

**DoD 7000.14 - R**



**DEPARTMENT OF DEFENSE**  
**FINANCIAL MANAGEMENT REGULATION**

**VOLUME 1: “GENERAL FINANCIAL MANAGEMENT  
INFORMATION, SYSTEMS AND REQUIREMENTS”**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**

**VOLUME 1, CHAPTER 1: “CHIEF FINANCIAL OFFICER (CFO) OF THE  
DEPARTMENT OF DEFENSE”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated June 2008 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Inserted and updated hyperlinks.	Update
010602.D	Added Business Integration Directorate responsibilities.	Add
Figure 1-1	Updated the DoD Chief Financial Officer Structure.	Update

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## CHAPTER 1

**CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE**

## 0101 GENERAL

## 010101. Purpose

This chapter describes the responsibilities of the Department of Defense (DoD) Chief Financial Officer (CFO) as established by the Chief Financial Officers Act of 1990 (sections [901](#), [902](#), and [903](#) of title 31, United States Code (U.S.C.)—herein referred to as the CFO Act) and [DoD Directive \(DoDD\) 5118.03](#), “Under Secretary of Defense (Comptroller (USD(C)))/Chief Financial Officer (CFO), Department of Defense.”

## 010102. Overview

The DoD USD(C)/CFO is the Principal Staff Assistant and advisor to the Secretary of Defense for budgetary and fiscal matters (including financial management, accounting policy and systems, managers’ internal control systems, budget formulation and execution, and contract audit administration and organization) and general management improvement programs. The DoD USD(C)/CFO shall manage all functions and responsibilities prescribed in section 902 and section [3515 of title 31, U.S.C.](#) See Figure 1-1 for the DoD Chief Financial Officer Structure.

## 0102 APPOINTMENT OF CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE

The CFO Act designates DoD as an agency whose CFO is either appointed by the President, by and with the advice and consent of the U.S. Senate; or designated by the President, in consultation with the head of the agency, from among officials of the agency who are required by law to be so appointed. The USD(C), who is appointed by the President and confirmed by the U.S. Senate, is the DoD CFO.

## 0103 AUTHORITIES AND FUNCTIONS

The DoD USD(C)/CFO is charged with the responsibility of developing and implementing DoD-wide financial management systems and overseeing financial management activities relating to the CFO programs and operations of the DoD. In that capacity, and consistent with the CFO Act, the following authorities and functions are assigned to the DoD USD(C)/CFO:

## 010301. Reporting

Report directly to the Secretary of Defense regarding financial management matters.

## 010302. Oversight

Oversee all financial management activities relating to the programs and operations of the DoD. To carry out this responsibility, the DoD USD(C)/CFO has the authority to:

- A. Establish financial management policies for the DoD including its component parts.
- B. Ensure compliance throughout the DoD with applicable accounting policy, standards and principles, as well as financial information and systems functional standards.
- C. Establish, review and enforce internal control policies, standards and compliance guidelines involving financial management.
- D. Provide oversight of financial management activities and operations including: (a) preparation and annual revision of the Financial Improvement and Audit Readiness (FIAR) plan and (b) development of financial management budgets.
- E. Ensure adequate controls over real property, equipment and inventories.
- F. Ensure complete, reliable, consistent, timely and accurate information on disbursements is available in financial management systems.

## 010303. Financial Management Systems

Develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls, and inform the Business Transformation Agency as to the adequacy of their actions where applicable on systems transformation. Refer to Chapter 3 for financial management systems requirements. Ensure system:

- A. Complies with applicable accounting principles, standards and requirements, and internal control standards;
- B. Complies with such policies and requirements as may be prescribed by the Director of the Office of Management and Budget (OMB);
- C. Complies with any other requirements applicable to such systems; and
- D. Provides for:
  - 1. Complete, reliable, consistent and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of DoD management;
  - 2. The development and reporting of cost information;

3. The integration of accounting and budgeting information; and
4. The systematic measurement of performance.

010304. Recommendations

Make recommendations to the Secretary of Defense regarding the selection of the DoD Deputy CFO.

010305. Management

Direct, manage and provide policy guidance and oversight of DoD financial management activities, personnel, and operations, including:

A. The preparation and annual revision of a DoD plan to implement the 5-year financial management plan prepared by the Director of OMB and to comply with the audited financial statements provisions of the CFO Act.

B. The development of DoD financial management budgets.

C. The recruitment, selection and training of personnel to carry out DoD financial management functions.

D. The approval and management of DoD financial management systems design or enhancement projects.

E. The implementation of DoD asset management systems, including systems for cash management, credit management, debt collection and property inventory management and control.

F. To direct, manage and provide policy guidance and oversight, the DoD USD(C)/CFO, has authority to:

1. Manage directly, and/or monitor, evaluate and approve, the design, budget, development, implementation, operation and enhancement of DoD-wide accounting, financial and asset management systems.

2. Coordinate on the design for other information systems that provide, at least in part, financial and/or program performance data used in budget development and financial statements, to ensure that the DoD USD(C)/CFO needs are met.

3. Ensure that program information systems provide financial and programmatic data (including program performance measures) on a reliable, consistent and timely basis to DoD financial management systems.

4. Evaluate, where appropriate, the installation and operation of such systems.

010306. Performance and Accountability Report (PAR)

As required by [OMB Circular A-136](#) (see Volume 6B for information on the preparation requirements of this report), activities must prepare and transmit an annual report to the Secretary of Defense and the Director of OMB, which shall include:

- A. A description and analysis of the status of financial management within the Department;
- B. Annual financial statements;
- C. Audit reports submitted to the Secretary of Defense addressing financial statements;
- D. A summary of reports on the internal accounting and administrative control systems submitted under the Federal Managers' Financial Integrity Act; and
- E. Other information the Secretary of Defense considers appropriate to fully inform the President and the Congress concerning the financial management of the DoD.

010307. Budget Execution

Monitor the financial execution of the DoD budget in relation to actual expenditures, and prepare and submit to the Secretary of Defense timely performance reports. To enable the DoD USD(C)/CFO, to prepare and submit timely performance reports, the DoD USD(C)/CFO has authority to:

- A. Mandate DoD-wide data and reporting format requirements.
- B. Review and approve financial reports and statements prepared by DoD components for transmittal to the Secretary of Defense, OMB, the President, the Congress or external groups.
- C. Prepare consolidated and/or combined financial statements and work with the Inspector General, DoD and other auditors to improve the statements' independent review and auditability.
- D. Develop, in coordination with program managers, financial and programmatic performance indicators for inclusion in financial systems and financial reports and statements.
- E. Ensure that data included in financial reporting (including program performance measures) is auditable.

F. Advise program managers on financial management matters when requested.

010208. Biennial Review

Review, on a biennial basis, the fees, royalties, rents and other charges imposed by the Department for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred in providing those services and things of value.

0104 CHIEF FINANCIAL OFFICERS COUNCIL

The DoD CFO is a member of the Chief Financial Officers Council (CFOC) consisting of the Deputy Director for Management of OMB, the Controller of the Office of Federal Financial Management of OMB, the Fiscal Assistant Secretary of the Treasury and agency CFOs. The CFOC meets periodically to advise and coordinate the activities of its agency members on such matters as consolidation and modernization of financial systems, improved quality of financial information, financial data and information standards, internal controls, legislation affecting financial operations and organizations, and other financial management matters.

0105 DEPUTY CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE

The CFO Act requires that each of the specified agencies shall have a Deputy CFO who shall report directly to the Agency CFO on financial management matters. The position of Deputy CFO shall be a career-reserved position in the Senior Executive Service. Consistent with qualification standards developed by, and in consultation with, the Agency CFO and the Director of OMB, each Agency head shall appoint as Deputy CFO an individual with demonstrated ability and experience in accounting, budget execution, financial and management analysis, systems development, and not less than 6 years practical experience in financial management at large governmental entities.

0106 DOD STAFF ORGANIZATIONS RESPONSIBLE FOR IMPLEMENTING CFO FUNCTIONAL REQUIREMENTS

010601. Deputy Comptroller (Program/Budget)

The Deputy Comptroller (Program/Budget) is responsible for overseeing and implementing budgetary functions within the DoD on a day-to-day basis.

A. The Directorate for Program and Financial Control is responsible for budget review tracking, the submission of the automated defense budget for the President's budget, maintenance of the budget data bases, apportionment of funds, reprogramming and transfer of funds, obligation and outlay forecasting and tracking, budget concepts and scorekeeping, and information system support.



B. The Directorate for Investment is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to: Procurement; Research, Development, Test, and Evaluation; the National Foreign Intelligence Program; and for the Defense Acquisition Board program.

C. The Directorate for Military Personnel and Construction is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to operating and maintaining the U.S. military force structure to include active, reserve, and retired military; Defense Health Program; military construction; family housing; homeowners assistance; North Atlantic Treaty Organization infrastructure; Base Realignment and Closure; and Real Property Maintenance.

D. The Directorate for Operations is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to operating and maintaining the U.S. military force structure to include active and reserve military personnel and civilian personnel.

E. The Directorate for Revolving Funds is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to Defense-wide Working Capital Funds, the Pentagon Reservation Maintenance Revolving Fund, the Building Maintenance Fund, the Conventional Ammunition Working Capital Fund, the National Defense Stockpile Transaction Fund, and the Military Services' Management and Trust Funds.

010602. Deputy Chief Financial Officer

The Deputy CFO is responsible for overseeing and implementing accounting policy, improvements in financial management, as well as other financial management functions for the DoD on a day-to-day basis.

A. The Directorate for Accounting and Finance Policy is responsible for developing, publishing, implementing, and interpreting DoD-wide accounting and finance policies; providing direct support to the DoD USD(C)/CFO and Deputy CFO on various interagency forums; advocates for the DoD USD(C)/CFO on various interagency organizations and representing the DoD USD(C)/CFO on various internal DoD councils, boards and committees pertaining to policy; and providing oversight of, and performing liaison functions with, the DoD Components with respect to financial management operations, systems, responses to audit reports, policy clarifications, and other matters related to financial management; and administering the 15-volume DoD Financial Management Regulation.

B. The Directorate for Financial Improvement and Audit Readiness (FIAR) is responsible for oversight, management, performing liaison functions and partnering with the DoD Components on the Financial Improvement and Audit Readiness Plan, which identifies financial process, system and statement deficiencies and provides detailed corrective actions to address those deficiencies; implementation of the Federal Manager's Financial Integrity Act program for the DoD, to include Management's Responsibility for Internal Control ([OMB Circular A-123, Appendix A](#)) for the Secretary of Defense; management of the Improving Financial Performance

Initiative of the President's Management Agenda; and advocates for the DoD USD(C)/CFO on various interagency forums and internal DoD councils, boards, and committees pertaining to audit readiness.

C. The Directorate for Financial Reporting and Analysis is responsible for financial reporting for the Department. These responsibilities include preparation of the Department's Annual Report (Performance and Accountability Report). In addition, the Directorate maintains oversight of other significant financial reporting requirements such as the Report on Reliability, the Statement of Accountability, and Management Representation Letters; advocates for the DoD USD(C)/CFO on interagency organizations and committees, various internal DoD councils, boards and committees pertaining to financial reporting; provides oversight of, and performs liaison functions with, the DoD Components with respect to financial management operations, systems, and other matters related to financial management; and develops and maintains Departmental financial performance metrics and associated automated tools, facilitates the development and operation of government-wide financial indicators.

\* D. The Directorate for Business Integration leads the integration and coordination of business and financial systems and processes within the Office of the Under Secretary of Defense (Comptroller) and on a Defense-wide basis; works with Program/Budget through business integration initiatives to ensure that budget execution metrics properly reflect DoD spending, projections, and execution trends for informed decision making by the DoD USD(C)/CFO; provides representation and advice on business and financial management forums and other relevant boards and committees; represents the DoD USD(C)/CFO Title 10, U.S.C. role in the development of enterprise business and financial systems across DoD; leads the planning, control and implementation of DoD financial management transformation and modernization activities; leads the Defense-wide Financial Improvement and Audit Readiness efforts to ensure that the Department achieves an unqualified opinion on its financial statement as required by the CFO Act; and manages the Defense-wide Statement of Assurance process by monitoring and reporting the status of auditor and manager identified material weaknesses and corrective action plans.

010603 Director, Defense Finance and Accounting Service (DFAS)

The Director of the Defense Finance and Accounting Service (DFAS) is the principal DoD executive for finance and accounting requirements, systems, and functions under the authority and direction of the USD(C). In accordance with DoDD 5118.03 and DoDD 5118.5, "Defense Finance and Accounting Service," the Director, DFAS shall:

A. Direct finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

B. Establish and enforce requirements, principles, standards, systems, procedures, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the Department of Defense.

C. Provide professional finance and accounting services for DoD Components and other Federal agencies.

D. Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems and ensure their proper relationship with other DoD functional areas (e.g., budget, personnel, logistics, acquisition, civil engineering, etc.)

