)(1). Pub. L. 107-217 substituted “section 121(b) of title 40” for “section 205(b) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 486(b))”.

ADOPTION OF CAPITAL ACCOUNTING STANDARDS

Pub. L. 101-576, title III, §307, Nov. 15, 1990, 104 Stat. 2855, provided that: “No capital accounting standard or principle, including any human capital standard or principle, shall be adopted for use in an executive department or agency until such standard has been reported to the Congress and a period of 45 days of continuous session of the Congress has expired.”

§ 3512. Executive agency accounting and other financial management reports and plans

(a)(1) The Director of the Office of Management and Budget shall prepare and submit to the appropriate committees of the Congress a financial management status report and a governmentwide 5-year financial management plan.

(2) A financial management status report under this subsection shall include—

(A) a description and analysis of the status of financial management in the executive branch;

(B) a summary of the most recently completed financial statements—

(i) of Federal agencies under section 3515 of this title; and

(ii) of Government corporations;

(C) a summary of the most recently completed financial statement audits and reports—

(i) of Federal agencies under section 3521(e) and (f) of this title; and

(ii) of Government corporations;

(D) a summary of reports on internal accounting and administrative control systems submitted to the President and the Congress under the amendments made by the Federal Managers’ Financial Integrity Act of 1982 (Public Law 97-255);

(E) a listing of agencies whose financial management systems do not comply substantially with the requirements of Section¹ 3(a)² the Federal Financial Management Improvement Act of 1996, and a summary statement of the efforts underway to remedy the non-compliance; and

(F) any other information the Director considers appropriate to fully inform the Congress regarding the financial management of the Federal Government.

(3)(A) A governmentwide 5-year financial management plan under this subsection shall describe the activities the Director, the Deputy Director for Management, the Controller of the Office of Federal Financial Management, and agency Chief Financial Officers shall conduct over the next 5 fiscal years to improve the financial management of the Federal Government.

(B) Each governmentwide 5-year financial management plan prepared under this subsection shall—

(i) describe the existing financial management structure and any changes needed to establish an integrated financial management system;

(ii) be consistent with applicable accounting principles, standards, and requirements;

(iii) provide a strategy for developing and integrating individual agency accounting, financial information, and other financial management systems to ensure adequacy, consistency, and timeliness of financial information;

(iv) identify and make proposals to eliminate duplicative and unnecessary systems, including encouraging agencies to share systems

¹ So in original. Probably should not be capitalized.

² So in original. Probably should be followed by “of”. See References in Text note below.

which have sufficient capacity to perform the functions needed;

(v) identify projects to bring existing systems into compliance with the applicable standards and requirements;

(vi) contain milestones for equipment acquisitions and other actions necessary to implement the 5-year plan consistent with the requirements of this section;

(vii) identify financial management personnel needs and actions to ensure those needs are met;

(viii) include a plan for ensuring the annual audit of financial statements of executive agencies pursuant to section 3521(h) of this title; and

(ix) estimate the costs of implementing the governmentwide 5-year plan.

(4)(A) Not later than 15 months after the date of the enactment of this subsection, the Director of the Office of Management and Budget shall submit the first financial management status report and governmentwide 5-year financial management plan under this subsection to the appropriate committees of the Congress.

(B)(i) Not later than January 31 of each year thereafter, the Director of the Office of Management and Budget shall submit to the appropriate committees of the Congress a financial management status report and a revised governmentwide 5-year financial management plan to cover the succeeding 5 fiscal years, including a report on the accomplishments of the executive branch in implementing the plan during the preceding fiscal year.

(ii) The Director shall include with each revised governmentwide 5-year financial management plan a description of any substantive changes in the financial statement audit plan required by paragraph (3)(B)(viii), progress made by executive agencies in implementing the audit plan, and any improvements in Federal Government financial management related to preparation and audit of financial statements of executive agencies.

(5) Not later than 30 days after receiving each annual report under section 902(a)(6) of this title, the Director shall transmit to the Chairman of the Committee on Government Operations of the House of Representatives and the Chairman of the Committee on Governmental Affairs of the Senate a final copy of that report and any comments on the report by the Director.

