This directive establishes policy, responsibilities, and procedures for the Office of Comptroller Operations (Comptroller Operations) and outlines its functions and managerial responsibilities within the Office of the Budget. This amendment includes changes resulting from the Office of the Budget’s Finance Transformation Project. Marginal dots are excluded due to major changes.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for Comptroller Operations and outline its functions and managerial responsibilities within the Office of the Budget.

2. **SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as “agencies”) under the Governor’s jurisdiction. Agencies not under the Governor’s jurisdiction are encouraged to use this directive for reference when conducting business with Comptroller Operations.

3. **OBJECTIVES.**

   a. To outline the primary functions and responsibilities of Comptroller Operations in carrying out Section 214 (71 P.S. §74), Section 611 (71 P.S. §231) and Section 701(d) (71 P.S. §241) of The Administrative Code of 1929.

   b. To assist the Secretary of the Budget in the development, implementation, maintenance, review, and monitoring of uniform accounting, auditing, financial management, and financial reporting policies, procedures, and systems, consistent with commonwealth budgetary accounting and reporting requirements, generally accepted accounting principles (GAAP), and generally accepted government auditing standards.
c. To provide agencies with exemplary financial services through innovative, accurate, and timely processing and reporting.

d. To promote accountability, transparency, and effective use of taxpayer resources, consistent with all state and federal laws, regulations, policies, procedures, and best business practices.

4. DEFINITIONS.

a. **Cash Management Improvement Act of 1990 (CMIA 90).** Federal legislation designed to improve the transfer of federal funds between the federal government and states.

b. **Comprehensive Annual Financial Report (CAFR).** A presentation of the commonwealth’s financial position, results of operations, and changes in net assets/fund balances for a fiscal year, including disclosures that enable the Governor, members of the General Assembly, the public, and the financial community to understand the commonwealth’s operations and financial affairs. The CAFR is comprised of three sections: the introductory section, the financial section (including the basic financial statements, prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board), and the statistical section.

c. **Deputy Secretary for Comptroller Operations.** The Office of the Budget, Office of Comptroller Operations, Chief Accounting Officer.

d. **Office of Management & Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).** The federal policy that establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and federally recognized Indian tribal governments.

e. **Office of Management & Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133).** The federal policy that establishes standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards.

f. **Schedule of Expenditures of Federal Awards (SEFA).** A listing of federal program expenditures for the period covered by the financial statements.

g. **Single Audit Report.** A formal written document disclosing the results of the state-level single audit process. This report is a culmination of the auditor's efforts and describes the scope, efforts, and results of the state-level single audit and makes recommendations, when applicable, to correct noted deficiencies.

h. **State-Level Single Audit.** A financial audit, as defined in Government Auditing Standards, of the commonwealth’s organizations, programs, activities, functions and federal awards under the provisions of OMB Circular A-133.
i. Treasury Department. The Pennsylvania Treasury Department.

5. POLICY.

a. Pursuant to Section 214 of The Administrative Code of 1929 (71 P.S. § 74), the Governor has delegated to the Secretary of the Budget the authority to regulate, supervise, and control Comptroller Operations employees under the Governor’s jurisdiction. The bureaus that comprise Comptroller Operations are listed on the Governor’s Office of the Budget organization chart.

b. Pursuant to Section 611 of the Administrative Code of 1929 (71 P.S. § 231), the Secretary of the Budget has the authority to initiate and conduct evaluations of the effectiveness and efficiency of programs supported by an agency and to direct, coordinate, assist, or advise any agency in the conduct of evaluations of its programs or of programs which it supports.

c. Pursuant to Section 701(d) of The Administrative Code of 1929 (71 P.S. § 241), the Governor has delegated to the Secretary of the Budget the authority to prescribe and require the installation of a uniform system or systems of accounting and reporting. Such authority delegated to the Secretary of the Budget is exercised through the Deputy Secretary for Comptroller Operations.

6. RESPONSIBILITIES. The Office of the Budget, Office of Comptroller Operations shall:

a. Provide information to the Secretary of the Budget relating to activities within the purview of Comptroller Operations that will assist the Secretary in assessing the financial status, business processes, system utilization, and overall performance of the commonwealth and its agencies.

b. Negotiate the CMIA 90 agreement, as the authorized official for Pennsylvania, with the United States Department of the Treasury, Financial Management Service.

c. Consult agencies under the Governor’s jurisdiction and provide advisory services and technical assistance on matters relating to agency accounting requirements, financial management, and financial reporting policies, procedures, and systems.

d. Function as the business process owner responsible for evaluating, planning, and coordinating implementation of changes to the commonwealth’s financial accounting and reporting system and legacy Information Technology (IT) systems that provide financial information through interface files to the accounting and reporting system.

e. Perform review and approval of agency invoices against purchase orders, funds commitments, and direct expenditures in accordance with the Fiscal Code (72 P.S. § 1501).
f. Operate and maintain the commonwealth’s Payable Services Center for customer and vendor registrations, payment inquiries, and Internal Revenue Service (IRS) information return questions.

