

# FINANCIAL MANAGEMENT FOR GEORGIA LOCAL UNITS OF ADMINISTRATION

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Sound financial management in the public sector is critical to the success of tax-supported institutions. State and Federal agencies, state legislative bodies, creditors, school patrons and taxpayers look to local boards of education and their administrators to provide full disclosure of financial activities, presentation of results of operations in understandable terms, accountability for use of resources and compliance with generally accepted accounting principles (GAAP) that govern financial management in both the public and private sectors. Financial Management for Georgia Local Units of Administration, is an accounting manual which had its genesis in the Financial Accounting Handbook for Local School Systems. The former manual, written during the decades when financial management in local units of administration was emerging from a pen and ink method, and in some cases, single entry method, to double entry, computer-based systems, was inadequate for today's financial management environment. During this same period the issue of accounting standards began to focus on governmental entities. The need for an authoritative, comprehensive accounting manual based on GAAP was magnified by the increasing use of computers in the financial management of local units of administration. In 1985, the Georgia General Assembly unanimously enacted the Quality Basic Education Act (QBE), which became effective July 1, 1986. The QBE law added a program dimension to the fund, function and object structure of the state chart of accounts. In recognition of the need to improve financial management at the local level, the General Assembly mandated the development and implementation of a statewide uniform computer-based budget and accounting system which complies with GAAP. The imposition of financial management standards by the authoritative bodies of the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants is intended to bring local governments up to the same level of accountability and full disclosure that are contained in the financial statements of private sector entities.