(b) The head of each executive agency shall establish and maintain systems of accounting and internal controls that provide—

(1) complete disclosure of the financial results of the activities of the agency;

(2) adequate financial information the agency needs for management purposes;

(3) effective control over, and accountability for, assets for which the agency is responsible, including internal audit;

(4) reliable accounting results that will be the basis for—

(A) preparing and supporting the budget requests of the agency;

(B) controlling the carrying out of the agency budget; and

(C) providing financial information the President requires under section 1104(e) of this title; and

(5) suitable integration of the accounting of the agency with the central accounting and reporting responsibilities of the Secretary of the Treasury under section 3513 of this title.

(c)(1) To ensure compliance with subsection (b)(3) of this section and consistent with standards the Comptroller General prescribes, the head of each executive agency shall establish internal accounting and administrative controls that reasonably ensure that—

(A) obligations and costs comply with applicable law;

(B) all assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and

(C) revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.

(2) Standards the Comptroller General prescribes under this subsection shall include standards to ensure the prompt resolution of all audit findings.

(d)(1) In consultation with the Comptroller General, the Director of the Office of Management and Budget—

(A) shall establish by December 31, 1982, guidelines that the head of each executive agency shall follow in evaluating the internal accounting and administrative control systems of the agency to decide whether the systems comply with subsection (c) of this section; and

(B) may change a guideline when considered necessary.

(2) By December 31 of each year (beginning in 1983), the head of each executive agency, based on an evaluation conducted according to guidelines prescribed under paragraph (1) of this subsection, shall prepare a statement on whether the systems of the agency comply with subsection (c) of this section, including—

(A) if the head of an executive agency decides the systems do not comply with subsection (c) of this section, a report identifying any material weakness in the systems and describing the plans and schedule for correcting the weakness; and

(B) a separate report on whether the accounting system of the agency conforms to the principles, standards, and requirements the Comptroller General prescribes under section 3511(a) of this title.

(3) The head of each executive agency shall sign the statement and reports required by this subsection and submit them to the President and Congress. The statement and reports are available to the public, except that information shall be deleted from a statement or report before it is made available if the information specifically is—

(A) prohibited from disclosure by law; or

(B) required by Executive order to be kept secret in the interest of national defense or the conduct of foreign affairs.

(e) To assist in preparing a cost-based budget under section 1108(b) of this title and consistent with principles and standards the Comptroller General prescribes, the head of each executive agency shall maintain the accounts of the agency on an accrual basis to show the resources, liabilities, and costs of operations of the agency. An accounting system under this subsection shall include monetary property accounting records.

(f) The Comptroller General shall—

(1) cooperate with the head of each executive agency in developing an accounting system for the agency; 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.

(g) The Comptroller General shall review the accounting systems of each executive agency. The results of a review shall be available to the head of the executive agency, the Secretary, and the President. The Comptroller General shall report to Congress on a review when the Comptroller General considers it proper.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 959; Pub. L. 97-452, §1(12), Jan. 12, 1983, 96 Stat. 2468; Pub. L. 101-576, title III, §301(a), Nov. 15, 1990, 104 Stat. 2847; Pub. L. 103-272, §4(f)(1)(J), July 5, 1994, 108 Stat. 1362; Pub. L. 104-208, div. A, title I, §101(f) [title VIII, §805(b)], Sept. 30, 1996, 110 Stat. 3009-314, 3009-392.)

HISTORICAL AND REVISION NOTES
1982 ACT

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3512(a)	31:66a(a).	Sept. 12, 1950, ch. 946, §§112(c), 113(a), 64 Stat. 835; Reorg. Plan No. 2 of 1970, eff. July 1, 1970, §102(a), 84 Stat. 2085.
3512(b)	31:66a(c).	Sept. 12, 1950, ch. 946, 64 Stat. 832, §113(c); added Aug. 1, 1956, ch. 814, §2(b), 70 Stat. 782.
3512(c)	31:66(b)(less Treasury Department).	Sept. 12, 1950, ch. 946, §§112(b)(less Treasury Department), 113(b), 64 Stat. 835, 836.
3512(d)	31:66a(b). 31:66(c).	