g. Function as the commonwealth payroll system business process owner and coordinate the payroll processing activities of the Central Payroll System to ensure accurate and timely payments, including payments for benefit, tax, and deduction items, in accordance with contractual obligations, IRS regulations, and applicable laws.

h. Function as the business process owner for travel planning and reimbursement, ensure the travel system meets business requirements and operates efficiently, and consult agencies and the Treasury Department on matters related to travel reimbursement.

i. Coordinate the preparation of the commonwealth CAFR and other financial reports reflecting assets, liabilities, reserves, fund balances, revenues and receipts, appropriations, commitments, expenditures, and other financial obligations of the commonwealth and its component units. Prepare analyses of the commonwealth financial position and results of operations for agencies and outside entities receiving commonwealth funds, as warranted or as required by the Governor, agency heads, or other authorities.

j. Oversee all accounting and reporting functions for commonwealth and federal funds administered by agencies under the Governor’s jurisdiction, including federal fund drawdown activity in accordance with CMIA 90.

k. Monitor appropriations to ensure commitments and spending do not exceed the Governor’s established budget.

l. Supervise the timely review, processing, and recording of financial transactions affecting budgetary, operating, and proprietary accounts and their subsidiary ledgers.

m. Perform review and approval of agency contracts, purchase orders, and grant agreements to ensure conformance to commonwealth directives and agency regulations, policies, and procedures.

n. Develop, coordinate, and prepare the statewide cost allocation plan in accordance with the principles of OMB Circular A-87.

o. Coordinate the production of the commonwealth SEFA and the subrecipient report.

p. Assist agencies in the development and implementation of procedures to improve cash management. Ensure cash management practices meet criteria for effective collection, investment, deposit, and disbursement of cash and comply with the requirements of CMIA 90.
q. Perform, at the direction of the Deputy Secretary for Comptroller Operations and through coordination with agency internal audit staffs and the commonwealth's audit committee, where applicable, risk-based, requested, and mandated audits and attestation engagements of agency programs, activities, and operations.

r. Coordinate the audit process for the commonwealth basic financial statements and state-level single audit and manage the related corrective action and finding resolution processes.

s. Research, analyze, and review audit subject matter (pronouncements, policies, standards, principles, procedures, methods, problem areas) and formulate and issue formal interpretations thereof.

t. Coordinate the implementation of audit policies, standards, principles, procedures, and methods promulgated by governmental and private professional audit organizations.

u. Provide technical assistance on the auditing and reporting related to federal awards to state agencies, subgrantees, public accountants, and governmental auditors.

v. In accordance with Management Directive 325.10, Review of Auditor General, Treasury, and Legislative Budget and Finance Committee, and Other Audit Reports, act as the liaison between the Department of the Auditor General, Treasury Department, Legislative Budget and Finance Committee, or other auditors and agencies relative to the audit report review, evaluation, response, and follow-up process. Evaluate the adequacy of agency responses to audit findings and recommendations. Monitor the implementation of major audit recommendations and report the status of implementation to the Deputy Secretary for Comptroller Operations, as appropriate.

w. Conduct quality control reviews of payments made through internal and external accounting and IT systems to ensure the accuracy and propriety of payments. Propose, monitor, and test the implementation of quality control review recommendations and report the status of implementation to the Deputy Secretary for Comptroller Operations, as appropriate.

x. Develop, review, and coordinate the issuance of payables, accounting, auditing, financial management, and financial reporting policies and procedures affecting agencies under the Governor’s jurisdiction. Coordinate with other agencies, when applicable, on the issuance of administrative, personnel, payroll, travel, and procurement policies and procedures.

y. Develop and periodically review accounting and financial records retention and disposition schedules in consultation with the PA Office of Administration and ensure accounting and financial records are retained and disposed of in accordance with such schedules.
z. Communicate to employees, agencies, and key business partners any information regarding payable, accounting, auditing, financial management, and financial reporting policies and procedures; accounting system enhancements; and business process issues.

aa. Design, plan, schedule, and deliver training on financial and auditing processes, functions, and activities (including compliance with the Single Audit Compliance Supplement and grant program guidelines) for Office of the Budget and other agency budgetary, financial, travel, and audit staff.

bb. Serve, as needed, as a nonvoting member of agency request for proposal (RFP) evaluation committees.

c. Serve, as needed, as a nonvoting member of agency request for proposal (RFP) evaluation committees.

c. Lead or serve on commonwealth-wide project committees designed to identify process improvements and new business requirements by collaborating with key business partners and agencies on projects, initiatives, and system changes affecting business process or the commonwealth’s financial position.

dd. Perform ongoing quality assurance activities including process monitoring, performance measurement, and ensuring compliance with applicable laws, regulations, federal mandates, policies, and procedures.

7. PROCEDURES. Additional details of the responsibilities of Comptroller Operations are available on the Office of Comptroller Operations Web site. Procedure manuals for executing business processes relative to these responsibilities are also available to authorized users. Certain manuals are also available on the OA Records and Directives Web site.

This directive replaces, in its entirety, Management Directive 305.3, dated March 19, 1997.