

### 5.D.1.1 FUND BALANCE WITH TREASURY

Fund Balance with Treasury is an asset account that reflects the available budget spending authority of a reporting entity. Collections and disbursements will, correspondingly, increase or decrease the balance in the account. For Fund Balance with Treasury, a reporting entity must be able to:

1. Reconcile its Fund Balance with Treasury account.
2. Assert the audit readiness of all disbursements and collections impacting the account balance.
3. Consistently fulfill its monthly reporting requirements to the Bureau of the Fiscal Service.

#### Standards and Guidance

Additional sources of guidance pertaining to financial management, accounting and record retention policies for Fund Balance with Treasury are contained in the following table.

Financial Management and Accounting Guidance	Record Retention Policies
<ul style="list-style-type: none"> <li>• SFFAS No. 1 <b>(and amendments)</b></li> <li>• Treasury Financial Manual (TFM)</li> <li>• DoD FMR: Volume 4, Chapter 2</li> <li>• DCFO Memorandum: <i>Accurate and Reliable DoD Component-level Financial Management Trial Balances</i></li> </ul>	<ul style="list-style-type: none"> <li>• National Archives and Records Administration (NARA) General Records Schedule 1.1</li> <li>• DoD FMR: Volume 1, Chapter 9</li> </ul>

#### Balance By Reporting Entity

The following reporting entities comprise the Fund Balance with Treasury line item.

Reporting Entities	FY 2015 Balance	% of Total
<b>OMB Designated Audit</b>		
Amy GF	\$ 113,051,239,622	24.2%
Air Force GF	105,151,531,912	22.5%
Navy GF	129,882,021,877	27.8%
Marine Corp GF	10,612,797,156	2.3%
Navy WCF	754,932,486	0.2%
Air Force WCF	1,417,240,383	0.3%
Army WCF	1,810,385,495	0.4%
Marine Corp WCF	124,636,245	0.0%
Military Retirement Fund	30,818,135	0.0%
USACE - Civil Works Program	15,649,768,964	3.3%
<b>Subtotal - OMB Design. Audit</b>	<b>\$ 378,485,372,274</b>	<b>81.0%</b>
<b>DoD Designated Audit</b>		
DHA - Contract Resource Mgmt	\$ 1,234,201,092	0.3%
DHA - Comptroller FOD	2,566,391,556	0.5%
DHA - USUHS	441,799,722	0.1%
DHA - SMA/Army	9,696,013,684	2.1%
DHA - SMA/Navy	2,671,744,220	0.6%
DHA - SMA/Air Force	2,381,776,366	0.5%
DHA - SMA/NCR	576,635,175	0.1%
MERHCF	100,088,837	0.0%
DLA WCF	3,296,583,109	0.7%
DLA GF	1,469,174,460	0.3%
DLA Strategic Materials	260,117,894	0.1%
DoD Component Level Accounts	14,070,416,537	3.0%
U.S. Special Operations Command	8,481,828,379	1.8%
DISA GF	1,340,073,147	0.3%
TRANSCOM - Air Mobility Command	361,043,240	0.1%
TRANSCOM - Military SDDC	194,017,416	0.0%
TRANSCOM - Military Sealift Command	361,733,349	0.1%
TRANSCOM - Command Staff	84,486,998	0.0%
TRANSCOM - Defense Courier Division	10,480,487	0.0%
DeCA WCF	413,504,068	0.1%