In subsection (a)(3), the words “funds, property, and other” are omitted as surplus.

In subsection (a)(4)(C), the word “President” is substituted for “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.

In subsection (a)(5), the words “the accounting of the Treasury Department in connection with” are omitted as surplus.

In subsection (b), the words “As soon as practicable after August 1, 1956” are omitted as executed. The words “with a view”, “adequate”, and “as an integral part of the system” are omitted as surplus.

In subsections (c) and (d), the words “Comptroller General” are substituted for “General Accounting Office” for consistency. The word “considers” is substituted for “deemed” as being more precise.

In subsection (c), the text of 31:66a(b) is omitted as unnecessary. In clause (1), the words “the head of” are added for consistency with the revised title and other titles of the United States Code. In clause (2), the words

“under section 3511 of this title” are substituted for “by him” in 31:66(b)(less Treasury Department) for clarity.

In subsection (d), the word “concerned” is omitted as surplus. 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 redesignated the Bureau of the Budget as the Office of Management and Budget and transferred all functions of the Bureau to the President.

1983 ACT

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3512(b)	31 App.:66a(d)(1).	Sept. 12, 1950, ch. 946, 64 Stat. 832, §113(d); added Sept. 8, 1982, Pub. L. 97-255, §2, 96 Stat. 814.
3512(c)(1) 3512(c)(2) (A).	31 App.:66a(d)(2). 31 App.:66a(d)(3), (4).	
3512(c)(2) (B).	31 App.:66a(b)(last sentence).	Sept. 12, 1950, ch. 946, 64 Stat. 832, §113(b)(last sentence); added Sept. 8, 1982, Pub. L. 97-255, §4, 96 Stat. 815.
3512(c)(3)	31 App.:66a(d)(5).	

In subsections (b)(1) and (c)(1)(A), the words “the requirements of” are omitted as surplus.

In subsection (b)(1), before clause (A), the words “the head of” are added for consistency in the revised title and with other titles of the United States Code. The word “provide” is omitted as surplus. In clause (B), the word “all” is substituted for “funds, property, and other” to eliminate unnecessary words.

In subsection (c)(1)(A), the words “the head of each executive agency shall follow” are substituted for “agencies” for clarity and consistency in the revised title and with other titles of the Code.

In subsection (c)(2), before clause (A), the words “beginning in” are substituted for “succeeding” because of the restatement. The words “on whether the systems of the agency comply with subsection (b) of this section” are substituted for 31 App.:66a(d)(3)(A) to eliminate unnecessary words. In clause (B), the word “related” is omitted as surplus.

In subsection (c)(3)(A), the words “provision of” are omitted as surplus.

REFERENCES IN TEXT

The Federal Managers’ Financial Integrity Act of 1982, referred to in subsec. (a)(2)(D), is Pub. L. 97-255, Sept. 8, 1982, 96 Stat. 814, which added subsec. (d) to section 66a of former Title 31, Money and Finance. Section 66a of former Title 31 was repealed by Pub. L. 97-258, §5(b), Sept. 13, 1982, 96 Stat. 1068, and reenacted by the first section thereof as this section. Provisions relating to reports on internal accounting and administrative control systems are restated in subsec. (d)(2) and (3) of this section.

The Federal Financial Management Improvement Act of 1996, referred to in subsec. (a)(2)(E), is Pub. L. 104-208, div. A, title I, §101(f) [title VIII], Sept. 30, 1996, 110 Stat. 3009-314, 3009-389, which is set out as a note under this section. Section 3(a) of the act probably means section 803(a) of the act, which contains requirements relating to financial management systems.

The date of the enactment of this subsection, referred to in subsec. (a)(4)(A), is the date of enactment of Pub. L. 101-576, which added subsec. (a) and was approved Nov. 15, 1990.

AMENDMENTS

1996—Subsec. (a)(2)(E), (F). Pub. L. 104-208 added subpar. (E) and redesignated former subpar. (E) as (F).

1994—Subsec. (c)(1). Pub. L. 103-272, §4(f)(1)(J)(i), substituted “subsection (b)(3)” for “subsection (a)(3)” in introductory provisions.

