

<p style="text-align: center;"><b>SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 6B, CHAPTER 2 “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”</b></p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision</p>		
<b>PARA</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Incorporated guidance from OMB Circular A-136 regarding the timing and preparation of financial statements.	Update
0201, 0202, 0203, 0204, 0205, 0205	Added reference to find information at the OSD website, <a href="http://www.dod.mil/comptroller">http://www.dod.mil/comptroller</a>	Update
020201	Added requirement to produce annual audited financial statements in 45 days.	Update
020202	Added requirement to produce quarterly interim unaudited financial statements in 21 days.	Update
020302	Added guidance to comply with OMB Bulletin 01-02 Management Representation Letter guidance and renumbered subsequent sections.	Add
020303	Added new requirement to disclose materiality of unrecorded financial statement adjustments aggregated by auditors.	Add
020304	Added requirement to include a representation that addresses consistency of budgetary data on the Statement of Budgetary Resources and the FACTS II data for the SF 133s.	Add
020305	Revised the responsibility for the preparation of certification letter to the Client Executive from the Director of DFAS.	Update
020305	Added the Head of a DoD Component as responsible for signing the management representation letters for other reporting entities.	Update
020401	Added that auditors request Legal Representation Letters from management and renumbered subsequent sections.	Add
020403	Added reporting requirement for reporting legal cases and claims, including pending contingent liabilities in the Legal Representation Letters consistent with OMB Bulletin 01-02.	Add
020404	Added requirement that management shall prepare and submit to the auditors for their review, a schedule showing how the information submitted by Legal was considered in the financial statements.	Update
020508	Changed Statement of Financing to consolidated and consolidating from combined and combining.	Update
020509	Revised presentation of dollar amounts within note narrative to be three integers and a single decimal value followed by an identifier.	Update

<p style="text-align: center;"><b>SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 6B, CHAPTER 2 “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”</b></p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision</p>		
<b>PARA</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
<b>020512</b>	<b>Updated submission requirements of the financial statements. Deleted requirement for PDF files for quarterly reporting.</b>	<b>Update</b>
<b>020514.A, 020514.B.</b>	<b>Revised to indicate Treasury Governmentwide Financial Reporting System is now used to prepare the Financial Report of the U.S. Government.</b>	<b>Update</b>
<b>Tables 2-1, 2-2, 2-3</b>	<b>Tables are updated and are now located at the end of the chapter.</b>	<b>Update</b>

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0204	Legal Representation Letters
0205	General Preparation Instructions

## CHAPTER 2

GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS★0201 RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

020101. Responsibility for Financial Statements. Primary responsibility for the content and submission of the financial statements rests with the head of the reporting entity for which the statements are prepared. The actual preparation of the financial statements is the joint responsibility both of the Department of Defense (DoD) accounting activity maintaining the official departmental accounting records and the DoD Component for which those official accounting records are maintained. It is important to recognize that, while the accounting organization is responsible for assembling the principal statements, much of the data needed to prepare the principal statements originates in nonfinancial systems. Entity management is responsible for ensuring that the data originating outside of the official accounting systems is provided to the accounting organization in a timely manner, that it is complete, and that there are adequate internal controls and audit trails to ensure the data is accurate. The officials responsible for the content and submission of financial statements are identified in Tables 2-1 and 2-2.

020102. Responsibility for Preparation of the Financial Statements. The primary responsibility for the financial statements rests with the reporting entity management. Responsibility for preparation of the principal statements and notes, however, is shared with the accounting organization responsible for maintaining the financial records of the reporting entity. Table 2-3 identifies the office that is primarily responsible for preparation of each section of the financial statements. Additional information regarding the responsible accounting activities who prepare the required supporting statements for the subentities and the responsible officials for those statements can be found in financial statement schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.” The responsible official shall ensure that: (1) all necessary data that originates in nonfinancial processes and systems (e.g., inventory and property data) is provided; (2) combining statements are reviewed; and (3) feedback is provided to the entity's supporting accounting center for consolidation.