DeCA GF	425,903,857	0.1%
Defense Contract Audit Agency	85,449,575	0.0%
<b>Subtotal - DoD Design. Audit</b>	<b>\$ 50,523,463,166</b>	<b>10.8%</b>
<b>DoD Designated Exam</b>		
Washington Headquarters Services (WHS)	\$ 531,345,665	0.1%
WHS - Office of the SecDef	7,102,145,878	1.5%
WHS - Pnt Res Mtn Rev Fund & PFPA	261,549,387	0.1%
WHS - Building Maintenance Fund	62,535,895	0.0%
WHS - DoD Test Resource Mgmt Ctr	234,086,626	0.1%
WHS - Civilian Military Program	171,390,865	0.0%
WHS - U.S. Court of Appeals, A.F.	3,653,895	0.0%
WHS - Defense Legal Services Agency	136,559,635	0.0%
Missile Defense Agency	5,941,044,883	1.3%
Defense Security Cooperation Agency	2,679,552,567	0.6%
DoD Education Activity	3,526,843,071	0.8%
DARPA	2,943,302,749	0.6%
Other TI-97 Funds - Army	2,988,963,773	0.6%
Chemical Biological Defense Program	1,250,720,525	0.3%
Defense Contract Mgmt Agency	355,337,171	0.1%
Defense Threat Reduction Agency	1,288,621,791	0.3%
Joint Staff (includes NDU)	539,016,984	0.1%
<b>Subtotal - DoD Design. Exam</b>	<b>\$ 30,016,671,360</b>	<b>6.4%</b>
<b>DoD Non-material Reporting Entities</b>		
Other Reporting Entities	8,349,006,072	1.8%
<b>Total</b>	<b>\$ 467,374,512,872</b>	<b>100.0%</b>

Source: FY 2015 Reporting Entity DDRS-AFS Balance Sheets

**Line Item Audit Readiness Considerations**

The following table presents financial reporting risks, Outcomes Demonstrating Audit Readiness and KSDs specific to Fund Balance with Treasury. In order to assert audit readiness for this line item, reporting entities must demonstrate that effective controls are in place to achieve the Outcomes Demonstrating Audit Readiness relative to the risk associated with the assertion (as noted in the table). The suggested test procedures can be used to test key controls operating within the business processes affecting Fund Balance with Treasury, and assess the availability of KSDs that support the controls and amounts recorded.

