

## **Federal Financial Management Improvement Act of 1996 Reporting**

The Federal Financial Management Improvement Act of 1996 (FFMIA) states: "Each audit ... shall report whether the agency financial management systems ... comply substantially with ... [the three requirements]."

To meet the Act's requirement to provide an affirmative statement as to whether the entity's financial management systems substantially comply with the Act's three requirements, GAO's approach will be to provide an opinion. GAO will use the following wording in the introduction to the financial statement audit report when it is reporting that the financial management systems were in substantial compliance with the three requirements of FFMIA:

- "[entity's] financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA), and"

When reporting that the entity's financial management systems were in substantial compliance with the three requirements of FFMIA, GAO will use the following language in the body of the financial statement audit report:

### Systems' Compliance With FFMIA Requirements

[Entity's] financial management systems, as of [end of fiscal year], substantially complied with the following requirements of FFMIA: (1) federal financial management systems requirements, (2) federal accounting standards, and (3) the *U.S. Government Standard General Ledger* (SGL) at the transaction level. Our opinion is based on criteria established under FFMIA, OMB Circular A-127, *Financial Management Systems* (which includes the Joint Financial Management Improvement Program's series of system requirements documents), generally accepted accounting principles, and the SGL.

GAO is working with the Office of Management and Budget (OMB) on this issue and FFMIA implementation generally, which may result in revision to OMB Bulletin No. 01-02 and additional guidance in the FAM.