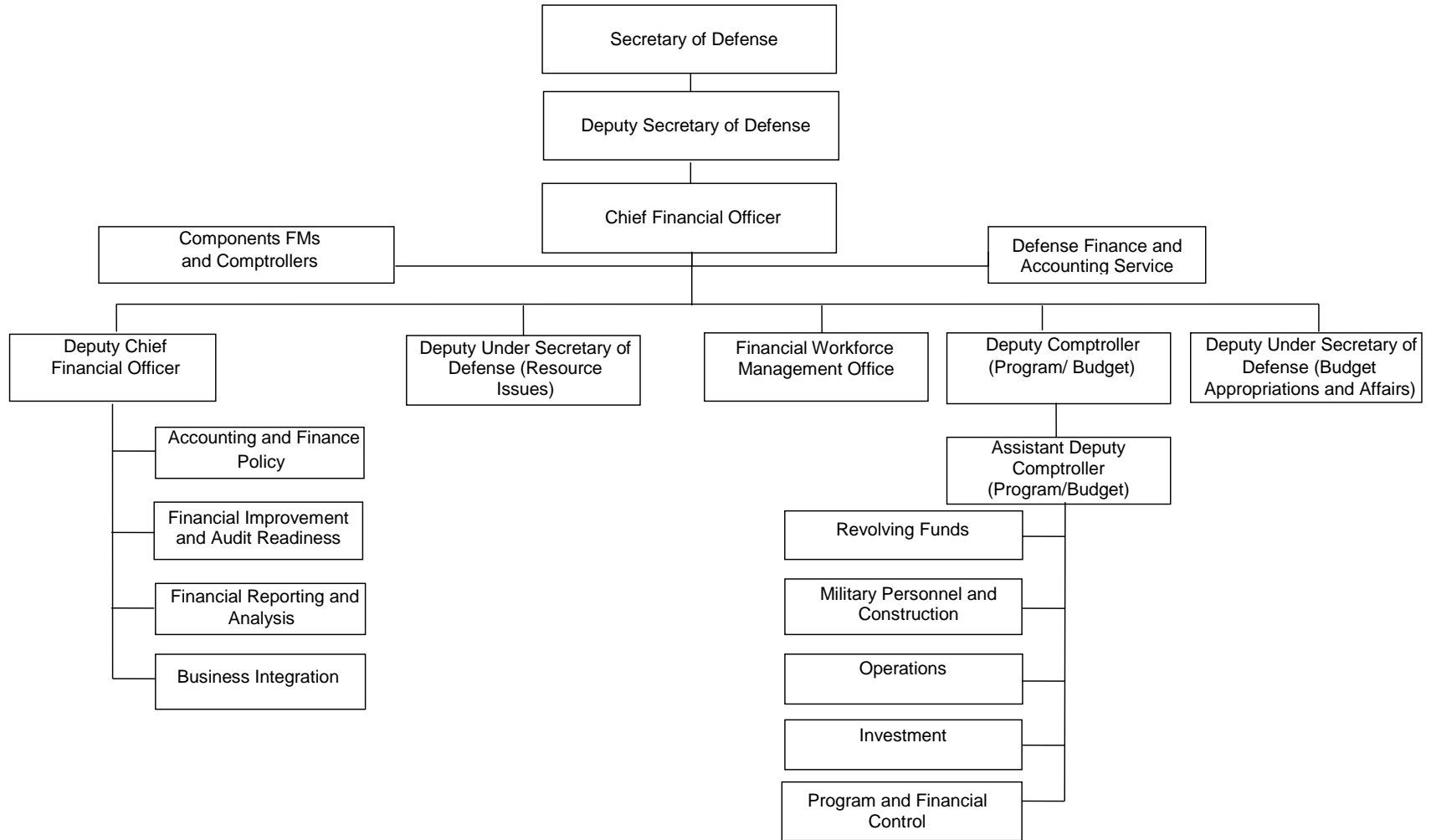
E. Execute statutory and regulatory financial reporting requirements and render financial statements.

F. Approve the establishment or maintenance of all finance and accounting activities independent of DFAS.

#### 0107 RESPONSIBILITIES OF THE HEADS OF DOD COMPONENTS FOR IMPLEMENTING CFO FUNCTIONAL REQUIREMENTS

The Heads of the DoD Components shall direct and manage financial management activities within their respective Components, consistent with the policies, requirements, principles, standards, procedures, and practices prescribed by the DoD USD(C)/CFO and DFAS, and other policies as prescribed by the Heads of the other DoD Components.

\*Figure 1-1: DOD CHIEF FINANCIAL OFFICER STRUCTURE



**VOLUME 1, CHAPTER 2: “FEDERAL ACCOUNTING STANDARDS HIERARCHY”****SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

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The previous version dated [January 2011](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
020201	Added an Overview section to explain Federal Accounting Standards Advisory Board (FASAB)’s role in setting the federal accounting standard hierarchy.	Addition
020203	Added an Authoritative Guidance section listing all applicable laws and regulations.	Addition
020301	Assigned responsibilities to the Financial Improvement and Audit Readiness (FIAR) Directorate for clarification, technical guidance, implementation guidance or other information regarding federal accounting standards.	Addition
020302	Added a requirement for Department of Defense intelligence agencies to coordinate with the Office of the Deputy Chief Financial Officer any input into the Office of the Director of National Intelligence correspondence with accounting standards-setting bodies.	Addition
020303	Required Task Force sponsored by FASAB and the Accounting and Auditing Policy Committee participants to notify the FIAR Directorate of membership in FASAB and AAPC Task Forces.	Addition
All	Verified and corrected, where applicable, all references and hyperlinks.	Revision
Multiple	Minor editorial corrections and reworded chapter for clarity.	Revision

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## CHAPTER 2

**FEDERAL ACCOUNTING STANDARDS HIERARCHY****\*0201 GENERAL****\*020101. Overview**

A. The Federal Accounting Standards Advisory Board (FASAB) promulgates accounting standards after considering financial and budgetary information needs of Congress, executive agencies, and other users of federal financial information. FASAB considers comments from the public on its proposed Statements, which are widely distributed as “exposure drafts.” FASAB publishes adopted statements as Statement of Federal Financial Accounting Standard (SFFAS) and become generally accepted accounting principles (GAAP) for federal government entities.

B. A listing of FASAB Standards and other FASAB authoritative publications, including FASAB Interpretations, Technical Bulletins, and Technical Releases, is located at <http://www.fasab.gov>. Documents recently issued and not yet codified are also presented at this location.

**020102. Purpose**

A. This chapter includes the FASAB hierarchy of accounting principles and standards. These standards are used to promulgate accounting and financial reporting policy within the Department of Defense (DoD) **Financial Management Regulation** (FMR). The purpose of these principles and standards is to improve the usefulness of federal financial reports.

B. The provisions of this chapter apply to all DoD Components, including the Defense Working Capital Fund activities. However, this chapter does not apply to Nonappropriated Fund (NAF) accounting. NAF accounting policies are in Volume 13.

C. Interim policies and guidance issued by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) through various memoranda can be found on the OUSD(C) DoD FMR website. Such interim guidance will be incorporated into the DoD FMR once it is finalized.

**\*020103. Authoritative Guidance**

A. **Chief Financial Officers (CFO) Act of 1990**, as amended, requires federal financial managers, accountants and auditors to apply appropriate accounting principles and standards.

B. **FASAB** develops accounting standards and principles for the United States Government.

B. The American Institute of Certified Public Accountants (AICPA)'s Code of Professional Conduct 1.320.020 recognized FASAB as the board that promulgates GAAP for federal entities.

C. SFFAS 34, "The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board" identifies the GAAP hierarchy for federal reporting entities.

#### \*0202 HIERARCHY

##### 020201. Hierarchy of Accounting Standards

A. The SFFASs are GAAP applicable to the federal government and shall be followed by all federal agencies in reporting under the Government Management Reform Act of 1994 (GMRA). DoD Components shall adhere to the GAAP hierarchy prescribed in SFFAS 34. The sources of accounting principles that are generally accepted are categorized in descending order of authority as follows:

1. FASAB SFFAS and Interpretations;
2. FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides. Such pronouncements specifically made applicable to federal reporting entities are presumed to have been cleared by FASAB, unless the pronouncement indicates otherwise;
3. Technical Releases of the Accounting and Auditing Policy Committee (AAPC) of the FASAB; and
4. Implementation guides published by FASAB staff, as well as practices that are widely recognized and prevalent in the federal government.

B. If the accounting treatment for a transaction or event is not specified by a pronouncement or established in practice as described in paragraph 020201.A, a federal reporting entity should first consider accounting principles for similar transactions or events within categories in subparagraphs 020201.A before considering Other Accounting Literature discussed in paragraph 020202.

C. A federal reporting entity should not follow the accounting treatment specified in accounting principles for similar transactions or events in cases in which those accounting principles either, (a) specifically prohibit the application of the accounting treatment to the particular transaction or event or (b) indicate that the accounting treatment should not be applied to other transactions or events by analogy.



020202. Other Pronouncements and Practices

A. Other Accounting Literature includes

1. FASAB Concepts Statements,
  2. AICPA Industry Audit and Accounting Guides that have not specifically been made applicable to federal reporting entities by FASAB,
  3. Pronouncements of other accounting and financial reporting standards-setting bodies, such as Financial Accounting Standards Board, Governmental Accounting Standards Board, the International Accounting Standards Board, and the International Public Sector Accounting Standards Board,
  4. Publications of professional associations or regulatory agencies,
- and
5. Accounting textbooks, handbooks, and articles.

B. The appropriateness of other accounting literature depends on its relevance to particular circumstances, the specificity of the guidance, and the general recognition of the issuer or author as an authority. FASAB Concepts Statements would normally be more influential than other sources in this category.

0203 COMMUNICATION AND COORDINATION

\*020301. Guidance and Clarification

To ensure the consistent application of SFFAS throughout DoD, the Office of the Deputy Chief Financial Officer (DCFO), Directorate for [Financial Improvement and Audit Readiness \(FIAR\)](#), OUSD(C) shall be contacted when clarification, technical guidance, implementation guidance or other information regarding federal accounting standards is needed.

\*020302. Correspondence

A. Formal and informal requests addressed to FASAB or the [AAPC](#) for an interpretation, clarification, technical guidance, implementation guidance or other information regarding SFFAS shall be submitted through the Office of the DCFO, [FIAR](#) Directorate, OUSD(C).

B. All correspondence presenting a DoD position on FASAB Exposure Drafts and on any other matters before FASAB or the AAPC will be signed by either the DoD CFO or DoD DCFO.

C. Individuals submitting responses to exposure drafts will clearly indicate in the correspondence that the opinions expressed are those of the individual and do not represent the official position of DoD.

\* D. The Office of the Director of National Intelligence (ODNI) is not a component of DoD and, accordingly, may communicate with accounting standards-setting bodies in the same manner as other federal agencies. DoD components, including the Defense Intelligence Agency, the National Geospatial-Intelligence Agency, and the National Security Agency, provide input into ODNI correspondence with accounting standards-setting bodies. DoD components should ensure that ODNI communications are not presented as official DoD positions. Further, to ensure the completeness of DoD communications, any DoD component input into ODNI correspondence with accounting standards-setting bodies should be coordinated with the Office of the DCFO.

\*020303. Task Force Participation

A. Full participation by DoD in Task Forces sponsored by FASAB and the AAPC is critical to ensuring that DoD's views are considered as accounting standards and guidance are formulated. This participation includes **Task Force membership**, meeting attendance, participation in group discussions, preparing draft documents, and commenting on draft Task Force documents.

\* B. To ensure complete coverage by DoD, Task Force participants should notify the Office of the DCFO, **FIAR**, OUSD(C) of **membership** in FASAB and AAPC Task Forces. Task Force participants should also remain alert to the fact that many issues will impact multiple DoD components. **Coordination** with A&FP and other DoD components **will** ensure that DoD is properly represented **as government-wide accounting standards are formulated**.

**VOLUME 1, CHAPTER 3: “FEDERAL FINANCIAL MANAGEMENT  
IMPROVEMENT ACT COMPLIANCE”**

**SUMMARY OF MAJOR CHANGES**

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The previous version dated October 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Major rewrite to align Federal Financial Management Improvement Act (FFMIA) compliance with the Office of Management and Budget (OMB) Circular A-123, Appendix D (rescinds OMB Circular A-127); and related efforts to achieve auditability.	Revision
Chapter Title	Changed the chapter title. FFMIA compliance includes evaluation and reporting as defined in this chapter (redundant to restate).	Revision
Policy Memorandum	Incorporated and cancelled the Deputy Chief Financial Officer’s memorandum, “Internal Controls and Audit Trails for System Database Changes,” dated August 27, 2013.	Cancellation

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## CHAPTER 3

\*FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT COMPLIANCE

## 0301 GENERAL

## 030101. Purpose

This chapter prescribes Department of Defense (DoD) policy for achieving compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996. The FFMIA provides the basis for the development and implementation of financial management systems in order for the Department to provide accurate, reliable, and timely financial management information.

