



Statewide Accounting Policy & Procedure

Accounting Manual Reference:

Section: General Guidelines
Sub-section: Accounting Manual Introduction
Policy Title: Management Responsibilities

Effective Date: 06/30/2009**Revision Date:** 07/01/2022**Index:**

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Accounting Policy Summary:

The purpose of this policy is to clarify responsibilities relating to accounting records and related financial reports.

Accounting Policy and Requirements:

The management of each State organization is ultimately responsible for the accuracy and completeness of its accounting and financial records and reports, including ensuring compliance with applicable laws and regulations. The State Accounting Office (SAO) provides fiscal leadership for Georgia by supporting and assisting these state organizations in their compliance with state and federal financial reporting requirements and generally accepted accounting principles (GAAP). The following other state organizations work closely with the SAO to assure that the financial reporting obligations of the State of Georgia are handled properly:

- The Office of Planning and Budget (OPB)
- The Department of Audits and Accounts (DOAA)

A summary of the accounting and reporting responsibilities of state organizations is provided below.

State Accounting Office

The SAO has the legal authority to define statewide accounting and reporting practices. Issuing and maintaining the Accounting Policy Manual and supplementary guidance¹, are activities that support the following specific duties of the SAO:

- Prescribe statewide accounting policies, procedures, and practices.
- Prepare the state's financial statements and other reports in accordance with legal requirements and generally accepted accounting principles.
- Determine the proper classification for accounting and reporting activity and prescribe a uniform classification of accounts and other accounting identifiers for use by all state organizations.

¹ For further details on this, please refer to the SAO Accounting Policy – *State of Georgia Accounting Policy Structure*.

In addition to defining statewide accounting guidance, the SAO is responsible for preparing the following Statewide annual reports:

- Annual Comprehensive Financial Report (ACFR)
- Budgetary Compliance Report (BCR)
- Georgia Revenue and Reserves Report (GRRR)
- Single Audit Report (SAR), with the Georgia Department of Audits and Accounts

State organizations

As noted earlier, the management of each state organization is responsible for the accuracy and completeness of its accounting and financial records and reports. To fulfill this responsibility, state organizations have the following statutory obligations to the state accounting officer:

- Comply with the rules, regulations, policies, procedures, and forms established by the state accounting officer.
- Submit statements, reports, and information needed by the state accounting officer to complete their duties, within the specified time frames.
- Only create and maintain accounting systems or subsidiary accounting systems that have been approved by the state accounting officer.

Management of each individual state organization is also responsible for ensuring compliance with applicable laws and regulations. For further details on this, please refer to the SAO Accounting Policy – *Laws and Regulations*.

Additionally, organizations are obligated to produce books, records, accounts, vouchers, warrants, bills, and other papers for examination and audit whenever demanded by the state auditor (OCGA 50-6-7).

Office of Planning and Budget

The statutory duties of the OPB include developing and implementing a program budgeting system and developing financial policies and plans as the basis for the Governor's budget recommendations to the General Assembly (OCGA 45-12-73). In fulfilling these duties, OPB operates a budgetary system (currently the Planning and Budget Cloud Services (PBCS) application). PBCS is used to administer the state's annual operating budget, including state, federal, and other funds. The PBCS system also supports the allotment process whereby funds held by the state treasury are made available to organizations to spend as appropriated. A nightly extract from PBCS populates the accounting system operated by the State Accounting Office.

Department of Audits and Accounts

The statutory duties of the DOAA include auditing all state institutions (OCGA 50-6-3). Also, the state auditor may conduct special examinations and audits which are, without limitation, financial audits (including financial related audits and financial statement audits), compliance audits, performance audits, and vulnerability assessments or reviews (OCGA 50-6-4). The DOAA provides decision-makers with information to promote improvements in accountability and stewardship in state and local government. On an annual basis the DOAA performs an audit of the ACFR and works with the SAO in preparing and auditing the Single Audit Report.

General Accounting Procedures:

The following procedures are used by organizations in the State of Georgia reporting entity to meet the requirements for statutory and GAAP reporting purposes.

Financial accountability requires that accounting records be maintained uniformly. To support that objective, the SAO also operates and maintains a statewide accounting system that is available for use by all state organizations. Not all state organizations use the statewide system, but the accounting policies and procedures established by the SAO apply both to users of that system and to all other state organizations included in the State of Georgia reporting entity.

SAO maintains a Common Chart of Accounts for users of the statewide accounting system and also maintains a Consolidated Trial Balance that defines the level of accounting classification that is required of all state organizations for annual reporting purposes, regardless of the accounting system used.

Authority:

- Official Code of Georgia Annotated (OCGA) 50-5B-3 – Duties of the state accounting officer include:
 - Prescribing state-wide accounting policies, procedures, and practices;
 - Prescribing the manner in which disbursements shall be made by state government organizations;
 - Developing processes and systems to improve accountability and enhance efficiency for disbursement of funds and management of accounts payable;
 - Determining the proper classification for accounting and reporting purposes of all assets, liabilities, revenues, expenditures, fund balances, funds, and accounts in compliance with legal requirements and generally accepted accounting principles and prescribe a uniform classification of accounts and other accounting identifiers which shall be used by all state organizations.
- OCGA 50-5B-4(b) – Duties of the state agencies with respect to SAO.
 - All organizations of state government and all officers, agents, and employees thereof shall conform to and comply with the rules, regulations, policies, procedures, and forms devised, promulgated, and installed by the state accounting officer.
- OCGA 45-12-73 – Powers and duties generally.
- OCGA 50-6-3 – Department to audit all state institutions; other auditing agencies not authorized.
- OCGA 50-6-4 – Special examinations, audits, and vulnerability assessments.
- OCGA 50-6-7 – State officials to produce books, records, and other papers to the state auditor for examination.

Applicability:

This accounting policy applies to all Organizations included in the State of Georgia reporting entity. The term 'organization of state government' shall mean, without limitation, any agency, authority, department, institution, board, bureau, commission, committee, office, or instrumentality of the State of Georgia. Such term shall not include any entity of local government, including, but not limited to, a county, municipality, consolidated government, board of education, or local authority, or an instrumentality of any such entity. At these reporting organizations, all personnel with accounting and financial reporting responsibilities should be knowledgeable of this policy. Refer to the *Management Responsibilities* policy for a summary of general financial reporting responsibilities.