



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

AUG 23 2010

COMPTROLLER

(Program/Budget)

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
BUDGET, OFFICE OF THE ASSISTANT SECRETARY
OF THE ARMY (FINANCIAL MANAGEMENT AND
COMPTROLLER)

DIRECTOR, OFFICE OF BUDGET/FISCAL
MANAGEMENT, OFFICE OF THE ASSISTANT
SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY (BUDGET), OFFICE
OF THE ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY (HEALTH BUDGETS
AND FINANCIAL POLICY), OFFICE OF THE
ASSISTANT SECRETARY OF DEFENSE (HEALTH
AFFAIRS)
CHIEF OF STAFF, OFFICE OF THE INSPECTOR GENERAL
OF THE DEPARTMENT OF DEFENSE
COMPTROLLER, UNITED STATES SPECIAL
OPERATIONS COMMAND
COMPTROLLER, UNITED STATES TRANSPORTATION
COMMAND
COMPTROLLERS OF THE DEFENSE AGENCIES
COMPTROLLERS OF THE DOD FIELD ACTIVITIES

SUBJECT: Guidance on the Implementation of the Enterprise Funds Distribution (EFD)
System

The Office of the Under Secretary of Defense (Comptroller) (OUSDC) will use the newly developed Enterprise Funds Distribution (EFD) system beginning in fiscal year (FY) 2011. Components will benefit from the EFD system's enhanced features as they engage with OUSDC in the funds distribution and funds control process. Details regarding roles and responsibilities are in the attachment.

The EFD system will replace some OUSDC stovepiped systems. The goal of the EFD system is to provide visibility, auditability, and traceability of appropriated funds distributed within DoD and to interface with Components' funds distribution systems. The EFD system will distribute and manage budget authority for Defense-wide Military

Departments and appropriations using a web-based application. Specifically, the capabilities of the EFD system include: distributing budget authority to the Components, managing rescissions and continuing resolutions, and reprogramming/transferring budget authority as needed to support changes in funding priorities throughout the year.

The EFD system will also provide advanced tracking of congressional authorization and appropriation committee action; improved financial control; The EFD system is a one source data entry that will be days faster than the current production of Funding Authorization Documents (FADs), Defense Document (DD) 1414 and DD 1416 reports (Base for Reprogramming Actions and Report of Programs, respectively); and a better managed DD 1415 Reprogramming Action process. The system will produce Department- wide reports in OUSD(C) approved standard formats that will be sent to congressional oversight committees.

Components are encouraged to verify that the EFD system accurately reflects FY 2011 congressional actions; to provide appropriate information to establish the base for reprogramming; to distribute congressional undistributed reductions; and to participate in the creation and validation of EFD DD 1414 and 1416 reports and DD 1415 reprogramming actions.

Please contact Mr. John Graveen, Director, Program and Financial Control, at 703-693-1322 with questions on policy and procedures. Within one week of the date on this memorandum, please provide your organization's budget point of contact (POC) to Mr. Deacon Hoen, Program Manager, Business Transformation Agency. Mr. Hoen is also the POC for EFD technical information on data exchanges or system capabilities and can be reached at 703-602-8818.



John P. Roth
Deputy Comptroller

Attachments:

As stated

cc:

Deputy Chief Financial Officer

GUIDANCE FOR ENTERPRISE FUNDS DISTRIBUTION IMPLEMENTATION

The following guidance describes the process and outlines the duties and responsibilities associated with the Enterprise Funds Distribution (EFD) system implementation.

1. Congressional Action and Enactment

The Office of the Under Secretary of Defense (Comptroller) (OUSDC) will use the EFD system to track congressional action at the budget line item (BLI) level. Once an enactment occurs, the FY 2011 DoD Appropriations Act reflected in the EFD system will be the basis for the distribution of funding authorization documents (FADs) and the creation of DD 1414 (Base for Reprogramming Actions); DD 1415 (Reprogramming Actions); and DD 1416 (Report of Program) documents. Beginning with FY 2011 programs, the EFD system will become the authoritative source for program value at the BLI for the entire life-cycle of the program.