## 030102. Authoritative Guidance

The FFMIA (Public Law (Pub. L.) 104-208), Title 31, United States Code, section 3512 (31 U.S.C. § 3512) note, provides specific requirements. The Office of Management and Budget (OMB Circular A-123, “Management's Responsibility for Internal Control;” and Appendix D of this Circular, “Compliance with the Federal Financial Management Improvement Act of 1996” provides implementing guidance. Additional authorities:

- A. Budget and Accounting Procedures Act of 1950 (31 U.S.C. §§ 3512 and 3513).
- B. Federal Managers' Financial Integrity Act of 1982 (Pub. L. 97-255), 31 U.S.C. § 3512(c)(d).
- C. Chief Financial Officers Act of 1990 (Pub. L. 101-576), 31 U.S.C. Chapter 11.
- D. Clinger-Cohen Act (Information Technology Management Reform Act of 1996 (Pub. L. 104-106, Division E).
- E. Federal Information Security Management Act of 2002 (Pub. L. 104-347), 44 U.S.C. § 3541 et seq.

## 0302 DEFINITIONS

This paragraph defines financial and non-financial systems for purposes of FFMIA compliance.

- A. Financial Management System. A financial management system includes the overall financial operation, reflecting the people, processes, and technology to capture, classify, summarize, and report data in a meaningful manner to support business decisions.

It includes hardware and system software applications, personnel, procedures, data, and reporting functions. The financial management system can be fully integrated with other management information systems (i.e., mixed systems) where transactions automatically interface with accounting general ledger.

B. Financial System. The financial system is an information system or set of applications that comprise the accounting portion of the financial management system that maintains all summary or detailed transactions resulting from budgetary and proprietary financial activity. The financial system encompasses processes and records that:

1. Identify and record all valid transactions;
2. Provide timely transactions in sufficient detail to permit proper classification of transactions for financial reporting;
3. Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements; and
4. Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.

C. Mixed System. A mixed system is a hybrid of financial and non-financial portions of the overall financial management system. Examples of mixed systems are payment and invoice systems, procurement systems, receivable systems, loan systems, grants systems, payroll systems, budget formulation systems, billing systems, property management systems, travel systems, or other mission operational systems that impact a financial system.

D. Non-Financial System. A non-financial information system supports non-financial functions of DoD Components. Any financial data included in a non-financial system is insignificant to the Department or Component's financial management. The data is not required for preparation of financial statements or other financial management reporting.

## 0303 STANDARDS

### 030301. Accounts

The U.S. Department of the Treasury (Treasury) provides the requirements for the United States Standard General Ledger (USSGL). For DoD, general ledger accounts and transactions are defined in the DoD Standard Chart of Accounts and the DoD USSGL Transaction Library. These documents are available on the Standard Financial Information Structure web page. The Federal Accounting Standard Advisory Board (FASAB) is the authoritative source for the development and issuance of generally accepted accounting principles for the Federal Government. FASAB publishes these accounting principles in the "FASAB Handbook of Accounting Standards and Other Procurements, As Amended" (FASAB Handbook). DoD financial management systems must adhere to FASAB standards for the preparation of financial statements and audits.

## 030302. Reporting Entities

DoD Component reporting entities are identified in Volume 6B, Chapter 1, section 0105. These reporting entities must report their FFMIA compliance as part of their Annual Statement of Assurance submitted to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)). DoD financial systems and mixed systems must be identified in the DoD Information Technology Portfolio Repository (DITPR) as part of the annual review process for Defense business systems in accordance with 10 U.S.C. § 2222.

A. The Head of each DoD reporting entity is responsible for planning, testing, evaluation, remediating, and reporting remediation action progress and results. The Head of the reporting entity may delegate these responsibilities.

B. The reporting entity or delegate may rely on independent internal or external resources for FFMIA testing and evaluation (e.g., Service Audit Agency, DoD Inspector General, or independent public accounting firms). The reporting entity must ensure that resources employed are objective and sufficiently qualified to perform the evaluation. The Government Accountability Office (GAO) provides guidance regarding qualifications for performing program and financial statement audits in their “Generally Accepted Government Auditing Standards” (Yellow Book).

## 030303. FFMIA Compliance

The DoD strategy for FFMIA compliance is integrated with related efforts to achieve auditability and maintain effective internal controls over financial reporting (ICOFR). Documentation that supports these related requirements also support FFMIA compliance and may be used to avoid duplication of efforts. In accordance with the FFMIA and OMB Circular A-123, Appendix D, DoD financial management systems must meet Federal Financial Management System Requirements, applicable Federal accounting standards, and implement the USSGL at the transaction level.

A. The Federal Financial Management System Requirements consist of reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations.

1. Reliable financial reporting includes reliable, timely, and accurate financial information for managing day-to-day operations and reporting on the Department’s financial condition. Reliable financial reporting also includes maintaining ICOFR and financial system security. System security includes adjustments to system data and databases as outlined in OMB Circular A-123. It is management’s responsibility to ensure the appropriate internal controls that direct and guide system operations are integrated into each system’s change process.

2. Effective and efficient operations includes maintaining cost effective financial operations and ensuring resources are safeguarded against waste, loss, and misuse.

3. Financial transactions must be consistent with laws, the DoD Financial Management Regulation, and other guidance applicable to DoD.

B. DoD accounting standards consist of the FASAB hierarchy of accounting principles and standards prescribed in Chapter 2, “Federal Accounting Standards Hierarchy.”

C. USSGL transactions defined in the DoD USSGL Transaction Library.

D. The OUSD(C) Financial Improvement and Audit Readiness (FIAR) Plan for development and preparation of management assertion packages and independent segment validations. The FIAR plan includes requirements for:

1. Documentation and evaluation for each reporting entity.

2. Testing and assessment of material/significant segments and segment components. At a minimum, areas tested, evaluated, and documented must include existing software applications; software application acquisitions; third-party software provided as a service; and processes, procedures, controls, and data standards.

#### 030304. Compliance Framework

OMB developed the “FFMIA Compliance Determination Framework” (see Table 3-1) to assist agencies in determining whether they are compliant with FFMIA requirements specified in section 803(a) of Pub. L. 104-208 (31 U.S.C. 3512 note). This framework is a risk and evidence-based assessment model that leverages existing audit tests, evaluations, and reviews that auditors, agency management, and others already perform. The work may include the external audit report and internal reports that provide any assurances over the financial statements. The major elements of the framework are as follows:

A. A series of financial management goals common to all Federal agencies and agreed upon by the financial management community

B. One or more compliance indicator(s) is associated with each financial management goal. The indicators specify the recommended evidence agencies should consider when determining whether it meets each goal. Each compliance indicator corresponds to one or more of the section 803(a) requirements.

C. Each compliance indicator has recommended risk (or performance) levels agencies should consider when evaluating whether it meets the goal. Reporting entity compliance indicators may consist of a mix of risk levels (i.e., some indicators may be at low risk while others at a medium or high level of risk). In making the compliance determination, the reporting entity will need to assess the relative importance or weight of the financial management goals for the agency and apply judgment when making the final compliance determination. Note: A reporting entity does not have to be at low risk for each compliance indicator to be in compliance with FFMIA.



D. For reporting entities that use shared service organizations, the service organizations are required to provide customer agencies with a “Report on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting.” This is an important tool for agency management and auditors to evaluate the effect of the controls at the service organization on the user entities' controls for financial reporting. Testing the service provider's controls could take the form of input/output controls, performance monitoring, or process controls.

#### E. Organization and Content

1. The framework consists of two federal financial management categories. Category 1 is “Financial Information Management and Reporting;” and category 2 is “Financial Management and Internal Controls.” Within each category there is a group of related goals. For each goal, there are compliance indicators and a risk or performance level rating of low, medium, or high. Each goal is identified by a two-digit reference identification (ID) number. For example, category 1, goal 1 is numbered 1.1.

2. The goals articulate clear statements of what the agency wants to achieve to advance its mission and address relevant problems, needs, and challenges. The first two digits of a goal's reference ID corresponds to the first two digits of each requirement's ID number from the “Federal Financial Management System Requirements” contained in the Treasury Financial Manual (*TFM*) (see TFM Volume 1, Chapter 9500). For example, the Framework goal 1.1, "Consistently, completely, and accurately record and account for Federal funds, assets, liabilities, revenues, expenditures, and costs" corresponds to the TFM requirement 1.1.1.1, "Provide GL account classifications." In addition, each TFM requirement has a reference to the associated financial management regulatory guidance that promulgates the three requirements of section 803 (a) of the FFMIA. Achievement of goals must be assessed to determine whether an agency is in compliance with the FFMIA.

3. The compliance indicators are quantifiable or otherwise observable characteristics used to measure progress towards goals and demonstrate how well or at what level a goal has been achieved. Indicators are a subset of the information already being produced by agencies and auditors.

4. The risk levels identify the degree of risk that the agency is not in compliance with FFMIA.

#### 030305. Maintaining Compliance

The FIAR Plan guidance defines mandatory practices for maintaining auditability subsequent to assertion and validation. These same practices must be applied to maintain compliance with FFMIA requirements.

## 0304 RESPONSIBILITIES

The responsibilities identified in this section are limited to those specific to FFMIA compliance and are not meant to be an exhaustive list of all of the responsibilities of these entities. This includes the authorities and framework that the Department employs to monitor, analyze, validate, integrate, and control FFMIA compliance requirements.

## 030401. Office of the Under Secretary of Defense (Comptroller)

OUSD(C) has overall responsibility for FFMIA compliance oversight and direction and is supported by the FIAR and Business Integration Office (BIO) Directorates.

## A. The FIAR Directorate:

1. Publishes the FIAR Plan semiannually; and develops and issues detailed financial improvement audit strategy/methodologies and implementation guidance.
2. Maintains the FIAR Planning Tool used by DoD Components to manage their Financial Improvement Plans (FIPs) and submit assertion work products.
3. Monitors reporting entity FFMIA assertions made and provides internal control training to reporting entities on improving compliance with FFMIA.
4. Supports and monitors the progress of reporting entity testing and remediation plans; and develops metrics for monitoring and reporting progress.
5. Defines practices for maintaining auditability subsequent to FFMIA compliance assertion and validation.

## B. The BIO Directorate:

1. Monitors, analyzes, and measures the progress of DoD reporting entities in achieving FFMIA compliance.
2. Issues and updates FFMIA compliance policy.

## 030402. Office of the Deputy Chief Management Officer

The Office of the Deputy Chief Management Officer (DCMO) is the principal management office for the Secretary of Defense responsible for optimizing the business environment across the DoD enterprise. The Office of the DCMO:

- A. Oversees development, modernization, and sustainment of the Department's portfolio of business systems through the Defense Business Council which also serves as the Department's Investment Review Board.

B. Develops and issues the Integrated Business Framework, the Business Enterprise Architecture requirements, the DoD Enterprise Transition Plan (ETP), and investment review process compliance guidance.

030403. DoD Components

The DoD Component reporting entities must:

A. Develop, maintain, and execute FIPs that also include their FFMIA compliance remediation plan in accordance with the FIAR Guidance.

B. Develop a plan in accordance with OMB Circular A-130, "Management of Federal Information Resources," [Appendix III](#).

C. Ensure the system portfolio and remediation plans are consistent with modernization priorities identified in the DoD ETP.

D. Ensure their system portfolio is consistent with the systems reported in DITPR.

E. Conduct FFMIA certification testing using the GAO [Financial Audit Manual](#) and FIAR Plan guidance, leveraging existing system development life-cycle activities where appropriate.

F. Address FFMIA compliance status and remediation plan in the Annual Statement of Assurance.

G. Ensure that annual updates to the ETP are in alignment with the FIAR Plan.

030404. Defense Finance and Accounting Service

The [Defense Finance and Accounting Service \(DFAS\)](#) must develop and maintain a DFAS system FFMIA compliance remediation plan [in coordination with DoD Components](#). For each financial [system](#) and mixed system managed by DFAS, this includes:

A. Establishment of a Memorandum of Agreement (MOA) with each DoD reporting entity supported by each DFAS system.

B. Conducting compliance testing, as required per the MOA.

C. Supporting reporting entity end-to-end business process testing ([in accordance with the MOA](#)).

030405. DoD Inspector General

The Office of the Inspector General is responsible for:

A. Performing system audits (e.g., general and application control and FFMIA) based on reporting entity FIPs and the FIAR Plan.

B. Performing FFMIA compliance evaluations as part of financial statement audits and/or oversees evaluations performed by independent public accounting firms during financial statement audits. This includes identifying in writing the nature and extent of non-compliance when appropriate.

030406. Defense Information Systems Agency

The Defense Information Systems Agency (DISA) is responsible for evaluating FFMIA requirements related to information technology controls and security for significant financial management systems administered by DISA.

\*Table 3-1. FFMIA Compliance Determination Framework

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
<b>1. Federal Financial Information Management and Reporting</b>				
1.1. Consistently, completely, and accurately record and account for Federal funds, assets, liabilities, revenues, expenditures, and costs.	1.1.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses, or significant deficiencies related to accounting for and recording Federal funds, assets, liabilities, revenues, expenditures, and costs.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
1.2. Provide timely and reliable Federal financial management information of appropriate form and content to agency program managers for managing current Government programs and activities.	1.2.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances related to internal reporting of financial management information used for managing current Government programs and activities.	Agency-reported-control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non- conformances.	Agency-reported material weaknesses.