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
FB.1	All Treasury accounts may not be reconciled timely (E) (Wave 2 – Fund Balance with Treasury, ROMM #2)	All Treasury accounts related to the Component are reconciled monthly within required timeline (Wave 2, FRO #72, #73, #74, and #75)	Documentation evidencing the operation of internal control activities for the period under audit. Examples include: <ul style="list-style-type: none"> <li>A supervisory review is performed monthly to verify monthly Treasury reconciliations were performed timely and signed/dated by the completer, supervisor evidences review by signing and dating reconciliation.</li> <li>All reconciling items are aged monthly to ensure all differences are resolved within 60 days.</li> </ul>
			Obtain a listing of all open Treasury Accounts (Active and Expired). Select a sample of current year monthly reconciliations between the SF 1329, SF 1219/1220 (appropriation level only; not available at TI-97 limit level), DCAS and the disbursing systems and determine whether: <ul style="list-style-type: none"> <li>The reconciliation is performed timely (i.e., month end) and accurately</li> <li>The reconciliation consisted of comparing USSGL account 1010 (for no-year, revolving, deposit, and trust fund accounts as</li> </ul>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
		<p>Supervisor randomly selects items cleared from the aging and reviews supporting documentation (and entry recorded in system) to verify reconciling items were appropriately resolved.</p> <p>Monthly FBWT Reconciliations</p> <p>General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account</p> <p>Supporting documentation for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments as described in the preceding sections</p> <p>Check Issue Discrepancy (FMS 5206)</p> <p>SF 1219/1220 (appropriation level only; not available at TI-97 limit level)</p> <p>FMS 6652</p>	<p>well as clearing and receipt accounts) and any related subaccounts with the Government Wide Account (GWA) statement</p> <ul style="list-style-type: none"> <li>The specific differences identified and reported on the FMS 6652 were researched (review of invoices, IPAC billings, deposit tickets, general ledger reports, etc.) and resolved through appropriate and accurate adjusting entries to the general ledger (SF 1219/1220 at appropriation level only; not available at TI-97 limit level), which are reviewed/approved by authorized personnel</li> <li>Documentation exists to support any adjustments made to the FBWT account (SF 1219/1220 at appropriation level only; not available at TI-97 limit level)</li> <li>The reconciliation is signed and dated by the preparer, reviewed by authorized personnel who then signs and dates the reconciliation as evidence of approval</li> </ul> <p>Select a sample of recorded disbursements and collections (unless covered by other assessable units such as Contract Pay, Vendor Pay, Requisitioning, RWO-Grantor, Military Pay, Civilian Pay and RWO-Acceptor) and determine whether:</p> <ul style="list-style-type: none"> <li>The recorded collections and disbursements are valid transactions that are supported by sufficient, accurate and relevant documentation</li> <li>The transactions were recorded timely and accurately</li> </ul>
FB.2	Reconciling items may not be resolved accurately or be valid (E) (Wave 2 – Fund Balance with Treasury, ROMM #1, #3 and #6)	Reconciling and budget clearing account items are appropriately resolved (adjustment recorded in General Ledger or reported to Treasury (SF 1219/1220 at appropriation level only;	<p>Documentation evidencing the operation of internal control activities for the period under audit. Examples include:</p> <ul style="list-style-type: none"> <li>A supervisory review is performed monthly to</li> </ul> <p>See Suggested Test Procedures for FB.1</p>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
	<p>not available at TI-97 level), at the correct amount (Treasury account and budget fiscal year) and valid (authorized/approved transactions supported by documentation that demonstrates how the individual transaction should have been recorded/reported) (Wave 2, FRO #75 and #76)</p>	<p>verify monthly Treasury reconciliations were performed timely and signed/dated by the completer, supervisor evidences review by signing and dating reconciliation.</p> <ul style="list-style-type: none"> <li>All reconciling items are aged monthly to ensure all differences are resolved within 60 days. Supervisor randomly selects items cleared from the aging and reviews supporting documentation (and entry recorded in system) to verify reconciling items were appropriately resolved.</li> </ul> <p>Monthly FBWT Reconciliations</p> <p>General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account</p> <p>Supporting documentation for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments as described in the preceding sections</p> <p>Check Issue Discrepancy (FMS 5206)</p> <p>SF 1219/1220 <i>(appropriation level only; not available at TI-97 limit level)</i></p> <p>FMS 6652</p>	
<p>FB.3</p>	<p>All disbursements and collections may not be reported timely (C) (Wave 2 – Fund Balance with Treasury, ROMM #4 and #5)</p>	<p>All disbursements and collections are reported to Treasury in the correct period and within Treasury deadline (Wave 2, FRO #73, #74, and #78)</p> <p>Monthly FBWT Reconciliations</p> <p>General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account</p> <p>Supporting documentation</p>	<p>See Suggested Test Procedures for FB.1</p>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
		<p>for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments as described in the preceding sections</p> <p>Check Issue Discrepancy (FMS 5206)</p> <p>SF 1219/1220 <i>(appropriation level only; not available at TI-97 limit level)</i></p> <p>FMS 6652</p>	
<p>FB.4</p>	<p>All reconciling items may not be identified timely (C) (Wave 2 – Fund Balance with Treasury, ROMM #4 and #5)</p>	<p>All reconciling differences and budget clearing account items are identified at the transaction level (specific disbursement or collection causing the difference) (Wave 2, FRO #75 and #76)</p>	<p>Documentation evidencing the operation of internal control activities for the period under audit. Examples include:</p> <ul style="list-style-type: none"> <li>• A supervisory review is performed monthly to verify monthly Treasury reconciliations were performed timely and signed/dated by the completer, supervisor evidences review by signing and dating reconciliation.</li> <li>• All reconciling items are aged monthly to ensure all differences are resolved within 60 days. Supervisor randomly selects items cleared from the aging and reviews supporting documentation (and entry recorded in system) to verify reconciling items were appropriately resolved.</li> </ul> <p>Monthly FBWT Reconciliations</p> <p>General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account</p> <p>Supporting documentation for individual transaction differences and adjustments between the agency and</p>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
		<p>Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments as described in the preceding sections</p> <p>Check Issue Discrepancy (FMS 5206)</p> <p>SF 1219/1220 <i>(appropriation level only; not available at TI-97 limit level)</i></p> <p>FMS 6652</p>	
<p>FB.5</p>	<p>Reconciliations, including general ledger and disbursing system data, may not be accurate (V) (Wave 2 – Fund Balance with Treasury, ROMM #6)</p>	<p>All Treasury reconciliations, including general ledger and disbursing system data, are accurate (using correct Treasury accounts, dollar amounts/accounting periods from GWA, General Ledger, and Disbursing) (Wave 2, FRO #75, #76, #78, and #79)</p>	<p>Documentation evidencing the operation of internal control activities for the period under audit. Examples include:</p> <ul style="list-style-type: none"> <li>• A supervisory review is performed monthly to verify monthly Treasury reconciliations were performed timely and signed/dated by the completer, supervisor evidences review by signing and dating reconciliation.</li> <li>• All reconciling items are aged monthly to ensure all differences are resolved within 60 days. Supervisor randomly selects items cleared from the aging and reviews supporting documentation (and entry recorded in system) to verify reconciling items were appropriately resolved.</li> </ul> <p>Monthly FBWT Reconciliations</p> <p>General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account</p> <p>Supporting documentation for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash</p>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
		disbursements, cash collections and adjustments as described in the preceding sections  Check Issue Discrepancy (FMS 5206)  SF 1219/1220 (appropriation level only; not available at TI-97 limit level)  FMS 6652	
FB.6	Other budgetary activity (e.g., rescissions) may not be recorded timely and accurately and may be invalid (E, C, V) (Wave 2 - SBR, ROMM #1, #2, #3, #4, #5, #6, #14, #15, #16, #17, #18, #19, #27, #28, #29, #32, #33, and #34)	All other budgetary activity affecting Fund Balance with Treasury is valid and reported accurately in the correct period (Wave 2, FRO #9, #10, #11, #12, #13, #14, #17, #18, #19, #20, #21, #45, #46, #47, #50, #51, #64, #65, #66, #67, #68, #69)	Monthly FBWT Reconciliations  General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account  Supporting documentation for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments as described in the preceding sections  Check Issue Discrepancy (FMS 5206)  SF 1219/1220 (appropriation level only; not available at TI-97 limit level)  FMS 6652
FB.7	Disbursements and collections may not be reported accurately, may not be valid, or may be improperly classified and summarized (E, C, V, R) (Wave 2 - SBR, ROMM #13, #26, and #42; Wave 2 - Fund Balance with Treasury, ROMM #1, #6, #10, and #11)	Disbursements and collections are accurately (correct amount, Treasury account, budget fiscal year) reported to Treasury and are valid (authorized/approved transactions supported by documentation, e.g., invoice and receiving report) (Wave 2, FRO #73, #74, #77, #78, #79, #82, and #83)	Monthly FBWT Reconciliations  General ledger and subsidiary ledgers identifying individual FBWT transactions within each Treasury account  Supporting documentation for individual transaction differences and adjustments between the agency and Treasury's records, including supporting documentation for cash disbursements, cash collections and adjustments