020103. Responsibility for Other Defense Organization Subentities. In order for the Department to prepare the DoD Agency-wide audited financial statements, supporting financial statements shall be prepared for the remaining DoD organizations not identified in [Chapter 1](#), paragraph 010601 of this volume. The organizations covered by this paragraph are the activities funded with Treasury Index (TI) 97 Defense appropriation/funds and are aggregated into two groups: (1) the Other Defense Organizations (ODO) General Funds (GF), and (2) the [ODO Working Capital Funds \(WCF\)](#).

020104. Reporting of Foreign Military Sales (FMS) Activity in the DoD Financial Statements. The Defense Security Cooperation Agency ([DSCA](#)) administers the FMS programs on behalf of the Executive Office of the President. The Office of Management and Budget ([OMB](#)), in coordination with the Government Accountability Office ([GAO](#)), has approved the following provisions regarding the specific information on the financial activity of FMS programs, that is to be included in the DoD financial statements.

A. A Statement of Custodial Activity shall be prepared for cash receipts and disbursements of the FMS Trust Fund (Treasury Index 11X8242) and included in the DoD Agency-wide consolidated financial statements. Guidance concerning the preparation of the Statement of Custodial Activity is contained in [Chapter 9](#) of this volume.

B. Revenue and expense amounts pertaining to FMS goods or services provided from the stocks of the DoD Components on a reimbursable basis shall continue to be reported in the financial statements of the applicable selling DoD Component and in the DoD Agency-wide consolidated statements.

C. Revenue and expense amounts pertaining to the FMS administrative expenses shall be included in the DoD Agency-wide consolidated financial statements as a portion of ODO-GF.

D. Principal statements for the following accounts are to be prepared by Defense Finance and Accounting Service (DFAS) and included in the Other Accompanying Information section of the DoD Agency-wide report, for the following allocations and authorities received from the Executive Office of the President for appropriated funds (i.e., 11\*1081, 11\*1082, and 11\*1084) and revolving funds (11X4116, 11X4121, 11X4122 and 11X4174). See [Chapter 3](#), section 0303 of this volume.

#### ★0202 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS

020201. Annual Financial Statements. Each of the reporting entities shown in section 0106 of this volume are required to submit audited financial statements no later than 45 days after the end of the fiscal year. See [Chapter 1](#) for additional information. A detailed financial statement reporting schedule can be found on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

020202. Interim Financial Reporting. Each of the reporting entities shown in section 0106 of this volume are required to submit unaudited interim financial statements on a quarterly basis (December 31, March 31, and June 30) no later than 21 days after the end of the reporting period. Reporting entities should include management’s explanation of significant variances in the types or amounts of assets, liabilities, costs, revenues, obligations and outlays along with the submitted statements. A detailed financial statement reporting schedule can be found on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

020203. Quality Control Reviews of Financial Statements and Notes. Each component, along with their supporting accounting center, shall review their financial statements and notes to ensure the completeness of financial information provided by both the accounting activity and the various Component functional organizations.

020204. Key Financial Statements Preparation Due Dates. The development and publication of the financial statements requires coordinated actions by entity management, the supporting accounting organization, and the audit community. Additional information regarding the key financial statement preparation milestones can be found in the financial statement reporting schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

★0203 MANAGEMENT REPRESENTATION LETTERS

020301. Auditors shall require the responsible senior manager to prepare and submit a management representation letter, for each reporting entity audited, prior to the conclusion of an audit. During the audit, the management function makes many representations to the auditor, both oral and written, in response to specific inquiries and through the financial statements. In the management representation letter, the senior responsible manager confirms the representations explicitly or implicitly given to the auditor, indicates and documents the continuing appropriateness of such representations, and reduces the possibility of misunderstanding concerning the matters that are the subject of the representations. Representations by management generally relate to: (1) the financial statements; (2) completeness of the information; (3) recognition, measurement, and disclosure; and (4) subsequent events. Specifically, the management function shall represent that the financial statements do, or do not, present fairly in accordance with federal generally accepted accounting principles.