Table 3-1. FFMA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
1.3. Provide timely and reliable Federal financial management information of appropriate form and content for continuing use by stakeholders external to the agency, including the President, Congress, and the public.	1.3.a. Audit opinion on agency financial statements.	Unmodified (Unqualified).	N/A	Modified (Qualified), Disclaimer, or Adverse.
	1.3.b. Unaudited interim agency financial statements submitted to OMB within 21 calendar days after the end of the first three quarters of the fiscal year.	On time.	Not on time for current quarter.	Not on time for current and prior quarter(s).
	1.3.c. Agency financial reports submitted to OMB, GAO, and Congress by November.	On time.	Not on time for current year.	Not on time for current and prior year(s).

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
1.4. Provide timely and reliable Federal financial management information of appropriate form and content that can be linked to strategic goals and performance information.	1.4.a. Agency costs, as presented in the Statement of Net Cost, in accordance with OMB Circular A-136, are clearly linked to agency strategic goals and are free from agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
	1.4.b. Financial and performance information, as presented in the performance section of the Agency Financial Report or Performance & Accountability report, is free from agency-reported material weaknesses, reportable conditions, or non-conformances.	Agency-reported-control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non- conformances.	Agency-reported material weaknesses.

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
<b>2. Financial Management and Internal Controls</b>				
2.1. Provide internal control to restrict Federal obligations and outlays to those authorized by law and within the amount available.	2.1.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies related to restricting agency obligations and outlays to those authorized by law and within the amount available.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
	2.1.b. Antideficiency Act violation report required to be submitted.	None required within the last 2 fiscal years preceding the current fiscal year.	Required within the last 2 fiscal years preceding the current fiscal year.	Required for the current fiscal year.
2.2. Perform Federal financial management operations effectively within resources available.	2.2.a. Current / prior year's instances of non-compliance with laws and regulations related to prompt payments or debts owed to the Federal Government.	No reported instances.	Instances reported in current year.	Instances reported in current and prior year(s).



Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
2.3. Minimize waste, loss, unauthorized use, or misappropriation of Federal funds, property and other assets within resources available.	2.3.a. Current / prior year's agency- reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies related to minimizing waste, loss, unauthorized use, or misappropriation of Federal funds, property and other assets.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
2.4. Minimize Federal financial management system security risks to an acceptable level.	2.4.a. FISMA or other (for example, National Institute of Standards and Technology-related) significant deficiencies impacting financial management systems in the agency Security Certification and Accreditation of Federal Information Systems.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.

**VOLUME 1, CHAPTER 4: “STANDARD FINANCIAL INFORMATION  
STRUCTURE”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated **June 2009** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
0401	Created a General section to include the “Purpose” and “Authoritative Guidance” paragraphs in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
0402	Reorganized definitions alphabetically; and added definitions for Standard Financial Information Structure (SFIS) compliance resources/tools.	Addition
0403	Added the Standard Line of Accounting/Accounting Classification, data interoperability between systems, and the Defense Departmental Reporting System SFIS Trial Balance requirements.	Addition
0404	Added the role of the Office of the Deputy Chief Management Officer.	Addition
0404	Deleted outdated information including references to the former Business Transformation Agency.	Deletion
Table 4-1	Created a table to summarize SFIS compliance requirements by financial management system type.	Addition
Policy Memo	Incorporated and cancelled the Under Secretary of Defense (Comptroller) memorandum, “Department of Defense Standard Line of Accounting/Accounting Classification,” dated September 14, 2012.	Cancellation

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**\*CHAPTER 4****STANDARD FINANCIAL INFORMATION STRUCTURE****\*0401 GENERAL**

## 040101. Overview

The *Standard Financial Information Structure (SFIS)* is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, *interoperability*, and external reporting needs across the Department of Defense (DoD) enterprise. It is a common business language that enables budgeting, performance-based management, and the generation of financial statements. SFIS standardizes financial reporting across DoD and allows revenues and expenses to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories. It also enables decision-makers to efficiently compare programs and their associated activities and costs across DoD and provides a basis for common valuation of DoD programs, assets, and liabilities. The SFIS matrix that defines each data element is available on the SFIS resources web page.

## 040102. Purpose

This chapter prescribes the requirements for SFIS and Standard Line of Accounting (SLOA)/Accounting Classification compliance for DoD business systems. SFIS and SLOA/Accounting Classification compliance provides a means for DoD business systems to meet statutory requirements and additional requirements implemented by the Office of Management and Budget (OMB), and the United States Department of the Treasury (Treasury).

## 040103. Authoritative Guidance

A. Title 10, United States Code (U.S.C.), section 2222(d)(1) (*10 U.S.C. § 2222(d)(1)*) requires that the DoD *Business Enterprise Architecture (BEA)* include an information infrastructure that, at a minimum, enables DoD to:

1. Comply with all Federal accounting, financial management, and reporting requirements;
2. Routinely produce timely, accurate, and reliable *business and financial information for management purposes*;
3. Integrate budget, accounting, and program information and systems; and
4. Provide for the systematic measurement of performance to include the ability to produce timely, relevant, and reliable cost information.

B. 10 U.S.C. § 2222(d)(2) requires establishment of policies, procedures, data standards, [performance measures](#), and system interface requirements that are applied uniformly throughout DoD.

C. Section 902a.3 of the [Chief Financial Officers Act of 1990](#), as amended by the [Government Management Reform Act of 1994](#), requires agencies to develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls that:

1. Complies with applicable accounting principles standards and requirements, and internal control standards;

2. Complies with such policies and requirements as may be prescribed by the Director of [OMB](#);

3. Complies with any other requirements applicable to such systems;  
and

4. Provides for:  
  
a. Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;

b. Development and reporting of cost information;

c. The integration of accounting and budgeting information;  
and

d. Systematic measurement of performance.

D. The [Federal Financial Management Improvement Act of 1996](#) (FFMIA) requires agencies to incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

E. The [Government Performance and Results Act of 1993](#) requires annual performance reporting that links performance planned to performance achieved.

F. The [OMB Circular A-123, Appendix D](#), provides FFMIA compliance guidance including the requirement for agencies' financial management systems to reflect an agency-wide financial information classification structure that is consistent with the United States Standard General Ledger (USSGL). Application of the USSGL at the transaction level means that each time an approved transaction is recorded in a financial management system, it must generate the appropriate general ledger accounts for posting the transaction according to the rules defined in the USSGL guidance. OMB Circular 123, Appendix D was incorporated into Chapter 3.

G. The OMB, [Office of Federal Financial Management](#) requires, within each department or agency, accounting classification elements and definitions to be standardized to ensure uniform and efficient accounting treatment, classification, and reporting.

H. The Treasury, Bureau of the Fiscal Service publishes the Treasury Financial Manual (TFM) and is updated annually with USSGL guidance. Under the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), the USSGL TFM Supplement contains seven major sections that comprise the Treasury USSGL guidance: (I) Chart of Accounts, (II) Accounts and Definitions, (III) Account Transactions, (IV) Account Attributes for USSGL Proprietary Account and Budgetary Account Reporting, (V) Crosswalks to Standard External Reports, (VI) Crosswalks – Reclassified Statements, and (VII) GTAS Edits and Validations. The USSGL standardizes federal agency accounting and supports the preparation of standard external reports required by the OMB and Treasury

#### \*0402 DEFINITIONS

##### 040201. Business Enterprise Architecture

The BEA is the enterprise architecture for the DoD business mission area. The BEA defines the DoD business transformation priorities, the business capabilities required to support those priorities, and the combinations of enterprise systems and initiatives that enable those capabilities. It is used to determine compliance for systems reviewed by the Defense Business Council (DBC) and includes the SFIS requirements. The BEA structure/framework was developed using a set of integrated DoD Architecture Framework products to include the All View, Operational View, Systems and Services View, and Technical Standards View. It includes activities, processes, data, information exchanges, business rules, system functions, system data exchanges, terms, and linkages to laws, regulations, and policies.

##### 040202. Financial Management System Types

This paragraph defines DoD financial management system types in the current environment for purposes of SFIS and SLOA/Accounting Classification compliance. See Chapter 3 for a complete definition of a financial management system, a financial system, a mixed system, and a non-financial system.

A. Target Accounting System. A target accounting system is configured to post transactions to an internal USSGL compliant subsidiary or general ledger and does not have a system retirement plan and date.

B. Target Financial Business Feeder System. A target financial business feeder system does not qualify as a target accounting system and does not have a retirement plan and date. The system creates or processes transactions with financial impacts and exchanges accounting data with another business feeder system(s) and/or accounting system(s).

C. Legacy Accounting System. A legacy accounting system is configured to post transactions to an internal subsidiary or general ledger and has a retirement plan and date.

D. Legacy Financial Business Feeder System. A legacy financial business feeder system does not qualify as an accounting system and has a retirement plan and date. The system creates or processes transactions with financial impacts and exchanges accounting data with another business feeder system(s) and/or accounting system(s).

#### 040203. Investment Review Process

DoD implemented a business systems investment review process through the DBC. The Deputy Chief Management Officer (DCMO) established the DBC as the principal subsidiary governance body to the Deputy's Management Action Group / Defense Business Systems Management Committee (DBSMC) for defense business operations and it serves as the Department's Investment Review Board (IRB) for Defense business systems. A primary goal of the IRB process is to facilitate development and implementation of integrated business systems across DoD business functions and capabilities; thereby providing a framework for effective investment decision-making and enabling the Department's senior leadership to guide investments to maximize the impact to the warfighter. SFIS/SLOA is a critical part of this process. The DBSMC was established pursuant to 10 U.S.C. § 186 and is chaired by the Secretary of Defense. DBSMC membership is comprised of the Under Secretaries of Defense for Acquisition, Technology, and Logistics; Comptroller; and Personnel and Readiness; the DoD Chief Information Officer; the Secretaries of the Military Departments; and the heads of the Defense Agencies pursuant to 10 U.S.C. § 2222.

#### 040204. SFIS Business Rules

The SFIS business rules specify how SFIS data elements must be implemented and are the primary mechanism that drives SFIS compliance. The SFIS business rules dictate compliance requirements such as syntax, storage, derivation and usage.

## 040205. SFIS Compliance Checklist

The SFIS Compliance Checklist is based on the SFIS business rules and is used to document compliance with the SFIS business rules. The Checklist provides the Office of the Secretary of Defense leadership, DoD Component program managers, and other financial and operations managers with a means for determining whether their accounting and financial business feeder systems comply with SFIS requirements. DoD Components use the Checklist as a tool to assess and gauge the level of a financial system's compliance with SFIS requirements.

## 040206. SFIS Values Library

The SFIS Values Library houses allowable SFIS values for specific SFIS data elements. Systems must be compliant with the value lists as outlined in the data elements authoritative source. The SFIS Values Library can be located on the SFIS Resource Page.

## 040207. Standard Data

Standard data relates to information that is transmitted, processed, maintained, and/or accessed in a standard format. It is a structured communication medium that is exchanged **within and** between entities and other groups for business transactions. The standards describe structures that emulate documents; e.g., purchase orders to automate purchasing. The standard data is also used to refer to the implementation and operation of systems and processes for creating, transmitting, and receiving information. It simplifies the aggregation of data, limiting crosswalks and mapping procedures.

## 040208. SLOA/Accounting Classification

The DoD SLOA/Accounting Classification is a subset of the SFIS data standard elements. The SLOA/Accounting Classification is comprised of the minimum SFIS data elements that must be exchanged for business events that have an accounting impact at any point from the initial commitment to the final posting in the appropriate general ledger. This includes commitments, obligations, expenditures, and disbursements. The SLOA accommodates Treasury reporting requirements for daily cash reporting.



## \*0403 COMPLIANCE REQUIREMENTS

### 040301. SFIS

A. SFIS compliance is required for all target accounting systems and target financial business feeder systems that comprise the target environment, as identified in the *Enterprise Transition Plan*, that support financial transactions. SFIS is also considered for legacy accounting systems and legacy financial business feeder systems on a case-by-case basis. SFIS provides an enterprise-wide standard for categorizing financial information along several dimensions to support financial management and financial reporting functions; enable decision-makers to efficiently compare similar programs and activities across DoD; and provide a level of detail required for information retrieval and auditability. SFIS is aligned to federal-wide standards, at summary levels, for federal-level financial statements.

B. SFIS compliance means a target system must send, receive, capture, store, and maintain the SFIS data constructed as discrete data. Further, systems must meet all applicable SFIS Business Rules. SFIS data element transactions are required to be posted to the financial accounting system using the required USSGL accounts and accounting standards. DoD Component program managers are required to use the SFIS checklist to determine SFIS compliance and to guide implementation and configuration efforts.