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Fund Balance with Treasury</b>			
		as described in the preceding sections  Check Issue Discrepancy (FMS 5206)  SF 1219/1220 <i>(appropriation level only; not available at TI-97 limit level)</i>  FMS 6652	
FB.8	IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)	All material systems achieve the relevant FISCAM IT general- and application-level general control objectives.	See FIAR Guidance Section 3.D.2, "Systems (IT) Controls," for additional details related to IT General and Application Controls audit readiness activities
FB.9	Budgetary and proprietary interdependencies may not be properly maintained as indicated by tie-point reconciliation variances	Budgetary and proprietary interdependencies are properly maintained and reflected in tie-point reconciliations	Tie-point reconciliations  Review all tie-point reconciliation variances related to FBWT and: <ul style="list-style-type: none"> <li>• Determine the root cause of the variance</li> <li>• Execute appropriate corrective actions to resolve the variance</li> <li>• Document executed corrective actions</li> </ul> Tie-point reconciliations related to FBWT should include: <ul style="list-style-type: none"> <li>• 4221 + 4251 + 4450 + 4510 + 46X0 + 4700 + 4720 + 48X1 + 49X1 = 1010</li> </ul>

**Footnote Disclosures**

Reporting entities are responsible for ensuring the completeness and accuracy of data provided to OUSD(C) for the preparation of the **Fund Balance with Treasury** footnote disclosures included in **Note 3** of the FY 2014 DoD Agency Financial Report. OMB Circular A-136, *Financial Reporting Requirements*, specifies fundamental requirements for Fund Balance with Treasury footnote disclosures that reporting entities must consider in carrying out audit readiness activities. The Financial Reporting assessable unit in the FIAR Guidance provides further details with respect to audit readiness outcomes that address the presentation and disclosure assertion for the financial statement line items.

