

ACCOUNTING PRINCIPLES AND STANDARDS HANDBOOK

CHAPTER 1. INTRODUCTION

Section 1.0 Purpose

The Accounting Principles and Standards Handbook, hereafter referred to as the Handbook, sets forth the accounting principles and standards to be followed in the Department of Commerce in the design and operations of an accounting system(s). Additionally, this Handbook provides specific accounting and related principles and standards against which financial management and accounting system(s) can be evaluated and improved.

Section 2.0 Authority

The Handbook is issued in handbook form pursuant to [Departmental Administrative Order 200-0, Commerce Department Administrative Order 200-0, Department of Commerce Handbooks and Manuals](#) dated December 24, 1996. The principles and standards are also prescribed to assure compliance with the following documents:

- a. The Budget and Accounting Act of 1921, as amended (P.L. 67-13)(31 U.S.C. Sec. 701, et seq.);
- b. [The Budget and Accounting Procedures Act of 1950](#), as amended (31 U.S.C. Sec. 3501, et seq.);
- c. [The Federal Managers' Financial Integrity Act of 1982](#) (P.L. 97-255);
- d. [The Chief Financial Officers Act of 1990](#) (P.L. 101-576 (31 U.S.C. Sec. 501 et seq.));
- e. [The Government Performance and Results Act of 1993](#) (P.L. 103-62);
- f. [The Government Management Reform Act of 1994](#) (P.L. 103-356);
- g. [The Federal Financial Management Improvement Act of 1996](#) (FFMIA) (P.L. 104-208, Div A, Title I, sec. 101(f), [Title VIII, sec. 801 et seq.](31 U.S.C. Sec. 3512 note);
- h. The Government Accountability Office (GAO) [Accounting Principles, Standards, and Requirements](#) Title 2 Standards not superseded by FASAB Issuances;

- i. Office of Management and Budget (OMB) Circulars [A-123, "Management Accountability and Control - Revised \(12/24/04\)."](#) [A-127, "Financial Management Systems;"](#) and [A-136 "Financial Reporting Requirements - Revised \(06/10/09\)."](#)
- j. Financial Accounting Standards Advisory Board (FASAB) ["Statements of Federal Financial Accounting Concepts and Standards."](#)

Although the above statutes and central agency accounting principles and standards and other requirements provide the "foundation" for the Department's Handbook, additional Departmental guidance is provided wherever necessary to ensure that established financial objectives and responsibilities are met by the various accounting and finance organizations within the Department.

Section 3.0 Responsibilities

.01 Chief Financial Officer and Assistant Secretary for Administration

The Chief Financial Officer (CFO) and Assistant Secretary for Administration oversee all matters relating to financial management and accounting for the Department, and advise the Secretary of Commerce on these matters. The CFO's primary responsibilities relating to accounting principles and standards include, but are not limited to the following:

- a. Developing and maintaining an integrated Departmental accounting and financial management system, including systems for financial reporting and internal controls which--
 1. Complies with the following:
 - Applicable accounting principles, standards, and requirements, and internal control standards;
 - Such policies and requirements as may be prescribed by the Director of the Office of Management and Budget; and
 - Any other requirements applicable to such systems;
 2. Provides for the following:
 - Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;
 - The development and reporting of cost information;
 - The integration of accounting and budgeting information; and
 - The systematic measurement of performance.

- b. Making recommendations to the Secretary regarding the selection of the Deputy Chief Financial Officer of the Department;
- c. Directing, managing, and providing policy guidance and oversight of agency financial management personnel, activities, and operations, including the following:
 1. The preparation and annual revision of the Department's 5-year financial management plan;
 2. The development of the Department's financial management budget;
 3. The recruitment, selection, and training of personnel to carry out the Department's financial management functions;
 4. The approval and management of the Department's financial management systems design or enhancement projects;
 5. The implementation of the Department's asset management systems, including systems for cash management, credit management, debt collection, and property and inventory management and control;
 6. Preparing and transmitting an annual report to the Secretary and the Office of Management and Budget Director, which shall include the following items:
 - Description and analysis of the status of financial management of the Department;
 - Annual financial statements;
 - Audit reports;
 - A report that indicates the Department's compliance with [FFMIA](#);
 - A summary of the reports on internal accounting and administrative control systems submitted to the President and the Congress in accordance with the [Federal Managers' Financial Integrity Act of 1982](#);
 - Other information the Secretary considers appropriate to fully inform the President and the Congress concerning the financial management of the Department; and
 - A financial performance review of each of the Department's bureaus.

7. Monitoring the financial execution of the budget of the Department in relation to actual expenditures, and preparing and submitting to the Secretary timely performance reports; and
8. Reviewing, on a biennial basis, the fees, royalties, rents, and other charges imposed by the Department for services and things of value it provides, and making recommendations on revising those charges to reflect costs incurred by the Department in providing those services and things of value. For specific responsibilities of the CFO, refer to the [Chief Financial Officers Act of 1990](#).

.02 Deputy Chief Financial Officer

The Deputy Chief Financial Officer (DCFO) and Director for Financial Management is responsible for maintaining and updating this Handbook. The DCFO is also responsible for the interpretation of policy, standards, principles, and procedures contained in this Handbook. Requests for exemption to the Department's accounting principles and standards may become necessary because of unusual or special circumstances. The bureau finance officer shall submit the request through the DCFO to the Chief Financial Officer/Assistant Secretary for Administration for approval.

.03 Revisions

When necessary, revisions of the accounting principles and standards will be issued to perform the following:

- a. Implement new or revised financial management requirements established by the Congress, the Office of Management and Budget, the Government Accountability Office, the Federal Accounting Standards Advisory Board, or the Department of the Treasury.
- b. Comply with new mission or functional requirements which may become the responsibility of the Department, or which may come within the scope of accounting operations.
- c. Promote the use of innovative technologies and procedures.
- d. Provide further guidance on the operational improvement or design of financial management and accounting system(s) within the Department.

Section 4.0 Bureau Evaluations of Material or Significant Possible or Actual Unusual Accounting Transactions

Bureaus are required to evaluate material or significant possible or actual unusual accounting transactions (e.g. a possible or actual accrued receivable/revenue or accrued payable/expense or asset, a possible, anticipated, or actual transfer, a possible,

anticipated, or actual budgetary resource or reduction of budgetary resources, a possible or actual contingency), regardless of whether the item has been apportioned or not apportioned on the SF 132, *Apportionment and Reapportionment Schedule*, and research if a) a proprietary accounting transaction(s) should be recorded; b) a budgetary accounting transaction should be recorded; and c) if yes to either a) or b), the appropriate accounting transactions that should be recorded and when (month/year) the accounting transactions should be recorded.

For these material or significant possible or actual unusual accounting transactions, the bureau's evaluation is required to include consultation with a) the bureau's CFO or equivalent, of both the underlying bureau and that bureau's accounting service provider, if applicable, or his or her designee(s); and b) the Department's Office of Financial Management. As appropriate, consultations should also include c) other bureau or Departmental offices; d) the U.S. Department of the Treasury, the Office of Management and Budget, and/or the Federal Accounting Standards Advisory Board; e) any other federal agencies; and f) any other relevant or applicable sources.