Subsec. (d)(1), (2). Pub. L. 103-272, §4(f)(1)(J)(ii), substituted “subsection (c)” for “subsection (b)” wherever appearing.

1990—Pub. L. 101-576 substituted “and other financial management reports and plans” for “systems” in section catchline, added subsec. (a), and redesignated former subsecs. (a) to (f) as (b) to (g), respectively.

1983—Subsecs. (b), (c). Pub. L. 97-452 added subsecs. (b) and (c). Former subsecs. (b) and (c) were redesignated (d) and (e), respectively.

Subsecs. (d) to (f). Pub. L. 97-452 redesignated former subsecs. (b) to (d) as (d) to (f), respectively.

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Operations of House of Representatives treated as referring to Committee on Government Reform and Oversight of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress. Committee on Government Reform and Oversight of House of Representatives changed to Committee on Government Reform of House of Representatives by House Resolution No. 5, One Hundred Sixth Congress, Jan. 6, 1999. Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

SHORT TITLE

This section is popularly known as the “Federal Managers Financial Integrity Act”.

TERMINATION OF REPORTING REQUIREMENTS

For termination, effective May 15, 2000, of provisions of law requiring submittal to Congress of any annual, semiannual, or other regular periodic report listed in House Document No. 103-7 (in which the requirement to submit statements and reports to Congress under subsection (d)(3) of this section is listed on page 151), see section 3003 of Pub. L. 104-66, and section 1(a)(4) [div. A, §1402(1)] of Pub. L. 106-554, set out as notes under section 1113 of this title.

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT

Pub. L. 104-208, div. A, title I, §101(f) [title VIII], Sept. 30, 1996, 110 Stat. 3009-314, 3009-389, provided that:

“SEC. 801. SHORT TITLE[.]

“This title may be cited as the ‘Federal Financial Management Improvement Act of 1996.’

“SEC. 802. FINDINGS AND PURPOSES.

“(a) FINDINGS.—The Congress finds the following:

“(1) Much effort has been devoted to strengthening Federal internal accounting controls in the past. Although progress has been made in recent years, Federal accounting standards have not been uniformly implemented in financial management systems for agencies.

“(2) Federal financial management continues to be seriously deficient, and Federal financial management and fiscal practices have failed to—

“(A) identify costs fully;

“(B) reflect the total liabilities of congressional actions; and

“(C) accurately report the financial condition of the Federal Government.

“(3) Current Federal accounting practices do not accurately report financial results of the Federal Government or the full costs of programs and activities. The continued use of these practices undermines the Government’s ability to provide credible and reliable financial data and encourages already widespread Government waste, and will not assist in achieving a balanced budget.

“(4) Waste and inefficiency in the Federal Government undermine the confidence of the American peo-

ple in the government and reduce the federal Government’s ability to address vital public needs adequately.

“(5) To rebuild the accountability and credibility of the Federal Government, and restore public confidence in the Federal Government, agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

“(6) Since its establishment in October 1990, the Federal Accounting Standards Advisory Board (hereinafter referred to as the ‘FASAB’) has made substantial progress toward developing and recommending a comprehensive set of accounting concepts and standards for the Federal Government. When the accounting concepts and standards developed by FASAB are incorporated into Federal financial management systems, agencies will be able to provide cost and financial information that will assist the Congress and financial managers to evaluate the cost and performance of Federal programs and activities, and will therefore provide important information that has been lacking, but is needed for improved decision making by financial managers and the Congress.

“(7) The development of financial management systems with the capacity to support these standards and concepts will, over the long term, improve Federal financial management.

“(b) PURPOSE[.]—The purposes of this Act [title] are to—

“(1) provide for consistency of accounting by an agency from one fiscal year to the next, and uniform accounting standards throughout the Federal Government;

“(2) require Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management, so that programs and activities can be considered based on their full costs and merits;

“(3) increase the accountability and credibility of federal [sic] financial management;

“(4) improve performance, productivity and efficiency of Federal Government financial management;

“(5) establish financial management systems to support controlling the cost of Federal Government;

“(6) build upon and complement the Chief Financial Officers Act of 1990 (Public Law 101-576; 104 Stat 2838) [see Short Title of 1990 Amendment note set out under section 501 of this title], the Government Performance and Results Act of 1993 (Public Law 103-62; 107 Stat. 285) [see Short Title of 1993 Amendment note set out under section 1101 of this title] and the Government Management Reform Act of 1994 (Public Law 103-356; 108 Stat. 3410) [see Short Title of 1994 Amendment note set out under section 3301 of this title]; and

“(7) increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities.