020302. Management representations must include all representations that are required by generally accepted auditing standards and OMB Bulletin Number 01-02, “Audit Requirements for Federal Financial Statements,” Appendix E. General representations must, however, be modified to be consistent with findings reported by the auditor. In accordance with the Statement on Auditing Standards (SAS) Number 85, “Management Representations,” management’s representations may be limited to matters that are considered either individually or collectively material to the financial statements, provided management and the auditor have reached an understanding on materiality for this purpose. Management representation letters are due to the office performing the entity’s audit by due date specified in the financial statement reporting schedule which can be found on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

020303. As required by SAS Number 89, “Audit Adjustments,” the management letter should include a representation regarding the materiality of unrecorded financial statement adjustments aggregated by the auditors. A list of any uncorrected misstatements, including those audit adjustments waived by the component-level, should be attached to the management representation letter.

020304. Management is required to include a representation that addresses the consistency of budgetary data reported on the Statement of Budgetary Resources and the budgetary data submitted through FACTS II to prepare the year-end SF 133s, "Report on Budget Execution and Budgetary Resources." Management may consider using the following sample representation: "The information presented on the Department's Statement of Budgetary Resources agrees with the information submitted on the Department's year-end Reports on Budget Execution and Budgetary Resources (SF 133s). This information will be used as input for the fiscal year 20xx actual column of the Program and Financing Schedules reported in the fiscal year 20xx Budget of the U.S. Government. Such information is supported by the related financial records and related data."

020305. Signature levels for management representation letters are indicated below:

A. The Secretary or Under Secretary of the Military Department concerned shall sign a management representation letter in support of the audited financial statements for a Military Department's GF and WCF.

B. The Director or Deputy Director of the Defense Agency concerned shall sign a management representation letter in support of the audited financial statements for a Defense Agency.

C. The fund manager of the trust or revolving fund concerned shall sign a management representation letter in support of financial statements for a trust or revolving fund managed by the Office of the Secretary of Defense or Defense Agency.

D. The head of the component for other reporting entities not described above, but listed in section 0106 of this volume, shall sign a management representation letter in support of their audited financial statements.

E. The Under Secretary of Defense (Comptroller) (USD(C)) shall sign a management representation letter for the DoD Agency-wide financial statements.

F. The DFAS (currently the DFAS Client Executive) and U.S. Army Corps of Engineers Finance Center (USACE-FC) shall provide a certification to the USD(C), respective Military Department Secretary, Defense Agency Director, trust fund manager, or person in charge as supporting documentation for that component's management representation letter. In these letters, DFAS and the USACE-FC will report any material weaknesses that the client and/or the respectively servicing DFAS Center(s) have noted. These letters are only issued to the reportable DoD entities in section 0106 of this volume. They will forward the certification letters directly to the Director of their respective client Defense Agency, or for Military Services, to the Service Comptrollers. The certification letter will be forwarded to USD(C) for Agency-Wide financial statements. The DFAS or USACE-FC shall not sign, or,

cosign management representation letters. A sample of the certification is included in quarterly guidance on the DoD Internet website at <http://www.dod.mil/comptroller> under “Financial Management Topics.”

020306. Auditor requests for management representation letters below levels cited in paragraph 020305, above, should be referred to the USD(C), Office of the Deputy Chief Financial Officer (ODCFO).

020307. Generally, the date of a management representation letter shall be the date the auditor issues the audit report on the entity’s financial statements. Coordinating the two dates is essential. The due dates for the management representation letters are specified in the financial statement reporting schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.” Management shall not provide auditors with presigned, undated letters or with predated letters. If auditors need an advance copy of the intended management letter, auditors will include that requirement when submitting the initial request for the management representation letter. Active cooperation and interaction between auditors and management is expected so that the management representation letter reaches the auditors on the due date.