### 040302. SLOA/Accounting Classification

A. The DoD SLOA/Accounting Classification is a subset of SFIS data elements that is used to ensure accurate accounting transactions and interoperability between systems. The SLOA/Accounting Classification requirement is applicable for all systems that process business events with accounting impacts between the time of commitment through disbursement. This includes, but is not limited to, accounting, contract writing, logistics, civilian pay, military pay, travel, medical, and transportation. Target systems must send, receive, capture, store, and maintain the SLOA/Accounting Classification data constructed as discrete data. Further, systems must meet all applicable SFIS Business Rules.

B. For legacy accounting systems and legacy financial business feeder systems that have a retirement plan and date, the implementation of SFIS and SLOA/Accounting Classification is considered on a case-by-case basis depending upon its impact on audit readiness.

## 040303. Interoperability of Data between Systems

Systems that support the financial management purchasing process such as contracts, intergovernmental orders, and payroll for audit readiness purposes must be interoperable with SLOA/Accounting Classification data elements. Supporting transactions are required to be posted to the target accounting system using proper USSGL accounts and accounting standards. A transaction broker and translation service may be used for legacy systems with a retirement plan and date to translate non-SFIS data elements to SFIS data elements. A transaction broker may be used to reduce the number of interfaces, thereby reducing the cost to maintain the interfaces and minimizing the number of interfaces subject to changes in interface controls to support auditability.

## 040304. Defense Departmental Reporting System SFIS Trial Balance

Target accounting systems must interface with the Defense Departmental Reporting System using an SFIS Compliant Trial Balance. The SFIS Compliant Trial Balance must meet all necessary USSGL and DoD financial reporting requirements.

**\*0404 ROLES AND RESPONSIBILITIES**

## 040401. Office of the Under Secretary of Defense (Comptroller)

The Office of the Secretary of Defense (Comptroller) (OUSD(C)):

- A. Serves in a leadership role and establishes policy for the development of DoD enterprise business and financial systems to include SFIS implementation across DoD.
- B. Is responsible for providing stewardship for SFIS financial data elements, and serves as a primary representative on the DBSMC and DBC (reference paragraph 040202).
- C. Provides business and financial system insight on all issues presented at committee/board meetings and serves as the primary office of responsibility for actions stemming from the DBSMC and the IRB.

## 040402. Office of the Deputy Chief Management Officer

The Office of the DCMO:

- A. Oversees system compliance requirements for all data standards, to include SFIS.
- B. Is responsible for publishing and maintaining the SFIS resources repository and works closely with OUSD(C) on coordination of all SFIS Updates.
- C. Works with DoD Components and Enterprise Resource Planning (ERP) integration teams to properly implement SFIS.

## 040403. DoD Components

DoD Components are responsible for implementing SFIS for all applicable systems and ensuring interoperability between systems that have a financial impact. This includes asserting compliance with SFIS by using the Compliance Checklist for SFIS and maintaining their systems consistent with SFIS requirements.

## 040404. Service Providers

The Defense Finance and Accounting Service (DFAS) and the Defense Logistics Agency (DLA) are service providers. DFAS and DLA must ensure all service provider applications and enterprise systems are compliant with SFIS, where applicable.

## 0405 SFIS RESOURCES

The SFIS web page contains several resources that define the SFIS requirements and provides tools to assist with compliance including the following:

- A. SFIS Matrix (SFIS data elements, definitions, examples, business rules, syntaxes, primary stewards, authoritative sources, required reports, and Extensible Markup Language Schemas).
- B. SFIS Compliance Checklist.
- C. SFIS Implementation Master Schedule.
- D. SFIS/USSGL Validation
- E. SFIS SLOA/Accounting Classification Guidance.
- F. SFIS Values Library Services.
- G. SFIS ERP Standard Configurations.
- H. SFIS Online Tutorial.
- I. DoD USSGL Transaction Library.
- J. DoD Standard Chart of Accounts Implementation Guidance.

\*Table 4-1. SFIS Compliance Summary

Financial Management System Type	SFIS Compliance Requirement
Target Accounting System	SFIS DoD SLOA/Accounting Classification DoD USSGL Transaction Library DoD Standard Chart of Accounts
Target Financial Business Feeder System (processes business events with accounting impacts between the time of commitment through disbursement)	SFIS DoD SLOA/Accounting Classification
Legacy Accounting System	SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis
Legacy Financial Business Feeder System (creates or processes transactions with financial impacts and exchanges accounting data with other business feeder systems or accounting systems)	SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis

**VOLUME 1, CHAPTER 6: “UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
FINANCIAL MANAGEMENT AWARDS PROGRAM”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by blue font.

Substantive revisions are denoted by a \* preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by *underlined, bold, italic, blue font*.

The previous version dated [December 2015](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
060101, 060201	Changed the Contributions in Financial Management in a Combat Zone Category to Contributions in Financial Management in a Contingency Operation.	Revision
060308	Added Supervisors to the responsibilities section	Addition
060402	Specified that components may not submit more than one nomination for the same achievement.	Addition

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## CHAPTER 6

**UNDER SECRETARY OF DEFENSE (COMPTROLLER) FINANCIAL  
MANAGEMENT AWARDS PROGRAM**

## 0601 GENERAL

## \*060101. Overview

It is DoD policy that:

A. Military and civilian members who make outstanding contributions to the improvement of DoD financial management should be recognized.

B. Recognition for their significant contribution(s) during the preceding calendar year, in the form of an engraved plaque, shall be presented to, and retained by, the individual and team within each of the four award categories. Fourteen awards are conferred:

1. Contributions in budget formulation or execution:
  - a. Individual at Headquarters and Major Command Level
  - b. Individual below Headquarters and Major Command Level
  - c. Team at Headquarters and Major Command Level
  - d. Team below Headquarters and Major Command Level
2. Contributions in financial management (excluding budget):
  - a. Individual at Headquarters and Major Command Level
  - b. Individual below Headquarters and Major Command Level
  - c. Team at Headquarters and Major Command Level
  - d. Team below Headquarters and Major Command Level
3. Contributions to financial improvement and audit readiness:
  - a. Individual at Headquarters and Major Command Level
  - b. Individual below Headquarters and Major Command Level
  - c. Team at Headquarters and Major Command Level

- d. Team below Headquarters and Major Command Level
4. Contributions in financial management in a [Contingency Operation](#):
    - a. Individual at any level
    - b. Team at any level

C. The Program applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense (DoD), the Defense Agencies, and the DoD Field Activities, and all other organizational entities within the DoD (hereafter referred to collectively as “the DoD Components”). The individual or team’s accomplishment must have occurred within the preceding calendar year.

D. Any military member or DoD civilian employee (to include Reserve Components) is eligible for nomination. General/Flag Officers, Senior Executive Service, and contractors cannot be nominated for individual awards, but can be named and recognized as members of team awards.

060102. Purpose

The purpose of the Under Secretary of Defense (Comptroller) (USD(C)) Financial Management Awards Program is to recognize significant contributions of individuals or teams to financial management improvement.

060103. Authoritative Guidance

The Government Employees Incentive Awards Act at 5 USC § 4503 authorizes agency heads to award an honorary recognition to an employee who contributes to the efficiency, economy, or other improvement of government operations or achieves a significant reduction in paperwork, or performs a special act or service in the public interest in connection with or related to his official employment. 10 USC § 1125 authorizes the Secretary of Defense to award medals, trophies, badges, and similar devices to members, units, or agencies of an armed force under his jurisdiction for excellence in accomplishments.

## 0602 AWARD CATEGORIES, TYPES, AND LEVELS

\*060201. Award Categories.

The four award categories in the USD(C) Financial Management Awards Program are:

A. Contributions in Budget Formulation or Execution. This category recognizes one individual and one team, at each of the two award levels, who have made



significant contributions in improving the budget build process or execution of DoD funds. Improved execution of budgets serves to minimize Anti-Deficiency Act violations and ensures protection of Departmental assets. Examples of appropriate efforts include:

1. Identifying and correcting deficiencies in administrative control of funds.
2. Enhancements in methodology and processes resulting in more accurate budget formulation estimates.
3. Information Technology System improvements that support reliable cost projections for building budgets.

B. Contributions to Financial Management (excluding Budget). This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to modernize and improve financial management in areas other than budget. Improvements may be in areas such as finance, auditing, accounting, cost analysis, workforce development, or other fields outside of budgeting. Examples of appropriate efforts include:

1. Changing or improving an accounting process to eliminate or reduce improper payments.
2. Developing a validated and verified cost or life cycle model used in economic, cost benefit, or cost effective analysis.
3. Establishing a training program to improve workforce proficiency in a key area of deficiency.

C. Contributions in Financial Management in a Contingency Operation. This category recognizes one individual **and** one team who **have** made significant contributions to modernize and improve financial management while **part of** a **contingency operation**. Improvements can be in auditing, accounting, budget, cost analysis, workforce development, and other Financial Management fields. Examples of appropriate efforts include:

1. Implementing controls that improve auditability of funds managed in a **contingency operation**.
2. Changing and/or reengineering a process or steps of a process to make the process better, faster, and/or less expensive by using technology as an enabler in a **contingency operation**.
3. Identifying, proposing, and implementing an improvement to a problem, project, or effort using analysis to better utilize resources and improve mission effectiveness in a **contingency operation**.

D. Contributions to Financial Improvement and Audit Readiness. This category recognizes one individual and one team, at each of the two award levels, who have made significant achievements to improve Financial Improvement and Audit Readiness efforts. Financial Improvement and Audit Readiness helps the Department achieve its goal of unmodified financial statement audits by (1) improving the Department's financial management operations, (2) providing our service members with the resources essential for mission success, (3) and improving taxpayer trust in our stewardship of resources. Examples of appropriate efforts include:

1. Implementing end-to-end business process, reengineering efforts leading to improved auditability.

2. Executing action plans to correct internal controls deficiencies at a local or command level that are consistent with laws, regulations, and administrative policy.

3. Implementing effective improvements to controls over financial reporting in financial systems at the service or enterprise level.

060202. Award Types

The two award types in the USD(C) Financial Management Awards Program are:

A. Individual awards may be given to one person at the Headquarters and Major Command level and Below Major Command level in the four award categories.

B. One team award may be given to teams at the Headquarters and Major Command level and the Below Major Command level in each of the four award categories. Teams are made up of two to twenty individuals brought together to perform a specific task within a specific time frame. Teams of greater than twenty individuals are not eligible for these awards. The team lead must be one of the twenty members of the team. Contractors cannot comprise more than 20 percent of the team. Contractors cannot use these awards as support for performance clauses in contracts.

060203. Award Levels

The two award levels in the USD(C) Financial Management Awards Program are:

A. Headquarters level and Major Command level.

1. Headquarters level is defined as the headquarters of a Military Service Department, Defense Agency, or Field Activity.

2. Major Command Level is defined as the highest level of command below headquarters level within the Military Department. For the Defense Agencies and Field Activities, Major Command level is based on the organization's structure, not the nature of the

work covered by the award. Major Command level refers to the next level of subordinate organizations to the Headquarters location.

B. Below Major Command level includes any organization not meeting the requirements to be considered Headquarters and Major Command level. For Defense Agencies and Field Activities, this includes regional offices or other organizations subordinate to the Headquarters or Major Command level.

<b>Award Level Matrix</b>	
<b>Organizational Level Performing the Work</b>	<b>Award Level</b>
Headquarters	Headquarters and Major Command
Military Department Major Command	Headquarters and Major Command
Combatant Command Headquarters	Headquarters and Major Command
Brigade/Afloat Command/Group	Below Major Command
Regional Office	Below Major Command
<b>Examples</b>	
DFAS Headquarters	Headquarters and Major Command
DFAS Major Center (Cleveland, Columbus, Indianapolis)	Headquarters and Major Command
DFAS Other (Rome, Limestone, Japan, Europe, Non-Appropriated Funds)	Below Major Command

### 0603 RESPONSIBILITIES

#### 060301. The USD(C)

- A. Will select awards recipients for each award category, type, and level.
- B. Will present awards to each recipient.
- C. Will release an annual memorandum announcing any changes to this regulation, call for the submission of nominations for this awards program, and delineate the nomination and review timeline.

#### 060302. The OUSD(C) Human Capital Resource Management Director

- A. Will annually convene a Financial Management Awards Program Board to review nominations from the DoD Components.
- B. Will make award recommendations to the USD(C).
- C. Will appoint a representative from among the Defense Agencies and DoD

Field Activities (other than the Defense Finance and Accounting Service (DFAS)) to the FM Awards Program Board.

060303. Heads of the Military Departments and DFAS

A. Will each select a representative to the Financial Management Awards Program Board and notify the Director, Human Capital Resource Management (HCRM) in accordance with the annual USD(C) memorandum, of the representative selected from their Component.

060304. DoD Component Heads

A. Will **encourage the nomination of individuals and teams** for the Financial Management Awards in accordance with the procedures and criteria in section 0604.

B. Will appoint a Final Reviewer for all nominations submitted by members of their component in accordance with the memorandum.

060305. The Financial Management Awards Program Board

A. Is chaired by the OUSD(C) HCRM Director, or designee.

B. Is comprised of one voting representative from each of the Military Departments, DFAS, and one from the Defense-wide community, which encompasses all other Defense Agencies and DoD Field Activities. Members may not delegate attendance of the Board Member meeting, and may not serve more than two consecutive terms.