“SEC. 803. IMPLEMENTATION OF FEDERAL FINANCIAL MANAGEMENT IMPROVEMENTS.

“(a) IN GENERAL.—Each agency shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

“(b) AUDIT COMPLIANCE FINDING.—

“(1) IN GENERAL.—Each audit required by section 3521(e) of title 31, United States Code, shall report whether the agency financial management systems comply with the requirements of subsection (a).

“(2) CONTENT OF REPORTS.—When the person performing the audit required by section 3521(e) of title 31, United States Code, reports that the agency financial management systems do not comply with the requirements of subsection (a), the person performing the audit shall include in the report on the audit—

“(A) the entity or organization responsible for the financial management systems that have been found not to comply with the requirements of subsection (a);

“(B) all facts pertaining to the failure to comply with the requirements of subsection (a), including—

“(i) the nature and extent of the noncompliance including areas in which there is substantial but not full compliance;

“(ii) the primary reason or cause of the non-compliance;

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

“(iv) any relevant comments from any responsible officer or employee; and

“(C) a statement with respect to the recommended remedial actions and the time frames to implement such actions.

“(c) COMPLIANCE IMPLEMENTATION.—

“(1) DETERMINATION.—No later than the date described under paragraph (2), the Head of an agency shall determine whether the financial management systems of the agency comply with the requirements of subsection (a). Such determination shall be based on—

“(A) a review of the report on the applicable agency-wide audited financial statement;

“(B) any other information the Head of the agency considers relevant and appropriate.

“(2) DATE OF DETERMINATION.—The determination under paragraph (1) shall be made no later than 120 days after the earlier of—

“(A) the date of the receipt of an agency-wide audited financial statement; or

“(B) the last day of the fiscal year following the year covered by such statement.

“(3) REMEDIATION PLAN.—

“(A) If the Head of an agency determines that the agency’s financial management systems do not comply with the requirements of subsection (a), the head of the agency, in consultation with the Director, shall establish a remediation plan that shall include resources, remedies, and intermediate target dates necessary to bring the agency’s financial management systems into substantial compliance.

“(B) If the determination of the head of the agency differs from the audit compliance findings required in subsection (b), the Director shall review such determinations and provide a report on the findings to the appropriate committees of the Congress.

“(4) TIME PERIOD FOR COMPLIANCE.—A remediation plan shall bring the agency’s financial management systems into substantial compliance no later than 3 years after the date a determination is made under paragraph (1), unless the agency, with concurrence of the Director—

“(A) determines that the agency’s financial management systems cannot comply with the requirements of subsection (a) within 3 years;

“(B) specifies the most feasible date for bringing the agency’s financial management systems into 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 5(a) of the Inspector General Act of 1978 (5 U.S.C. App.) 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, 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

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

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

(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.)

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-289, §2(a)(1), substituted "(1) Except as provided in subsection (e), not later" for "Not later", "2003" for "1997", and "each covered executive agency" for "each executive agency identified in section 901(b) of this title".

Subsec. (b). Pub. L. 107-289, §2(a)(2), substituted "a covered executive agency" for "an executive agency" in introductory provisions.

Subsecs. (c), (d). Pub. L. 107-289, §2(a)(3), substituted "covered executive agencies" for "executive agencies".

Subsecs. (e), (f). Pub. L. 107-289, §2(a)(4), added subsecs. (e) and (f).

2000—Subsec. (a). Pub. L. 106-531, §4(a)(1), inserted "Congress and the" before "Director".

Subsecs. (e) to (h). Pub. L. 106-531, §4(a)(2), struck out subsecs. (e) to (h) which read as follows:

"(e) The Director of the Office of Management and Budget may waive the application of all or part of subsection (a) for financial statements required for fiscal years 1996 and 1997.

