**Summary of Comments and DWD-DET's Responses | Policy Effective Date: March 1, 2022**

* 1. **Standards of Financial Management System**

1. Comment

Accounting System: These references accounting system, while 2 CFR 200 references financial management system, as does the heading of this draft policy. I would recommend changing all of the language that says, “accounting system” to “financial management system” An accounting system is part of a financial management system, while a financial management system is not necessarily an accounting system. Accounting system is such specific language, and in particular, is not defined in 2 CFR 200, but I believe most people would think of the general ledger operating program as the accounting system. Many entities have multiple components to their financial management system, including a payroll / HR system, the general ledger program, and other reporting programs to compile all the data required under the policy and regulations. The reason that this matter is that there are a number of accounting systems that do not track obligations, grant numbers, names of agencies, or other items that are required to be tracked in the financial management system, but when the accounting system is part of a financial management system, there can be other means of tracking those items that are required to be included.

**Response:** DWD-DET agrees with this comment and has changed "Accounting System" to "Financial System" where applicable.

1. Comment

Accounting System: If the “accounting system” language is not changed to be “financial management system”, it would be prudent to add a sentence to the accounting system paragraph that specifically notes that some of the detail transactions can be traced back to other programs. For example, payroll is recorded by grant in the accounting system, but to trace it back to the detail, it needs to be traced to the payroll system. The language in this section is silent whether the detail needs to reside in the accounting system, so to prevent incorrect interpretations during monitoring, the following sentence should be added:  “The accounting system does not need to contain all of the detailed transaction data, it is acceptable to be traced to subsidiary systems”. This should follow the second sentence in the Accounting System bullet point. This is only necessary if the Accounting System language is not changed to Financial Management System.

**Response:** DWD-DET has changed all reference to "Accounting System" to "Financial System."

1. Comment

Accounting System: The following is too specific to governmental accounting: “Accounting systems must meet and follow the current Generally Accepted Accounting Principles (GAAP) as provided by the National Council on Government Accounting and demonstrate compliant with legal and contractual requirements.” This should be changed to “Accounting systems must meet and follow the current Generally Accepted Accounting Principles (GAAP) and demonstrate compliance with legal and contractual requirements”. The reason for this change is two-fold: The National Council on Government Accounting hasn’t existed since 1984. It was rolled into the Governmental Accounting Standards Board (GASB) as of that year. Also, this draft policy is for all entities administering WIOA funds, of which a significant number are non-profits, and are not required to follow GASB or National Council on Government Accounting rules. Non-profits are required to follow GAAP as promulgated by the Financial Accounting Standards Board (FASB), or in some cases, by the International Accounting Standards Board. GAAP is a technical term, and this draft policy doesn’t need to drill down to where it originates.

**Response:** DWD-DET agrees with this comment and changed the following sentence “Accounting systems must meet and follow the current Generally Accepted Accounting Principles (GAAP) as provided by the National Council on Government Accounting and demonstrate compliant with legal and contractual requirements" to “Accounting systems must meet and follow the current Generally Accepted Accounting Principles (GAAP) and demonstrate compliance with legal and contractual requirements”.