Government Accounting

• Purpose
  – Process Data and execute transactions
  – Track Expenditure of Appropriated Funds
  – Provide Management Information
**Government Accounting**

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Government Accounting

• Structure
  – Data Processing - Centrally controlled DoD system managed by DFAS
  – Tracking Expenditure of Appropriated Funds – Decentralized
  – Management Information – Ad Hoc primarily related to funds tracking
Government Accounting

• Governing Regulatory Requirements
  – Commercial Industry
    • Financial Standards Accounting Board (GAAP)
    • Internal Revenue Service - Tax Accounting
    • DoD - Cost Accounting Standards
  – Government Accounting
    • Appropriation Law and Regulation
DoD Directive 5000.1b

g. Management Control

…. “In implementing internal management control systems, managers shall focus on results, not process”
Government Accounting

• Intent EVM Accounting Criteria:
  – Record costs consistent with established budgets
  – Insure control of indirect costs
  – Insure disciplined accumulation of cost
  – Insure proper material accounting and performance application
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Issues:

1. Is the capability of the Government accounting system compatible with EVM Accounting criteria?

2. What specific accounting functions are necessary to provide management data?

3. How can Government facilities acquire the necessary accounting capability?

4. Who should be responsible for acquiring accounting capability?

5. Identify applicable accounting initiatives currently under way
Government Accounting

Summary of Issues:

1. Is the capability of the Government accounting system compatible with EVM Accounting criteria?
   Yes, this team believed that Government accounting systems are compatible with meeting EVM criteria.

2. What specific accounting functions are necessary to provide management data?
   A cost charging system that collects by budget element
   Historical data storage system that can be accessed for periodic reporting
Government Accounting

Summary of Issues:

3 How can Government facilities acquire the necessary accounting capability?
   - By working with the applicable personnel within a facility this capability can be developed, or
   - Off-line systems can be developed as a last resort

4 Who should be responsible for acquiring accounting capability?
   Facility managers, comptrollers, information systems, and program managers must work together to develop this capability