"(f) Not later than March 1 of 1995 and 1996, the head of each executive agency identified in section 901(b) of this title and designated by the Director of the Office of Management and Budget shall prepare and submit to 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.

"(g) Not later than March 31 of 1995 and 1996, for executive agencies not designated by the Director of the Office of Management and Budget under subsection (f), the head of each executive agency identified in section 901(b) of this title shall prepare and submit to the Director of the Office of Management and Budget a financial statement for the preceding fiscal year, covering—

"(1) each revolving fund and trust fund of the agency; and

"(2) to the extent practicable, the accounts of each office, bureau, and activity of the agency which performed substantial commercial functions during the preceding fiscal year.

"(h) For purposes of subsection (g), the term 'commercial functions' includes buying and leasing of real estate, providing insurance, making loans and loan guarantees, and other credit programs and any activity involving the provision of a service or thing for which a fee, royalty, rent, or other charge is imposed by an agency for services and things of value it provides."

1994—Pub. L. 103-356 amended section generally, revising and restating as subsecs. (a) to (h) provisions of former subsecs. (a) to (e) which required agency preparation and submission of annual financial statements, provided for form and contents of such statements, and defined term "commercial functions" for purposes of section.

CHANGE OF NAME

Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

EFFECTIVE DATE; WAIVER OF REQUIREMENT; RESOLUTION APPROVING DESIGNATION OF AGENCIES

Section 303(a)(2), (3), (b) of Pub. L. 101-576 provided that section 3515(e) of this title, as added by section 303(a)(1) of Pub. L. 101-576, would take effect on date on which a resolution was passed by Congress and approved by the President, provided that Director of Office of Management and Budget could, for fiscal year 1991, waive application of section 3515(a) of this title with respect to any revolving fund, trust fund, or account of an executive agency, and described and specified procedures for passage of the resolution.

WAIVER AUTHORITY

Pub. L. 107-289, §2(b), Nov. 7, 2002, 116 Stat. 2050, provided that:

"(1) IN GENERAL.—The Director of the Office of Management and Budget may waive the application of all or part of section 3515(a) of title 31, United States Code, as amended by this section, for financial statements required for the first 2 fiscal years beginning after the date of the enactment of this Act [Nov. 7, 2002] for an agency described in paragraph (2) of this subsection.

"(2) AGENCIES DESCRIBED.—An agency referred to in paragraph (1) is any covered executive agency (as that term is defined by section 3515(f) of title 31, United States Code, as amended by subsection (a) of this section) that is not an executive agency identified in section 901(b) of title 31, United States Code."

REPORT ON SUBSTANTIAL COMMERCIAL FUNCTIONS

Section 303(c) of Pub. L. 101-576 directed Director of Office of Management and Budget, not later than 180

days after Nov. 15, 1990, to determine and report to Congress on which executive agencies or parts thereof perform substantial commercial functions for which financial statements can be prepared practicably under 31 U.S.C. 3515.

PILOT PROJECT FOR PREPARATION AND AUDIT OF FINANCIAL STATEMENTS; REPORT TO CONGRESS

Section 303(d), (e) of Pub. L. 101-576 directed specific departments, administrations, and services by Mar. 31 of 1991, 1992, and 1993 to prepare and submit to Director of Office of Management and Budget financial statements for the preceding fiscal year for the accounts of all of the offices, bureaus, and activities, required each financial statement to be audited in accordance with 31 U.S.C. section 3521(e), (f), (g), and (h), and directed Director of Office of Management and Budget, not later than June 30, 1993, to report to Congress on the financial statements including an analysis of the accuracy of the data, the difficulties encountered in preparing the data, the benefits derived from preparation of the financial statements, and the cost associated with preparing and auditing the financial statements.

§ 3516. Reports consolidation

(a)(1) With the concurrence of the Director of the Office of Management and Budget, the head of an executive agency may adjust the frequency and due dates of, and consolidate into an annual report to the President, the Director of the Office of Management and Budget, and Congress any statutorily required reports described in paragraph (2). Such a consolidated report shall be submitted to the President, the Director of the Office of Management and Budget, and to appropriate committees and subcommittees of Congress not later than 150 days after the end of the agency's fiscal year.