C. Is comprised of members of the Senior Executive Service, general/flag officers, **and/or** E-9s.

D. Members must not be the Nominating Officials for any of the award nominations submitted.

E. Is convened annually to evaluate nominations and make recommendations for winners in each award category based on the criteria in paragraph 060401.

060306. Final Reviewers

A. Are responsible for vetting the nominations prior to submission to the Board. Nominations should be examined for duplications, **incomplete submissions**, and noncompliance with instructions.

B. May not be nominating officials.

C. Are responsible for approving or denying each nomination submitted for their particular component, before all nominations are due to OUSD(C). Only approved nominations will go before the Board.

060307. Nominating Official

A. Will review each one of their nominations ensuring nominee names and contact information are correct and accurate.

B. Will sign to certify compliance with nomination submission instructions in section 0605.

\*060308. Supervisor

A. Will consider members of their workforce whose achievements merit recognition in the USD(C) FM Awards Program.

B. Will serve as the Nominating Official for appropriate nominations.

060309. Submitter

A. Will input all data into the nomination template for the appropriate nomination in accordance with the procedures and criteria in section 0605 as directed by the nominating official.

B. May be the same person as the Nominating Official.

#### 0604 AWARD CRITERIA AND NOMINATION INFORMATION

The Criteria and Nomination Information for the DoD Financial Management Awards are:

060401. Award Criteria

Nominations for DoD Financial Management Awards shall be based on individual or team achievements during the preceding calendar year. Board members will evaluate nominations, assigning a numeric score, after considering the following criteria:

A. Scope and Significance, examples include:

1. Cost and/or manpower savings
2. Cost avoidances

3. Magnitude of Impact
- B. Improving and standardizing policies, procedures, and systems
- \*060402. Nomination Information

Refer to section 0605 for specifics on procedures for submitting nominations. Figures 1-1 and 2-1 are examples of individual and team nominations, respectively. Information included in the nominations is used for plaque development. All information must be accurate to ensure plaques properly display nominee information. All acronyms must be spelled out the first time.

A. The first section includes the calendar year of the accomplishment, award category, nominee(s) data, and nominating official data.

B. The second section includes the nominee or team name, a brief description of the problem, project, or effort, a summary of the actions performed, and results achieved by the individual or team to warrant consideration for a Financial Management Award.

C. Nominations should be written to a broad and diverse audience. Limit the use of acronyms and excessive superlatives.

D. Nominations should be written in a clear and concise manner.

E. Components may not submit more than one nomination for the same achievements. For example:

1. A Component may not submit a team nomination and an individual nomination for the same achievements.

2. A Component may not submit a nomination, either team or individual, with the same achievements, for different award categories, types, or levels.

060403. Submission of Nominations

A. Heads of DoD Components must submit nominations to the OUSD(C) HCRM Director via the OUSD(C) awards nomination site at <https://fmonline.ousdc.osd.mil/Professional/Awards-Program/Awards.aspx>. Specific details are contained in section 0605.

B. OUSD(C) must receive nominations by the date designated in the memorandum sent to the Components. OUSD(C) will not accept nominations after the end of the nomination period.

C. Final Reviewers must review nominations by the date designated in the memorandum sent to the Components. OUSD(C) will not accept nominations edits after the end of the review period.

## 060404. Nomination Responsibilities

A. Responsibility for individual award nominations is vested with the component owning the position of the person being nominated.

B. Responsibility for team award nominations is vested with the component owning the position of the team lead.

## 060405. Individual and Team Awards

Each individual award recipient shall receive an engraved plaque. Each team shall receive a single engraved plaque while team members shall each receive a certificate.

## 0605 FM Awards Website Instructions

Utilize the OUSD(C) awards nomination site for all nominating, reviewing, or scoring.

## 060501. Nominating an Individual

A. To nominate an individual, click the Nominate Individual tab on the left-side of the page. Select the Award Category by clicking on the radio button next to the appropriate category:

1. Contributions in budget formulation or execution.
2. Contributions in financial management (excluding budget).
3. Contributions in financial management in a [contingency operation](#).
4. Contributions to financial improvement and audit readiness.

B. Select the Award Level by clicking on the radio button next to the appropriate level: Headquarters and Major Command, or Below Major Command.

1. Enter the Organization and Component of the Nominee.
2. Include the unit and its location in the Organization field which needs to represent the subordinate organization of the Military Service Department, Defense Agency, or Field Activity.
3. Acronyms must be spelled out.

C. Fill out the Individual Nominee Data and the Nominating Official Data.

1. Write the nomination in a way best portraying the individual and their contributions in the specific effort.

2. Nominations should not be written like personnel evaluations.

D. Input the name of the problem, project, or effort the individual participated in, concisely providing details about the:

1. Problem the Nominee solved.

2. Actions the Nominee took to solve the problem.

3. Results of the Nominee's actions to solve the problem.

E. To complete the nomination:

1. Click the sign and save button at the bottom of the form.

2. Click the close form button at the bottom of the screen.

#### 060502. Nominating a Team

A. To nominate a Team, click the Nominate Team tab on the left-side of the page. Select the Award Category by clicking on the radio button next to the appropriate category:

1. Contributions in budget formulation or execution.

2. Contributions in financial management (excluding budget).

3. Contributions in financial management in a [contingency operation](#).

4. Contributions to financial improvement and audit readiness.

B. Select the Award Level by clicking on the radio button next to the appropriate level: Headquarters and Major Command, or Below Major Command.

1. Enter the Team Name, Organization and Component of the Nominee.

a. Include the unit and its location in the Organization field which needs to represent the subordinate organization of the Military Service Department, Defense Agency, or Field Activity.

b. Acronyms must be spelled out.



2. Input the Team's Nominee Data. There can be from 2 to 20 individuals per team, including the team lead.

a. No more than 20 percent of the team can be composed of contractors.

b. Fill in the information of team leader in the Individual Nominee Data Portion.

c. Contractors are not eligible for the team lead position.

C. Fill out the Team Nominee Data and the Nominating Official Data.

1. Write the nomination in a way best portraying the team and its contributions in the specific effort.

2. Nominations should not be written like personnel evaluations.

D. Input the name of the problem, project, or effort the individual participated in, concisely providing details about the:

1. Problem the Team solved.

2. Actions the Team took to solve the problem.

3. Results of the Team's actions to solve the problem.

E. To complete the nomination:

1. Click the sign and save button at the bottom of the form.

2. Click the close form button at the bottom of the screen.

060503. Final Reviewers

A. Click the Final Reviewer Tab to see each individual and team nomination for your component/service/school.

B. Individual nominations will be listed at the top of the page and Team Nominations will be listed at the bottom of the page.

C. Final Reviewers must approve or decline nominations before they go to the Board. Refer to the annual USD(C) memorandum for the timeline.

1. Click on the document button in between the name of the Individual or the Team and the Organization of the specific nomination to view the nomination.

2. Ensure nominating official digital signature belongs to listed nominating official.

3. To approve or decline a nomination, click the approve or decline button.

D. To view a report of all nominations within a certain category, click on the category you are trying to view.

E. To view nominations previously approved or declined:

1. Click the view approved/declined nominations button (in blue) at the top of the screen.

2. Click on the document button in between the name of the Individual or the Team and the Organization of the specific nomination.

3. To change the status of a nomination, click the approve or decline button.

F. Return to nominations that have not been approved or declined yet by clicking the view undecided documents button on the top of the screen.

#### 060504. Board Members

Board Members will independently score individual and team nominations based on the established criteria and collectively evaluate and recommend winners in each award category in accordance with this regulation.

A. Click the Board Tab to enter the Board Member Section, the three buttons that Board Members will use throughout the scoring process are:

1. Nominations: produces a printable report with all nominations submitted to the board.

2. Board Detail Report: produces a printable report showing detailed scores for each nomination by criteria.

3. Board Summary Report: produces a printable reporting showing the total score for each nomination.

B. To score Nominations:

1. Click the nominations button found on the Board Members site.

2. The Nomination List contains four sections, one for each nomination category, each of which has four expandable subsections. Each of these subsections represents the four different types and levels of nominations.

3. Click on the subsections to expand each tab. Each row will show the same information (from left to right): Name of Individual or Team, Organization, and Component. Each line will be followed by three (3) buttons (from left to right): View Nomination, Complete Scores, and Print Scores.

4. Board members will be able to see the Nomination by clicking on the view nomination button.

5. Click on the complete scores button to score a nomination.

a. After considering the strength of the write-up, indicate a score of 1 to 5 points based on the scoring criteria with 5 being the highest.

b. Click the completed button at the bottom of the page to complete scoring.

c. There will be a green checkmark next to the row of the scored nomination.

6. Click on the view scores button to view a scores report for a specific Nomination.

7. Click on the scores report button on the top right-side of the screen to view a compiled report of all scoring you have completed.

C. To view a Board Detail Report, return to the Board Welcome page, click the board detail report button at the bottom of the Board Member welcome screen.

D. To view a Board Summary Report, return to the Board Welcome page:

1. Click the board summary report button at the bottom of the Board member welcome screen.

2. This report includes sections by Award Category, Type, and Level and provides the summary total of each Board Member's scoring of the established criteria for each nominee.



Figure 1-1: Nomination Form for Individual Awards (cont'd)

**UNDER SECRETARY OF DEFENSE (COMPTROLLER)**  
**FINANCIAL MANAGEMENT AWARDS PROGRAM**  
Nomination Form for **INDIVIDUAL** Awards

**A. Nominee's Name & Component/Organization:** \_\_\_\_\_

**B. Name of Problem/Project/Effort:**  
\_\_\_\_\_  
(Please limit to 60 characters)

**C. Describe the PROBLEM/PROJECT/EFFORT** (summarize the project in 2-3 sentences):

**D. Summarize the ACTIONS and RESULTS of the team's activities that warrant an award** (What did the individual do to earn this award; what analytics were involved; what benefits or results were realized, why or how did these benefits significantly improve financial management; please be specific in terms of cost or time savings and please provide concrete examples):

(Please note: Sections C cannot exceed 700 characters with spaces & Section D cannot exceed 3300 characters with spaces)



Figure 2-1: Nomination Form for Team Awards (cont'd)

<p><b>UNDER SECRETARY OF DEFENSE (COMPTROLLER)</b> <b>FINANCIAL MANAGEMENT AWARDS PROGRAM</b> Nomination Form for <b>TEAM</b> Awards</p>
<p><b>A. Team Name &amp; Component/Organization:</b> _____</p>
<p><b>B. Name of Problem/Project/Effort:</b></p> <p>_____</p> <p>(Please limit to 60 characters)</p>
<p><b>C. Describe the PROBLEM/PROJECT/EFFORT</b> (summarize the project in 2-3 sentences):</p>
<p><b>D. Summarize the ACTIONS and RESULTS of the team's activities that warrant an award</b> (What did the team do to earn this award; what analytics were involved; what benefits or results were realized, why or how did these benefits significantly improve financial management; please be specific in terms of cost or time savings and please provide concrete examples):</p>
<p><b>(Please note: Sections C cannot exceed 700 characters with spaces &amp; Section D cannot exceed 3300 characters with spaces)</b></p>

**VOLUME 1, CHAPTER 7: “UNITED STATES STANDARD GENERAL LEDGER  
(USSGL)”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue and underlined font](#).

The previous version dated June 2008 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Various	Updated hyperlinks.	Update
070201 0708	Incorporated section 0708 of previous version into paragraph 070201. Clarified that the United States Treasury has responsibility for maintaining the United States Standard General Ledger (USSGL).	Update
070202	Added definition of summary account.	Add
070203	Clarified the USSGL Standard Financial Information Structure (SFIS) Transaction Library are accounting transactions for DoD. Also referenced paragraph 070302 for further details.	Update
070203 070302 070401 070405 070406	The following updates were made to the USSGL SFIS Transaction Library:  Updated DoD Descriptions and/or Accounting Entries for DoD Transaction Codes (DTC) A179-001, A446-006, A446-008, A448-004, C646, D114-262, D114-263, D306-003 to 064, D310-001 to 060, D523-003 to 004, D566-001 to 002 and E112-001 and 003.  Added DTCs B406-009 and B406-094.  Deleted DTCs D306-061, D306-062, D310-057, D310-058, and E606-024 and Library Business Rule 10.	Update
070302	Identified DoD specific transactions codes in the USSGL SFIS Transaction Library.	Add



PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
070401	Provided a link to Federal Financial Management Improvement Act of 1996 Compliance, Evaluation, and Reporting chapter for further system requirements.	Add
070406	Paragraph 070406 of previous version was combined with paragraph 070405 of current version. Paragraph 070407 of previous version is paragraph 070406 of current version.	Update
070703 070704 070705	Clarified proprietary accounting entries.	Update
Figure 7-1	Added a step for undelivered orders – obligations unpaid.	Add
Figure 7-2	Incorporated Appendices A and B of the previous version into Figure 7-2. Included reference to the SFIS Transaction Library.	Add
Appendix A Appendix B	Incorporated Appendices A and B of the previous version into Figure 7-2.	Delete

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## CHAPTER 7

**UNITED STATES STANDARD GENERAL LEDGER**

## 0701 PURPOSE

This chapter prescribes the requirements of the United States Standard General Ledger (USSGL). The USSGL must be used in all Department of Defense (DoD) accounting systems for all appropriations and funds. Additional information on the USSGL may be obtained from the United States Department of the Treasury (Treasury), Financial Management Service (FMS) [\*USSGL Document Library\*](#) published by the Treasury FMS.