**Consideration of Historical Transactions**

Beginning balances will likely be the most difficult financial statement line items for reporting entities to support. Understanding there is a risk that historical documentation may not be readily available, reporting entities should make reasonable efforts to confirm historical documentation does not exist before pursuing an alternative approach. At a minimum, reporting entities must perform the following procedures when evaluating beginning balances:

1. Confirm internal controls and document retention policies/procedures/systems are in place and operating effectively on a go-forward basis prior to focusing on beginning balances.
2. Develop the ability to produce a universe of transactions/balances that supports beginning balances at a detailed level. The completeness of the universe of transactions is demonstrated through

reconciliations (e.g., reconciliations between the accounting system and Treasury's records for FBWT beginning balances).

3. Perform discovery testing to confirm the availability of historical documentation through sampling of the universe of transactions.
4. If historical documentation is not available, develop a strategy for addressing beginning balance, and present strategy to the FIAR Directorate for concurrence.

**5.D.1.2 INVESTMENTS**

Investments represent the value of securities and other assets held for the production of revenues in the form of interest, dividends, rental payments or lease payments, net of premiums and discounts. Reporting entities must be able to assert the audit readiness of all business processes and sub-processes including investment purchases, accrued interest, discounts or premiums, interest received, amortization of discounts or premiums, year-end adjustments, sales and gains or losses on sales.

**Intragovernmental vs. Non-Federal**

Reporting entities are required to reconcile Intragovernmental transactions and balances with other federal entities throughout the course of the fiscal year. The suggested test procedures for IN.1 – IN.2 and IN.4 – IN.6 can be leveraged to test both Intragovernmental and Non-Federal Investments. The suggested test procedures provided in IN.3 are for Intragovernmental Investments only. Specific considerations that apply to the presentation and disclosure assertion for Intragovernmental transactions, including Intragovernmental Investments, are covered in the Financial Reporting assessable unit.

**Standards and Guidance**

Additional sources of guidance pertaining to financial management, accounting and record retention policies for Investments are contained in the following table.

Financial Management and Accounting Guidance	Record Retention Policies
<ul style="list-style-type: none"> <li>SFFAS No. 1 <b>(and amendments)</b></li> <li>DoD FMR: Volume 4, Chapter 7</li> <li>DCFO Memorandum: <i>Accurate and Reliable DoD Component-level Financial Management Trial Balances</i></li> </ul>	<ul style="list-style-type: none"> <li>National Archives and Records Administration (NARA) General Records Schedule (GRS) 1.1</li> <li>DoD FMR: Volume 1, Chapter 9</li> </ul>

**Balance By Reporting Entity**

The following reporting entities comprise the Intragovernmental - Investments line item.

Reporting Entities	FY 2015 Balance	% of Total
<b>OMB Designated Audit</b>		
Amy GF	\$ 2,176,986	0.0%
Air Force GF	954,359	0.0%
Navy GF	6,543,350	0.0%
Military Retirement Fund	600,462,119,337	71.1%
USACE – Civil Works Program	8,818,856,600	1.0%
<b>Subtotal - OMB Design. Audit</b>	<b>\$ 609,290,650,633</b>	<b>72.1%</b>
<b>DoD Designated Audit</b>		
MERHCF	\$ 233,397,547,279	27.6%
<b>Subtotal - DoD Design. Audit</b>	<b>\$ 233,397,547,279</b>	<b>27.6%</b>
<b>DoD Non-material Reporting Entities</b>		
Other Reporting Entities	1,976,745,319	0.2%
<b>Total</b>	<b>\$ 844,664,943,230</b>	<b>100.0%</b>

Source: FY 2015 Reporting Entity DDRS-AFS Balance Sheets

The following reporting entities comprise the Non-Federal - Investments line item.