(2) The following reports may be consolidated into the report referred to in paragraph (1):

(A) Any report by an agency to Congress, the Office of Management and Budget, or the President under section 1116, this chapter, and chapters 9, 33, 37, 75, and 91.

(B) The following agency-specific reports:

(i) The biennial financial management improvement plan by the Secretary of Defense under section 2222¹ of title 10.

(ii) The annual report of the Attorney General under section 522 of title 28.

(C) Any other statutorily required report pertaining to an agency's financial or performance management if the head of the agency—

(i) determines that inclusion of that report will enhance the usefulness of the reported information to decision makers; and

(ii) consults in advance of inclusion of that report with the Committee on Governmental Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and any other committee of Congress having jurisdiction with respect to the report proposed for inclusion.

(b) A report under subsection (a) that incorporates the agency's program performance report under section 1116 shall be referred to as a performance and accountability report.

(c) A report under subsection (a) that does not incorporate the agency's program performance report under section 1116 shall contain a sum-

mary of the most significant portions of the agency's program performance report, including the agency's success in achieving key performance goals for the applicable year.

(d) A report under subsection (a) shall include a statement prepared by the agency's inspector general that summarizes what the inspector general considers to be the most serious management and performance challenges facing the agency and briefly assesses the agency's progress in addressing those challenges. The inspector general shall provide such statement to the agency head at least 30 days before the due date of the report under subsection (a). The agency head may comment on the inspector general's statement, but may not modify the statement.

(e) A report under subsection (a) shall include a transmittal letter from the agency head containing, in addition to any other content, an assessment by the agency head of the completeness and reliability of the performance and financial data used in the report. The assessment shall describe any material inadequacies in the completeness and reliability of the data, and the actions the agency can take and is taking to resolve such inadequacies.

(f) The Secretary of Homeland Security—

(1) shall for each fiscal year submit a performance and accountability report under subsection (a) that incorporates the program performance report under section 1116 of this title for the Department of Homeland Security;

(2) shall include in each performance and accountability report an audit opinion of the Department's internal controls over its financial reporting; and

(3) shall design and implement Department-wide management controls that—

(A) reflect the most recent homeland security strategy developed pursuant to section 874(b)(2) of the Homeland Security Act of 2002; and

(B) permit assessment, by the Congress and by managers within the Department, of the Department's performance in executing such strategy.

(Added Pub. L. 106-531, §3(a), Nov. 22, 2000, 114 Stat. 2537; amended Pub. L. 108-330, §4(a), Oct. 16, 2004, 118 Stat. 1277.)

REFERENCES IN TEXT

Section 2222 of title 10, referred to in subsec. (a)(2)(B)(i), was repealed by Pub. L. 107-314, div. A, title X, §1004(h)(1), Dec. 2, 2002, 116 Stat. 2631.

Section 874(b)(2) of the Homeland Security Act of 2002, referred to in subsec. (f)(3)(A), is classified to section 454(b)(2) of Title 6, Domestic Security.

AMENDMENTS

2004—Subsec. (f). Pub. L. 108-330 added subsec. (f).

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

¹ See References in Text note below.

AUDIT OPINION AND INTERNAL CONTROLS BY SECRETARY OF HOMELAND SECURITY

Pub. L. 108-330, §4(b), (c), Oct. 16, 2004, 118 Stat. 1277, provided that:

“(b) IMPLEMENTATION OF AUDIT OPINION REQUIREMENT.—The Secretary of Homeland Security shall include audit opinions in performance and accountability reports under section 3516(f) of title 31, United States Code, as amended by subsection (a), only for fiscal years after fiscal year 2005.

“(c) ASSERTION OF INTERNAL CONTROLS.—The Secretary of Homeland Security shall include in the performance and accountability report for fiscal year 2005 submitted by the Secretary under section 3516(f) of title 31, United States Code, an assertion of the internal controls that apply to financial reporting by the Department of Homeland Security.”