#### ★0204 LEGAL REPRESENTATION LETTERS

020401. Auditors shall require each reporting entity being audited to prepare and submit legal representation letters. Interim and final legal representation letters, along with associated summaries, are the auditors’ primary means of corroborating the information furnished by management concerning litigation, claims, and assessments. Legal representation letters for the reporting entities identified in these paragraphs are intended to identify pending or threatened litigation and unasserted claims and assessments having an individual materiality that is a dollar amount at or above 2.5 percent of design materiality as defined in paragraph 1002.17 of the President’s Council on Integrity and Efficiency (PCIE)/GAO’s “Financial Audit Manual.”

020402. Upon receipt of the audit agency request, it is the responsibility of the senior financial management official of the entity being audited to request interim or final legal representation letters from the General Counsel of the Military Department or DoD Component that is being audited. Judge Advocates General shall not be requested to furnish legal representation letters, rather the legal representation letters requested from the General Counsel of the Military Departments shall include the request that the General Counsel report matters involving both military and civilian counsel. Requests for a legal representation letter pertaining to the agency-wide financial statements and to any defense-wide account audited separately, such as the Military Retirement Fund, shall be sent to the General Counsel, Department of Defense (GC, DoD). Copies of any letters prepared by the General Counsel of the Military Departments and DoD Components shall be provided to the GC, DoD, Attention: Deputy General Counsel (Fiscal) (DGC(F)) and to the IG, DoD or other independent auditors performing the audit. Letters provided to the GC, DoD shall report only cases at or above the materiality threshold established for that year’s agency-wide financial statement audit. Each year, the ODGC(F) shall advise the counsel of the Military Departments and the Defense Agencies

preparing legal representation letters of the mandatory times for submission of the legal representation letters (specified in the financial statement reporting schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics”) and the applicable agency-wide materiality threshold for that year’s agency-wide financial statement.

020403. When preparing the legal representation letters, the General Counsel should access [www.whitehouse.gov/omb/bulletins](http://www.whitehouse.gov/omb/bulletins) and specifically reference the guidance found in OMB Bulletin Number 01-02, “Audit Requirements for Federal Financial Statements,” Appendix H-2. You should use the legal representation format found at <http://www.usdoj.gov/civil/forms/forms.htm> to report cases and claims. In addition to reporting the status of pending contingent liabilities, the interim legal representation letters should also include the cases reported in the previous year’s legal representations that are no longer pending. The final representation letter should be limited to new information (i.e. cases that arise subsequent to the interim letter or changes in the status of cases that were reported in the interim letter). The final letter should not repeat information from the interim letter that has not changed. Any subsequent changes in cases that arise after the final representation letter but before the end of the audit fieldwork on the financial statements must be communicated to the auditor. The required summaries of the legal letters shall be submitted to the cognizant audit agency for the reporting entity, to the entity’s supporting accounting center, and to the ODCFO.

020404. The official responsible for a reporting entity’s financial statements or that official’s designee shall prepare, and submit to the auditors for their review, the management schedule showing how the information contained in the legal counsel’s response was considered in preparing the financial statements. The required format and instructions is provided in Figure 2-1 as well as in OMB Bulletin Number 01-02 Appendix H-3. The schedule should be consistent with information presented in the legal representation letters and the notes to the financial statements. An assessment as to whether pending, threatened litigation or unasserted claims should be reported or disclosed in the financial statements must be made by management. This determination extends to cases in which legal counsel has classified the likelihood of loss as “unknown.” The name and telephone number of the individual who is able to answer questions regarding the presentation of legal claims and assessments in the financial statements should also be provided. The required summaries of the legal letters shall be submitted to the cognizant audit agency for the reporting entity, to the entity’s supporting accounting center, and to the ODCFO. The DoD due dates for the interim and updated legal letters and the associated summaries are reflected in the financial statement reporting schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