2. Post Enactment Pre-FAD Activities

The BLIs added during the appropriations process will be included in the EFD system. The OUSDC Program/Budget (P/B) Program and Financial Control (P&FC) will ensure that all BLIs are in the proper budget structure. The OUSDC and Component appropriation managers will assist P&FC with any budget structure issues. For example, regarding congressional additions to the President's Budget, managers will need to identify the correct budget activity for a particular appropriation along with period of availability, line item code, and title.

3. General Provision Reductions/Additions Procedures

The OUSDC P/B will identify enacted general provision reductions/additions and prepare a schedule that assigns general provision reductions/add amounts by appropriation. These amounts will be communicated to the Components' appropriations managers. The P&FC staff will assign a Master Account Code (MAC) to each general provision for tracking and reporting purposes.

The Components' appropriations managers will distribute general provision reductions/additions at the BLI level and will ensure that they are accurately reflected in the EFD system. Distributions may occur directly in the EFD system, or Military Departments can send distributions electronically to EFD.

The OUSD(C) Defense-Wide appropriations managers will distribute general provision reductions/additions at the Defense Agency and BLI level. Defense Agency analysts will work with OUSD(C) Defense-Wide appropriations managers in the agency's distribution.

4. Other Undistributed Reductions/Additions

Appropriations managers will distribute other undistributed reductions/additions at the BLI level and will ensure they are reflected accurately in the EFD system. These distributions can occur directly in the EFD system, or the Military Departments can send distributions electronically.

5. Apportionment Documents

Apportionment requests will not originate in EFD. Current OMB apportionment processes will continue to be followed. Military Departments and Defense-Wide appropriation managers will continue to generate SF-132 requests in the OMB MAX Apportionment System. The MAX-validated requests will be submitted to P&FC at OUSDC.Apportionments@osd.mil for processing. Once approved by OMB, the P&FC staff will upload apportionments into the EFD system. No funds will be released (distributed) in the EFD system until apportionment documents are signed/approved by OMB. The P&FC staff will enter apportioned amounts into the EFD system. Approved apportionments will be attached and can be downloaded in PDF format.

6. Funding Authorization Documents (FADS)

The EFD system has a standardized OUSD(C) funding authorization document format for all appropriations. This new FAD format will replace all previous funding documents (i.e., Obligation Authority (OA) letters, DD 440 documents, DD 460 documents, and the Annual Operating Budget (AOB) for Working Capital Funds appropriated funding). Once the FAD is signed by OUSD(C) leadership, it will be available electronically and available in paper copy.

7. DD 1414 Base for Reprogramming Actions and DD 1416 Report of Programs

The EFD system has an automatic DD Form 1414 (Base for Reprogramming Actions) and DD Form 1416 (Report of Programs) report generator that produces these reports in a standardized format across all appropriations. This report generator automatically produces these reports for OUSD(C) staff with the approved nomenclature, formatting, and funding controls. Components are required to use the EFD system's 1414/1416 report generator to produce their reports. Written requests from senior leadership are required for an exception to this requirement.

8. 1415 Reprogramming

The EFD system has the capability to generate automatic DD Form 1415 (Prior Approval Reprogramming Action). The DD 1415 report generator will produce all reprogramming requests in a standardized format for each appropriation excluding Base Realignment and Closure Accounts. This report generator automatically produces reprogramming requests with the approved nomenclature, formatting, and funding controls.

9. Military Construction Prior Approval Reprogramming Actions

The EFD system will generate Military Construction and Family Housing Construction prior approval reprogrammings in the format prescribed by Volume 3, Chapter 7 of the DoD Financial Management Regulation (Reprogramming of Military Construction and Family Housing Appropriated Funds). Components must use the EFD system's 1415 report generator to produce reprogramming action requests. Written requests from senior leadership are required for an exception to this requirement.

10. Below Threshold Reprogramming (BTR) Actions

The EFD system will obtain BTR data from the Components electronically. Army and Defense-wide data will come from the Program Budget Allocation System (PBAS), Navy data from the Program Budget Information System (PBIS), and Air Force data from Air Force Funds Management (AFM). Military Departments will work with the EFD program office to facilitate smooth electronic exchanges.