

5.D WAVE 4 – PROPRIETARY STATEMENTS

5.D.1 BALANCE SHEET

The Department of Defense (Department or DoD), with its many reporting entities preparing stand-alone financial statements, has a complex reporting structure. Its reporting entities vary significantly from a financial statement perspective (e.g., the Military Departments are few in number but material to the Department, versus the other Defense Agencies, which are large in number but less material than the Military Departments). Therefore, it is not effective or efficient to perform financial statement audits on all stand-alone financial statements. To address the complexity of the Department’s reporting structure, OUSD(C) has developed a DoD-wide audit strategy, which re-aligns the reporting entities into the categories defined below. Following the category definitions, **Figures 5-4 and 5-5** present all financially material reporting entities, and identify specific areas of the reporting entity that are material to the Department’s consolidated financial statements.

- OMB Designated Entity Audits** – includes the Military Departments (WCF and GF), Military Retirement Fund, and the U.S. Army Corps of Engineers Civil Works Program (in accordance with the requirements of OMB Bulletin 15-02, as amended). These reporting entities must perform all audit readiness efforts in accordance with the Financial Improvement and Audit Readiness (FIAR) Methodology and will undergo annual financial statement audits on their stand-alone financial statements.
- DoD Designated Audits** – includes DeCA, DFAS-WCF, DISA, DLA, Defense Health, U.S. TRANSCOM and U.S. SOCOM. These reporting entities must perform all audit readiness efforts in accordance with the FIAR Methodology, and will undergo annual stand-alone financial statement audits.
- DoD Designated Examinations** – includes Washington Headquarters Service, MDA, Other TI-97 Funds - Army, DSCA, DoDEA, DARPA, CBDP, DTRA, DCMA and JCS. These reporting entities will undergo annual examinations or other independent validations of their financial statement balances.
- Non-Material Entities** – includes other defense agencies, organizations and funds not material to the DoD consolidated financial statements. These entities must perform audit readiness efforts to improve their internal controls and they will be included in the DoD’s consolidated financial statement audit. A complete list of these entities is included in Appendix F.

Reporting Entities	Intragovernmental					Non-Federal							
	FBwT	Investments	A/R	Other Assets	Cash & Other Monetary Assets	A/R	Loans Receivable	Inventory & Related Property	Real Property	General Equipment	IUS	Investments	Other Assets
OMB Designated Audit													
Army GF	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓
Air Force GF	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓
Navy GF	✓		✓	✓	✓	✓		✓	✓	✓			✓
Marine Corp GF	✓		✓		✓	✓		✓	✓	✓			
Navy WCF	✓		✓		✓	✓		✓	✓	✓	✓		✓
Air Force WCF	✓		✓	✓				✓	✓	✓	✓		✓
Army WCF	✓		✓		✓	✓		✓	✓	✓	✓		✓
Marine Corp WCF						✓		✓					
Military Retirement Fund		✓				✓							
USACE - Civil Works Program	✓	✓	✓			✓			✓	✓	✓		

✓ = Material to DoD Consolidated FY 2015 Balance Sheet

Reporting Entities	Intragovernmental				Non-Federal								
	FBwT	Investments	A/R	Other Assets	Cash & Other Monetary Assets	A/R	Loans Receivable	Inventory & Related Property	Real Property	General Equipment	IUS	Investments	Other Assets
DoD Designated Audit													
DLA WCF	✓		✓	✓		✓		✓	✓		✓		
DLA GF	✓		✓						✓		✓		
DLA Strategic Materials								✓					
DHA - Contract Resource Mgmt	✓		✓			✓							
DHA - SMA/Army	✓		✓			✓			✓				
DHA - SMA/Navy	✓					✓			✓				
DHA - SMA/Air Force	✓		✓			✓							
DHA - Comptroller FOD	✓										✓		
DHA - SMA/NCR	✓		✓										
DoD Component Level Accounts	✓			✓	✓	✓			✓		✓		
MERHCF		✓				✓							
U.S. Special Operations Command	✓								✓	✓			✓
DISA WCF			✓							✓	✓		
DISA GF	✓		✓								✓		
TRANSCOM - Air Mobility Command			✓			✓			✓		✓		
TRANSCOM - Military SDDC			✓								✓		
TRANSCOM - Military Sealift Command			✓								✓		
TRANSCOM - Command Staff											✓		
DeCA WCF					✓	✓		✓					
DeCA GF					✓				✓		✓		
DFAS WCF			✓			✓					✓		
DoD Designated Examination													
WHS - Office of the SecDef	✓								✓				
WHS - Washington Headquarters Services	✓		✓										
WHS - Pnt Res Mtn Rev Fund and PFPA			✓						✓				
WHS - Building Maintenance Fund			✓										
Missile Defense Agency	✓							✓	✓	✓			✓
Defense Security Cooperation Agency	✓												
DoD Education Activity	✓								✓				
Other TI-97 Funds - Army	✓		✓		✓				✓			✓	
DARPA	✓												
Chemical Biological Defense Program	✓		✓										
Defense Threat Reduction Agency	✓												
Defense Contract Mgmt Agency			✓										
Joint Staff (includes NDU)	✓		✓								✓		
DoD Non-material Reporting Entities													
Burden Sharing/Foreign Allies, Defense	✓												
Other TI-97 Funds - Air Force	✓											✓	
Defense Acquisition University	✓												
Defense Technical Information Center			✓										
Defense Human Resources Activity	✓		✓								✓		
Support/US Relo to Guam Acts., Defense	✓												
Other TI-97 Funds - Navy	✓											✓	
Office of Economic Adjustment	✓												
Defense Security Service											✓		
Military Housing Privatization Initiative			✓				✓						
DoD Education Benefits Fund		✓											
Component Level Adjustments	✓												