A. Instructions for Legal Responses for Financial Reporting Purposes Summary by Column shown in Figure 2-1.

1. Matters should be listed on this schedule in order of the amount or range of potential loss, starting with the largest.
2. The level of aggregation should generally be at the same level as in the legal counsel’s letter. However, there may be instances where the level of aggregation is too

high to be able to prepare this schedule in a way that is meaningful. In such cases, the CFO should work with legal counsel to provide further disaggregation of dissimilar cases. There may also be other instances where a higher level of aggregation is desirable. CFOs should use professional judgment, considering the purpose of this schedule when determining the level of aggregation.

a. Column 1, Reference Key: Page number of the legal representation letter obtained from the cognizant General Counsel discussing the case, or other reference information.

b. Column 2, Amount Claimed: Include the amount claimed in the litigation, claim, or assessment (if specified).

c. Column 3, Name of Case/Related Cases: Identify the case or related cases.

d. Column 4, Likelihood of Loss: List the General Counsel's evaluation of the likelihood of loss:

- Options:
- P: Probable (loss likely to occur)
  - R/P: Reasonably Possible (the chance of loss is less than probable, but more than remote)
  - R: Remote (chance of loss is slight)
  - U: Unable to express an opinion or unable to determine

e. Column 5, Amount or Range of Potential Loss:

- Options:
- 5.a: Probable (P): Provide single estimate or lower end of range, if known. Enter "U," if unknown. (Also, provide column totals.)
  - 5.b: Reasonably Possible (R/P) Provide single estimate or lower end of range, if known. Enter "U," if unknown. (Also, provide column totals)
  - 5.c: If the estimate in 5.a or 5.b is a range, provide upper end of range; otherwise, enter "n/a."

f. Column 6, Disposition in Financial Statements: Amount Recorded: If applicable, provide dollar amount recorded as a liability in the financial statements. (Also, provide column totals.)

g. Column 7, Disposition in Financial Statements: Note Disclosure: If applicable, indicate by note reference number whether case information is separately disclosed or included in amounts disclosed in notes to the financial statements.

020405. Rather than having the cognizant auditors submit copies of the interim and updated legal representation letters, along with the summaries of the information contained in these responses, for each reporting entity, the Government Accountability Office (GAO) has

agreed to use the single summary of the various legal representation letters prepared for submission with the agency-wide statements. The IG, DoD and ODCFO shall make the required submission to the OMB, the Department of the Treasury, the Department of Justice, and the GAO per the due dates in the financial statement reporting schedule on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

★0205 GENERAL PREPARATION INSTRUCTIONS

020501. The principal statements and notes embody the generally accepted accounting principles contained in the Statements of Federal Financial Accounting Standards (SFFASs) and Statements of Federal Financial Accounting Concepts (SFFACs). The SFFASs and SFFACs have been, or will be, incorporated into the accounting policy and guidance contained in this regulation. Preparers of financial statements seeking detailed guidance on matters involving the recognition requirements for transactions and information covered by the SFFASs should refer to this Regulation. If sufficient guidance is not found in this regulation, preparers shall follow the generally accepted accounting principles hierarchy contained in [Volume 1, Chapter 8](#) of this regulation.

020502. Preparers of financial statements and notes shall crosswalk their unique general ledger accounts to the United States Standard General Ledger (USSGL) chart of accounts and at a lower level of detail to include Treasury Department’s Financial Management Service, FACTS I attributes, the Department’s trading partner information, and other DoD required attributes to prepare statements and note schedules. The USSGL, with FACTS attributes and other DoD required attributes, shall be used to populate the Defense Departmental Reporting System – Audited Financial Statement (DDRS-AFS) System which will populate financial statements and note schedules. Additional information regarding the import sheets and DDRS-AFS can be found in the quarterly guidance on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.”