## 0702 GENERAL

## \*070201. Chart of Accounts

The [\*Treasury Financial Manual \(TFM\)\*](#), USSGL Supplement, Section I: Chart of Accounts, along with DoD specified USSGL accounts 4540 through 4580, listed and defined in [Figure 7-2](#), provide the basic structure for the DoD USSGL. The USSGL contains budgetary, proprietary, and memorandum accounts. The budgetary, proprietary, and memorandum sets of general ledger accounts are each self-balancing (the total debits equals the total credits). For accounting related business events, USSGL transactions provide debit and credit entries for budgetary, proprietary, and memorandum accounts. The United States Treasury has responsibility for maintaining the TFM USSGL.

## \*070202. Summary Accounts

Within the DoD, summary accounts are not used to report balances. A summary account is an account that has been subdivided into subsidiary posting accounts. The USSGL no longer uses summary accounts in the USSGL Chart of Accounts. Section headings in the USSGL display only the organization of the account structure but do not constitute summary accounts.

## \*070203. Standard Financial Information Structure

The TFM, USSGL Supplement, Section III: Account Transactions, implements the USSGL at a transaction level. The USSGL [\*Standard Financial Information Structure \(SFIS\) Transaction Library\*](#) is a decomposition of the TFM USSGL accounting transactions for DoD and breaks down the generalized TFM USSGL transaction postings containing multiple debits and credits, into appropriate pairings of debits and credits of budgetary, proprietary, and memorandum accounts into individual DoD Transaction Codes (DTC). (See [paragraph 070302](#) for further details.)

## 0703 DEFINITIONS

## 070301. TFM USSGL Supplement

The [TFM USSGL Supplement](#) contains the following five major sections that together comprise the USSGL: (I) Chart of Accounts, (II) Accounts and Definitions, (III) Account Transactions, (IV) USSGL Account Attributes for FACTS I and FACTS II Reporting, and (V) Crosswalks to Standard External Reports. The USSGL standardizes federal agency accounting and supports the preparation of standard external reports required by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury). The Chart of Accounts identifies and defines budgetary, proprietary, and memorandum accounts to be used in federal agency accounting systems. At a minimum, the USSGL is updated annually and published by Treasury/FMS.

## \*070302. USSGL SFIS Transaction Library

The [USSGL SFIS Transaction Library](#) contains DTCs that delineate the [transactions codes](#) in the TFM USSGL Supplement, Section III: [Account Transactions](#). The Library establishes the DoD enterprise-wide requirement for the implementation of the USSGL through detailed transaction postings for budgetary, proprietary, and memorandum accounts. The DTCs specific to DoD are identified in the [USSGL SFIS Transaction Library](#) with a prefix OUSD.

## 0704 APPLICABILITY AND SCOPE

## \*070401. Governance

The USSGL must be used in all DoD accounting systems for all appropriations and funds. The [OMB Circular A-127, Financial Management Systems](#) and the [Federal Financial Management Improvement Act of 1996 \(FFMIA\)](#) require implementation of the USSGL at the transaction level throughout an agency's financial management systems, including both financial and mixed (so-called feeder) system applications. The USSGL applicability does not depend on an application containing a general ledger itself. For example, a payroll system which processes transactions in accordance with USSGL transaction rules sends summarized data to the core financial system for appropriate posting and provides sufficient traceability from the general ledger balances to the source documentation would be considered in compliance with the USSGL at the transaction level. This means that applications are required to process transactions using the USSGL accounts according to the defined uses and posting logic in the [USSGL SFIS Transaction Library](#) and TFM USSGL Supplement, Section III: [Account Transactions](#). Compliance with [OMB Circular A-127](#) and [FFMIA](#) requires data in financial reports to be consistent with the USSGL, transactions to be recorded consistently with USSGL rules, and supporting transaction detail for USSGL accounts to be readily available. See [Chapter 3 for FFMIA compliance, evaluation, and reporting](#).

## 070402. Reporting

The USSGL uses a four-digit account numbering system. Within the DoD, the USSGL shall be implemented to accomplish internal and external reporting needs. For external reporting, all data must summarize to the four-digit USSGL accounts and standard attributes required by Treasury/FMS for Federal Agencies' Centralized Trial-Balance System (FACTS I and II).

## 070403. Structure

The basic four-digit structure of the USSGL consists of:

1000	Assets
2000	Liabilities
3000	Net Position
4000	Budgetary
5000	Revenue and Other Financing Sources
6000	Expenses
7000	Gains/Losses/Miscellaneous Items
8000	Memorandum

## 070404. Account Attributes

Standard USSGL account attributes required for FACTS reporting of proprietary account information (FACTS I) and budgetary account information (FACTS II) are defined in the [TFM USSGL Supplement, Section IV: USSGL Account Attributes](#).

## \*070405. USSGL SFIS Transaction Library

The [USSGL SFIS Transaction Library](#) provides a DoD accounting framework for existing and emerging financial management systems. The Library uses standard general ledger transactions and posting business rules that support the preparation of external reports required by the OMB and the Treasury. The Library also includes a separate column for each SFIS data element across all DTCs and identifies each individual SFIS element as mandatory, optional, derived, or otherwise not applicable when posting each DoD transaction. The specific values for each SFIS data element are documented on the SFIS Values Library.

## \*070406. USSGL SFIS Transaction Library Update

The [USSGL SFIS Transaction Library](#) is updated in accordance with the USSGL updates by the Treasury/FMS. However, interim updates may be issued to provide Enterprise Resource Planning (ERP) Systems with accurate and updated DoD general ledger and SFIS guidance at the DTC level.

## 0705 BASIC CONCEPT

## 070501. Recordation

All resources acquired and used [along with](#) valid claims to and against those resources are to be recorded on the basis of financial transactions.

## 070502. Fund Identification

The USSGL shall be used regardless of the sources of funds. Fund identification of financial resources shall be maintained in order to (1) disclose compliance with financial authorizations and (2) prepare reports on the status of appropriations and funds for Congress, OMB, and Treasury. The USSGL account structure is intended to be the basic structure required [for](#) consistent treatment of similar transactions. Not all accounts are needed by all accounting entities.

## 070503. Account Types

A. The USSGL account structure provides a self-balancing set of budgetary accounts to record the appropriation, apportionment, allocation, commitment, obligation, and expenditure process. Proprietary asset and liability accounts cover the collection and disbursement of funds, the proper classification of assets (e.g., receivables, advances and prepayments, inventory and fixed assets), and the recognition and proper classification of liabilities. Revenue and expense accounts measure the realization of revenues from the sale of goods and services, and the recognition of costs through the use and consumption of assets. [Accounting records assist in](#) financial controls over resources [and](#) provide managers with a tool [to](#) effectively [exercise](#) stewardship [over the](#) resources.

B. The USSGL account structure also facilitates the accumulation and recording of expenses by major areas of responsibility or activity. By having a single general ledger, [managers](#) can [ascertain](#) with confidence that the accounting is complete. This will be possible regardless of the appropriation or fund that originally financed the cost and without the need for memorandum accounting records. Consistency in the accounting treatment of similar transactions, through the use of a uniform structure, creates reliable cost data for planning, budgeting, and other management purposes.

## 0706 OBJECTIVES AND BENEFITS

The [combination of the TFM USSGL Supplement](#), DoD Specified Accounts and Definitions (Figure 7-2), and the [USSGL SFIS Transaction Library](#):

A. [Provide a DoD](#) enterprise-wide standard general ledger chart of accounts and detailed transactions that incorporate budgetary, proprietary, and memorandum accounts [linked](#) to specific business events.

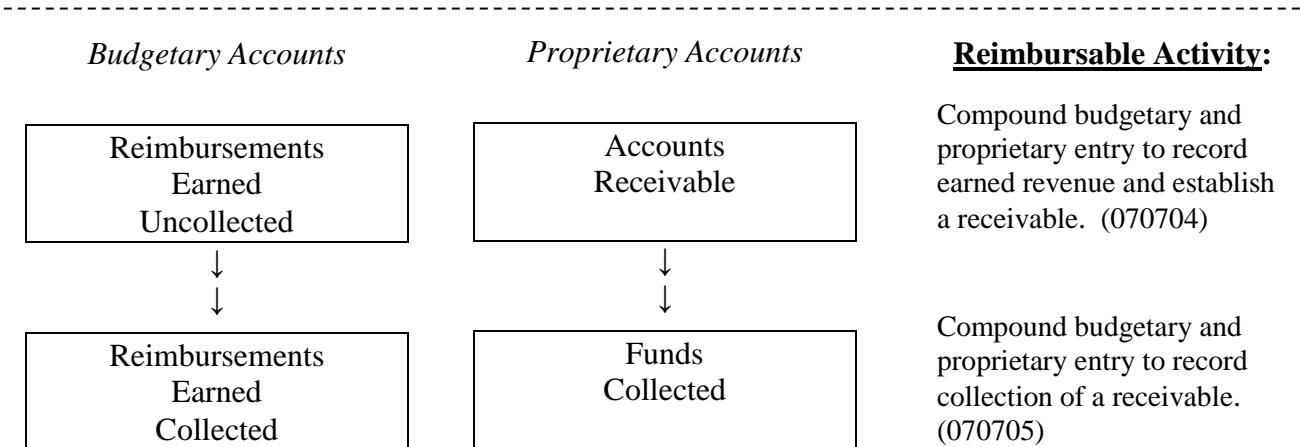
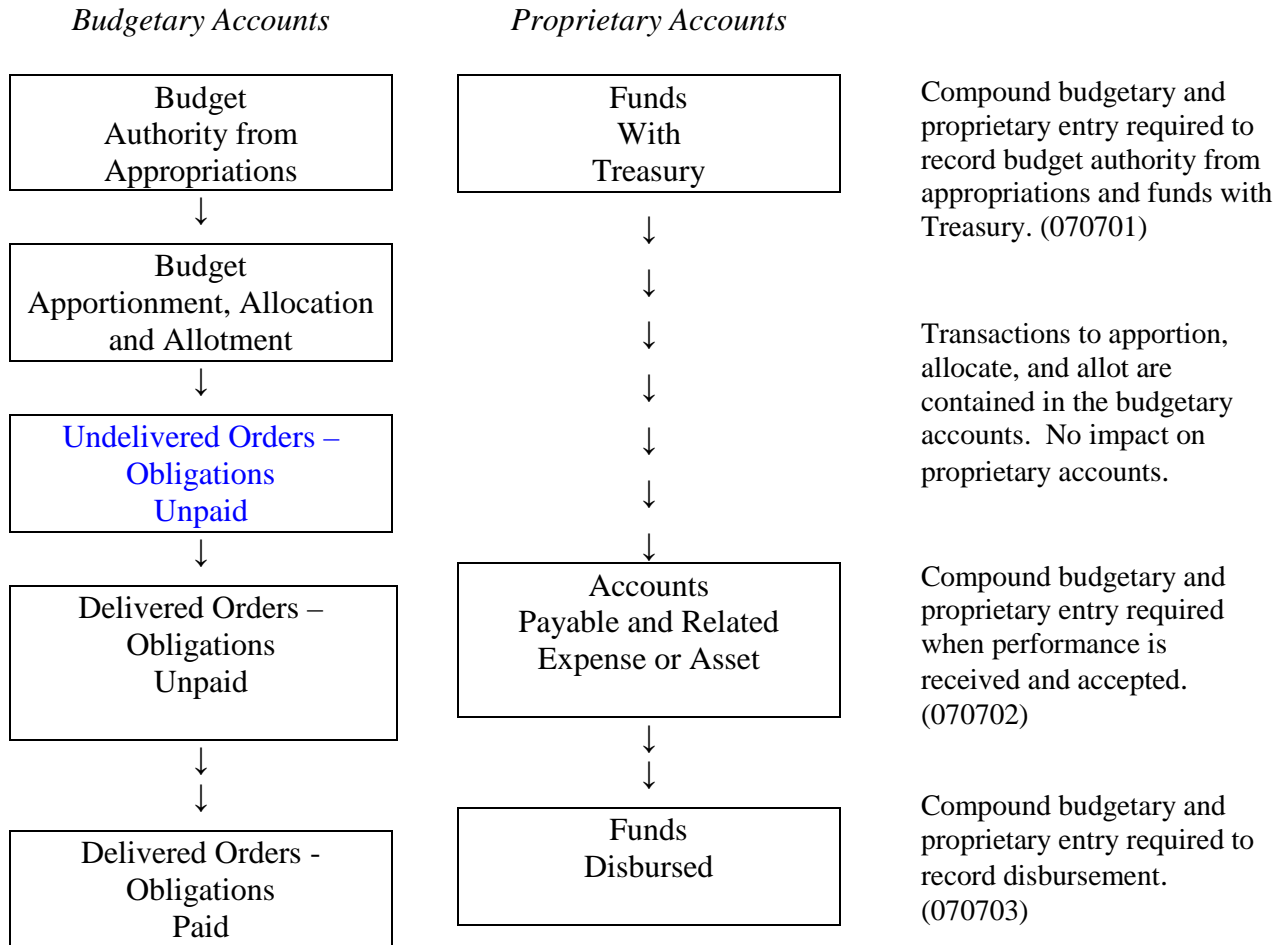
- B. Provide the ability to identify the appropriate transaction to post for a DoD business event.
- C. Achieve a uniform treatment of similar transactions by the DoD Components at all levels.
- D. Provide detailed transaction postings, which link to specific business and accounting events.
- E. Establish the linkage between the USSGL and the SFIS data elements that support detailed DoD general ledger postings.
- F. Promote a standard for updating existing DoD systems and deploying new business systems.
- G. Facilitate compliance with the OMB requirements; accounting standards developed by the Federal Accounting Standards Advisory Board (FASAB); DoD accounting policies and standards set forth in this Regulation; and other applicable regulations promulgated by the OMB, Treasury, and the Government Accountability Office.