FINDINGS AND PURPOSES

Pub. L. 106-531, §2, Nov. 22, 2000, 114 Stat. 2537, provided that:

“(a) FINDINGS.—Congress finds that—

“(1) existing law imposes numerous financial and performance management reporting requirements on agencies;

“(2) these separate requirements can cause duplication of effort on the part of agencies and result in uncoordinated reports containing information in a form that is not completely useful to Congress; and

“(3) pilot projects conducted by agencies under the direction of the Office of Management and Budget demonstrate that single consolidated reports providing an analysis of verifiable financial and performance management information produce more useful reports with greater efficiency.

“(b) PURPOSES.—The purposes of this Act [see Short Title of 2000 Amendment note set out under section 3501 of this title] are—

“(1) to authorize and encourage the consolidation of financial and performance management reports;

“(2) to provide financial and performance management information in a more meaningful and useful format for Congress, the President, and the public;

“(3) to improve the quality of agency financial and performance management information; and

“(4) to enhance coordination and efficiency on the part of agencies in reporting financial and performance management information.”

SPECIAL RULE FOR FISCAL YEARS 2000 AND 2001

Pub. L. 106-531, §3(b), Nov. 22, 2000, 114 Stat. 2538, provided that: “Notwithstanding paragraph (1) of section 3516(a) of title 31, United States Code (as added by subsection (a) of this section), the head of an executive agency may submit a consolidated report under such paragraph not later than 180 days after the end of that agency’s fiscal year, with respect to fiscal years 2000 and 2001.”

SUBCHAPTER III—AUDITING AND
SETTLING ACCOUNTS

§ 3521. Audits by agencies

(a) Each account of an agency shall be audited administratively before being submitted to the Comptroller General. The head of each agency shall prescribe regulations for conducting the audit and designate a place at which the audit is to be conducted. However, a disbursing official of an executive agency may not administratively audit vouchers for which the official is responsible. With the consent of the Comptroller General, the head of the agency may waive any part of an audit.

(b) The head of an agency may prescribe a statistical sampling procedure to audit vouchers of

the agency when the head of the agency decides economies will result from using the procedure. The Comptroller General—

(1) may prescribe the maximum amount of a voucher that may be audited under this subsection; and

(2) in reviewing the accounting system of the agency, shall evaluate the adequacy and effectiveness of the procedure.

(c) A disbursing or certifying official acting in good faith under subsection (b) of this section is not liable for a payment or certification of a voucher not audited specifically because of the procedure prescribed under subsection (b) if the official and the head of the agency carry out diligently collection action the Comptroller General prescribes.

(d) Subsections (b) and (c) of this section do not—

(1) affect the liability, or authorize the relief, of a payee, beneficiary, or recipient of an illegal, improper, or incorrect payment; or

(2) relieve a disbursing or certifying official, the head of an agency, or the Comptroller General of responsibility in carrying out collection action against a payee, beneficiary, or recipient.

(e) Each financial statement prepared under section 3515 by an agency shall be audited in accordance with applicable generally accepted government auditing standards—

(1) in the case of an agency having an Inspector General appointed under the Inspector General Act of 1978 (5 U.S.C. App.), by the Inspector General or by an independent external auditor, as determined by the Inspector General of the agency; and

(2) in any other case, by an independent external auditor, as determined by the head of the agency.

(f) For each audited financial statement required under subsection (a) of section 3515 of this title, the person who audits the statement for purpose of subsection (e) of this section shall submit a report on the audit to the head of the agency and the Controller of the Office of Federal Financial Management. A report under this subsection shall be prepared in accordance with generally accepted government auditing standards.

(g) The Comptroller General of the United States—

(1) may review any audit of a financial statement conducted under this subsection by an Inspector General or an external auditor;

(2) shall report to the Congress, the Director of the Office of Management and Budget, and the head of the agency which prepared the statement, regarding the results of the review and make any recommendation the Comptroller General considers appropriate; and

(3) may audit a financial statement prepared under section 3515 of this title at the discretion of the Comptroller General or at the request of a committee of the Congress.

An audit the Comptroller General performs under this subsection shall be in lieu of the audit otherwise required by subsection (e) of this section. Prior to performing such audit, the