✓ = Material to DoD Consolidated FY 2015 Balance Sheet

Figure 5-4. Reporting Entities Material to Each Balance Sheet Line Item (Assets)

Note: A policy change regarding the reporting of real property within the Department was issued on September 30, 2015, which may significantly impact materiality for certain reporting entities reflected in the table.

Reporting Entities	Intragovernmental					Non-Federal			
	A/P	Other Liabilities	Military Retirement and Other Benefits	Loan Guarantee Liability	A/P	Debt	EL	Other Liabilities	
OMB Designated Audit									
Army GF	✓	✓			✓		✓	✓	
Air Force GF	✓	✓			✓		✓	✓	
Navy GF	✓	✓			✓		✓	✓	
Marine Corp GF	✓	✓			✓		✓	✓	
Navy WCF	✓	✓			✓			✓	
Air Force WCF	✓	✓			✓			✓	
Army WCF	✓	✓			✓			✓	
Marine Corp WCF	✓				✓				
Military Retirement Fund			✓						
USACE - Civil Works Program	✓	✓			✓		✓	✓	
DoD Designated Audit									
DLA WCF	✓	✓			✓		✓	✓	
DLA GF	✓				✓		✓		
DHA - Contract Resource Mgmt	✓		✓		✓				
DHA - SMA/Army	✓	✓	✓		✓			✓	
DHA - SMA/Navy	✓	✓	✓		✓			✓	
DHA - SMA/Air Force	✓	✓	✓						
DHA - Comptroller FOD	✓	✓						✓	
DHA - SMA/NCR					✓				
DoD Component Level Accounts	✓				✓			✓	
MERHCF	✓		✓		✓				
U.S. Special Operations Command	✓				✓			✓	
DISA WCF	✓				✓			✓	
DISA GF	✓				✓			✓	
TRANSCOM - Air Mobility Command	✓	✓			✓				
TRANSCOM - Military SDDC					✓				
TRANSCOM - Military Sealift Command					✓				
TRANSCOM - Command Staff	✓								
TRANSCOM - Component Level	✓								
DeCA WCF	✓	✓			✓			✓	
DeCA GF	✓								
DFAS WCF	✓	✓			✓			✓	
Defense Contract Audit Agency					✓			✓	
DoD Designated Examination									
WHS - Office of the SecDef					✓			✓	
WHS - Washington Headquarters Services	✓							✓	
WHS - Pnt Res Mln Rev Fund and PFFPA					✓			✓	
WHS - DoD Test Resource Mgmt Ctr					✓			✓	
Missile Defense Agency					✓			✓	
DoD Education Activity	✓	✓						✓	
Other TI-97 Funds - Army	✓				✓			✓	
DARPA					✓				
Chemical Biological Defense Program					✓				
Defense Threat Reduction Agency					✓				
Defense Contract Mgmt Agency		✓			✓			✓	
DoD Non-material Reporting Entities									
Other TI-97 Funds - Air Force					✓				
Defense Acquisition University					✓				
Defense Technical Information Center					✓				
Defense Human Resources Activity	✓								
Defense Security Service	✓				✓				
Military Housing Privatization Initiative		✓		✓		✓			

✓ = Material to DoD Consolidated FY 2015 Balance Sheet

Figure 5-5. Reporting Entities Material to Each Balance Sheet Line Item (Liabilities)