#### 0707 BUDGETARY AND PROPRIETARY ACCOUNTING RELATIONSHIPS

Figure 7-1 provides a basic conceptual relationship between budgetary and proprietary accounting relationships for both direct funds and reimbursable activity. Specifically, in accounting for direct funds:

- A. A general ledger transaction to record the receipt of budget authority from appropriations in budgetary accounts requires a corresponding entry to record funds in the Treasury proprietary accounts.
- B. A general ledger transaction to record delivered orders unpaid in budgetary accounts requires a corresponding entry to record accounts payable or related liability and expense and/or asset in proprietary accounts.
- \* C. A general ledger transaction to record delivered orders paid in budgetary accounts requires a corresponding entry to record funds disbursed and a reduction to the related accounts payable or liability in the proprietary accounts.
- \* D. A general ledger transaction to record reimbursements earned but uncollected in budgetary accounts requires a corresponding entry to record accounts receivable and revenue recognition in the proprietary accounts.
- \* E. A general ledger transaction to record reimbursements earned and collected in budgetary accounts requires a corresponding entry to record funds collected and a reduction to the related receivable in the proprietary accounts.

\*Figure 7-1. Examples of Budgetary and Proprietary Accounting Relationships





\*Figure 7-2. DoD Specified USSGL Accounts and Definitions

**Account Title:** Internal Fund Distributions Issued  
**Account Number:** 4540  
**Normal Balance:** Credit

**Definition:** Represents the amount of obligational authority allocated from departmental levels to intermediate levels.

**Account Title:** Internal Fund Distributions Received  
**Account Number:** 4550  
**Normal Balance:** Debit

**Definition:** Represents the amount of direct and reimbursable program authority received from departmental level by an intermediate level activity. It can also represent the amount of suballocations received from another intermediate level activity.

**Account Title:** Funds Available for Allotment  
**Account Number:** 4560  
**Normal Balance:** Credit

**Definition:** Represents the amount of direct and reimbursable authority available at an intermediate level activity for allotment to installation level activities or suballocation to other intermediate level activities.

**Account Title:** Allotments Issued  
**Account Number:** 4570  
**Normal Balance:** Credit

**Definition:** Represents the amount of direct and reimbursable authority allotted by intermediate level activities to installation level activities or suballocated to other intermediate level activities.

**Account Title:** Allotments Received  
**Account Number:** 4580  
**Normal Balance:** Debit

**Definition:** Represents the amount of direct program allotments received for the fiscal year.

**NOTE:** This figure is limited to DoD USSGL accounts 4540 through 4580. The remaining USSGL Accounts and Definitions are in the [TFM USSGL Supplement](#), Section II: Accounts and Definitions. Related DTCs for accounts 4540 through 4580 are in the USSGL [SFIS](#) Transaction Library with a prefix OUSD.

**VOLUME 1, CHAPTER 9: “FINANCIAL RECORDS RETENTION”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [August 2011](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Multiple	Updated hyperlinks throughout the document.	Revision
090101	Revised general purpose to specify the accuracy of financial information and supporting audit functions.	Revision
090102	Added an Authoritative Guidance.	Addition
090201	Revised paragraph to include policy on the revised National Archives and Record Administration standards.	Addition
090201.A	Revised definition of records to agree with updated United States Code.	Revision
090202	Defined what information the documentation must contain.	Addition
090203	Deleted paragraph as scope is covered in 090201.	Deletion
090204	Deleted paragraph as scope is covered in 090201.	Deletion
Figure 9-1	Added “Minimum Retention Periods” Figure for assessable units for financial statement audit.	Addition

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\*FIGURE 9-1. MINIMUM RETENTION PERIODS ..... 6

## CHAPTER 9

**\*FINANCIAL RECORDS RETENTION**

## 0901 GENERAL

## \*090101. Purpose

This chapter provides guidance on the proper retention period for financial records. This policy applies only to the records necessary to support financial transactions and financial statement balances or necessary to document evidence of effective internal controls over financial reporting (e.g., reviews and approvals). This policy does not apply to related management records, such as maintenance logs, and other documents important for proper management of Department of Defense (DoD) operations but incidental to the support of financial transactions and balances, unless they are being used as secondary evidence to support financial transactions and balances.

## \*090102. Authoritative Guidance

A. Within the federal government, the National Archives and Records Administration (NARA) is responsible for promulgating procedures for the disposal of all United States (U.S.) Government records. The NARA Records Management Program provides guidance and assistance for the management and disposition of federal records.

1. NARA general policies for the management and disposal of records are located at Title 36 of the Code of Federal Regulations (CFR), Parts 1220-1238 ([36 CFR 1220-1238](#)).

2. NARA's disposal authorization guidance for administrative records is located in the [General Records Schedules \(GRS\)](#).

B. [Federal Acquisition Regulations, Part 4.805](#) provides procedures and schedules for storage, handling, and disposal of contract files.

C. The DoD records management policy and responsibilities are outlined in DoD Directive (DoDD) 5015.02, entitled "[DoD Records Management Program](#)."

1. Within DoD, there are 24 Records Management Programs, each with an appointed [Federal Agency Records Officer](#), Records Management Manual, Instruction, or Regulation; and Records Disposition Schedules (RDS). NARA approves all records identified in DoD's RDS, which can contain additional financial records used in DoD business operations that are not listed in the NARA GRS.

2. The [DoDD 3201.06](#), entitled “Defense Grant and Agreement Regulatory System,” provides for the collection, retention, and dissemination of management and fiscal data related to grants activities. In addition, NARA GRS 1.2 provides disposal authorization guidance for grant and cooperative agreement records.

3. The [DoD Guidebook for Miscellaneous Payments](#) provides guidance on supporting financial documentation for miscellaneous transactions.

## 0902 RETENTION REQUIREMENTS

### \*090201. Record Retention Requirements

A. According to [Title 44 United States Code Section 3301](#), records include all recorded information, regardless of form or characteristics, made or received by a Federal agency under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the U.S. Government or because of the informational value of data in them; and does not include library and museum material made or acquired and preserved solely for reference or exhibition purposes; or duplicate copies of records preserved only for convenience. Financial records are a subset of records necessary to support a financial transaction.

B. NARA GRS 1.1, “[Financial Management and Reporting Records](#),” provides disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities. Each record noted within GRS 1.1 includes disposition instructions describing the point at which an item can be destroyed. NARA GRS 1.1 includes a qualification, noting that longer retention is authorized if required for “business use.” Supporting a financial statement audit is an example of business use. DoD requires documentation to be retained for longer than the NARA requirement if the documentation will be used to support an audit.

C. Figure 9-1 lists the specific minimum retention periods by assessable unit. Note that Figure 9-1 is specific only to records needed in support of the DoD-wide financial statement audit. For any records supporting financial statement audits which are also held for purposes other than a financial statement audit and require a longer retention period, continue to follow appropriate document retention guidance.

D. Consult your DoD appointed Federal Records Officer for additional guidance regarding record retention.

### \*090202. Documentation Requirements

Documentation of financial transactions must be prepared, maintained, and, at a minimum, support the following aspects of a transaction:

1. Authority. Components must retain evidence that the transaction was approved and/or certified in accordance with established requirements.
2. Amount. Components must retain evidence of the dollar value of the transaction.
3. Date. Components must retain evidence of the date of the transaction, to ensure that the transaction is recorded in the proper accounting period.

\*FIGURE 9-1. MINIMUM RETENTION PERIODS

Assessable Unit(s)	Type of Documentation	Minimum retention period
Contract / Vendor Pay / Interfund / Intragovernmental	<p>Financial transaction records related to procuring goods and services, paying bills, collecting debts, and accounting</p> <p>Retain key supporting documents (KSDs) for the following financial statement line items (FSLIs):</p> <ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Uncollected payments, federal sources, brought forward</li> <li>• Unpaid obligations, brought forward</li> <li>• Unobligated balance, brought forward</li> <li>• Other liabilities</li> <li>• Revenue</li> <li>• Gross Cost</li> </ul>	<p>Ten years after the final invoice or Intra-Government Payment and Collection or other similar documentation.</p> <p>Note: This is an increase over the NARA six year minimum retention standards for these record types. To support the beginning balances in the Department's Fiscal Year 2018 financial audit, documentation from greater than six years prior will be required. Thus, documentation must be retained for 10 years, the life of our longest lived (non no-year) funding.</p>
Financial Reporting / Accounting	<p>Records supporting compilation of agency financial statements and related audit, and all records of all other reports.</p> <p>Retain KSDs for the following FSLIs:</p> <ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Other Adjustments</li> </ul>	<p>Two years after completion of financial statement audit for which the records were initially prepared.</p> <p>Note: The remaining categories are consistent with the NARA minimums. As these documents will not be required to support more than the year under, and subsequent year audit(s), no more than a two-year retention period is necessary.</p>

Assessable Unit(s)	Type of Documentation	Minimum retention period
Property, Plant and Equipment / Inventory / Operating Materials and Supplies	<p>Records supporting the book value, ownership, and any modifications to assets.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• General Equipment</li> <li>• Real Property</li> <li>• Internal Use Software</li> <li>• Inventory and Related Property</li> <li>• Other Assets</li> </ul>	Two years after asset is disposed of and/or removed from agency's financial statements.
Civilian Pay / Military Pay	<p>Records documenting payroll and benefit disbursements and liabilities.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• Other Liabilities</li> <li>• Gross Costs</li> <li>• Military Retirement and Other Federal Employment Benefits</li> </ul>	Two years after pay period.
Fund Balance with Treasury (FBWT)	<p>Documentation supporting the reporting and reconciliation of FBWT.</p> <p>Retain KSDs for Fund Balance with Treasury.</p>	Two years after the month of the Reconciliation or Report is prepared.



**VOLUME 1, APPENDIX A: “OBJECT CLASSIFICATION”****SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font***.

The previous version dated May 1993 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
N/A	Removed the detail-level description of object class codes, titles, and definitions.	Delete
2. c.	Added Standard Financial Information Structure information and link.	Add
3	Listed the major object classifications and added the reference to the Office of Management and Budget Circular No. A-11 that provides the detail-level list of object class codes, titles, and definitions.	Add

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## APPENDIX A

OBJECT CLASSIFICATION

## 1. Purpose

The purpose of this appendix is to provide necessary information on the object classes that are used as a uniform classification for identifying the transactions of the Federal Government by the nature of the goods or services purchased. Every obligation recorded by the Department of Defense must be coded with an object class.

## 2. Basic Concepts

a. Obligations incurred are the amounts of orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same or a future period. Such amounts include payments for which obligations have not been previously recorded, along with adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations. The installation-level budgetary account structure requires that the amount of obligations incurred be segregated into undelivered orders and accrued expenditures - unpaid or paid.

b. Obligations are classified by the initial purpose for which they are incurred, rather than for the end product or service provided. For example, if payments are made directly for personal services or supplies used in the construction of a building, the amounts should be classified as obligations for personnel compensation or supplies rather than for land and structures. Conversely, if contracts are awarded for the construction of a building, the amounts should be classified in the object class for lands and structures rather than in the object class used to report individual types of materials and services required to construct the building.

\* c. Object class information is incorporated into DoD accounting systems, or derived from applicable expense and asset accounts, to allow for reporting by object class. Object Class Code is a required data element in the DoD Standard Financial Information Structure (SFIS), as defined in DoD FMR Volume 1, Chapter 4. Based on OMB Circular A-11, the specific values for Object Class Code and all other SFIS data elements are documented in the SFIS Values Library on the SFIS web page.

## \*3. Major Object Classifications

All Federal Government object classifications are listed and defined in OMB Circular No. A-11, Part 2, III, Section 83, Schedule O. The major object classes are:

- a. 10 Personnel compensation and benefits
- b. 20 Contractual services and supplies
- c. 30 Acquisition of assets
- d. 40 Grants and fixed charges
- e. 90 Other