



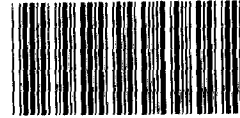
COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-115308

February 14, 1979

The Honorable Bob Bergland
The Secretary of Agriculture



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Dear Mr. Secretary:

It is my pleasure to approve the Statement of Accounting Policies, Principles and Standards for the central accounting system of the Department of Agriculture. The Statement, submitted formally by the Assistant Secretary for Administration on January 11, 1979, is adequate and, except as noted in the following paragraph, is in conformity with our prescribed accounting principles and standards for Federal agencies.

The departmental accounting policies, principles and standards provide that real property (buildings, structures and facilities) shall be capitalized when the property has an estimated fair market value of \$1,000 or more. Our prescribed accounting principles and standards for Federal agencies do not provide for capitalization minimums in excess of \$300. However, we consider the \$1,000 criteria to be a permissible deviation since it will be applied solely to real property. The Department's minimum dollar criteria for application to personal property is within our prescribed minimum.

The Office of Management and Budget (OMB) has not yet approved the Department's revised administrative control of funds regulations. These regulations provide guidelines for use by the Department's constituent agencies in the development of their own administrative control of funds regulations. Although we found the fund control principles prescribed in Section III of the Department's Statement acceptable, we consider it necessary to examine the individual agencies' fund control regulations as part of our design evaluation of the fund control aspects for the central accounting system. Any change to the Department's administrative control of funds requirements which may be made based on OMB's review should be brought to our attention.

Statements of accounting principles and standards were previously approved for agencies of the Department whose accounting will now be performed in whole or in part by the centralized accounting system. Five agencies will continue to perform accounting for their program operations with the central accounting system performing accounting for their administrative funds. This approval will supersede all previously approved statements of accounting principles and standards for agencies

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of the Department except for the statements for the program fund operations of the Agricultural Stabilization and Conservation Service approved in February 1977, of the Farmers Home Administration and the Rural Electrification Administration approved in September 1977, and the centralized payroll system approved in September 1967. The Food and Nutrition Service plans to submit a statement of accounting principles and standards for its program fund operations this fiscal year, as does the Forest Service for its timber sales program.

To maintain an approved status, any planned changes to the Statement of Accounting Policies, Principles and Standards should be discussed with our representatives and, if deemed significant, submitted formally for approval.

Our representatives will continue to cooperate with representatives of the Department in developing the accounting system design. Please express our appreciation to Mr. Malcolm Ledet of the Department's National Finance Center staff for his cooperation during our evaluation.

Sincerely yours,

(SIGNED) ELMER B. STAATS

Comptroller General
of the United States