020503. The DoD components/reporting entities shall prepare statements for quarterly interim and fiscal year end comparative Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, Statement of Financing, and Statement of Custodial Activity. Data presented in the fiscal year end prior year column must be identical with the amounts reported on the financial statements of the prior year. In addition, any significant variances in the values reported from one year to the next on a report line of the Balance Sheet and Statement of Net Cost shall be explained in the notes. Significant variances are those that exceed 10 percent (plus or minus) from the prior year amount for the same line item on the statements and/or that exceed 2 percent (plus or minus) of the total assets amount reported on the Balance Sheet. Also, schedules presented in the notes, in support of amounts presented in financial statements, shall have total figures which agree with the amounts presented in the body of the financial statements. The chosen rounding level shall be maintained consistently throughout the principal statements and notes in accordance with paragraph 020509.

In addition, rounded totals shall agree between the principal statements as applicable (e.g., Ending Balances from the Statement of Changes in Net Position equal the Total Net Position line on the Balance Sheet). Individual line items shall sum to the totals. (This may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals.)

020504. User judgment shall be exercised to determine if it is appropriate to exclude from the final published statements some statement line items, notes, and lines or columns in notes that do not apply to the reporting entity. In order to ensure consistent and accurate aggregation of amounts from suborganizations, however, such lines may not be excluded prior to the submission of the final published version. Due to the short timeframes available for statement consolidation at the agency level, preparers are not authorized to combine lines for which the referenced account balances are immaterial.

020505. Do not designate in the notes as “other” any discrete balances of a material amount. Material balances shall be separately reported and designated by name. Material is defined for this purpose as any component of a line item that represents more than 10 percent of the value of the line in the principal statements.

020506. The note numbering sequence contained in [Chapter 10](#) of this volume shall be maintained in all working versions of the notes in order to ensure consistent and accurate aggregation to the DoD agency level. If a note is not applicable for the reporting entity, so state after the note number and title. If additional notes are necessary to provide required disclosures, number them sequentially as explained in [Chapter 10](#) of this volume.

020507. The accounting policies and procedures shall be applied consistently throughout the financial statements. Ensure the amounts reported throughout the financial statements, [notes](#), supplemental information, and the Management Discussion and Analysis are consistently reported. Also ensure that schedules presented in the [notes](#), in support of amounts presented on financial statements, have total figures that agree with the amounts presented in the financial statements. Financial information reported in multiple [notes](#) or other sections shall be reported in a consistent manner. To the extent that information is not available for the accelerated reports, a reliable, alternative method of estimating amounts and balances shall be developed and [adequately disclosed](#).

020508. The Balance Sheet, Statement of Net Cost and the Statement of Changes in Net Position principal statements shall be prepared as consolidated and consolidating statements, net of intraentity transactions. [The Statement of Budgetary Resources and Statement of Custodial Activity shall be prepared as combined and combining statements and the Statement of Financing \(a hybrid\) shall be prepared as consolidated and consolidating statements.](#)

020509. The DoD Agency-wide final published financial statements and notes shall display dollars rounded to millions with one decimal point. All Component statements shall display dollar amounts rounded to the nearest whole thousand on the final published principal statements and in the tables/schedules contained in the notes to the principal

statements. Dollar amounts in note narratives shall be reported with a maximum of three position integers and a single decimal value followed by an identifier, such as millions, billions, etc. (e.g. \$324.1 million not \$324,100 thousand). To improve communication among preparers, reviewers and auditors during the preparation process and to avoid excessive workload associated with the resolution of rounding errors, all accounting activities shall report amounts as dollars and cents on all draft/working versions of the principal statements and **note schedules** prior to submission by the reporting entity of the final audited financial statements.

020510. Reporting entities that choose to present additional financial statements or information shall include these in the Other Accompanying Information section. See [Chapter 3 of this volume](#).

020511. The financial statements of the reporting entities identified in section 0106 of this volume shall be organized as outlined in [Section 0107](#) and Table 1-1 of this volume.

020512. Reporting entity managers are responsible for the preparation and printing of the final complete annual audited version of their financial statements as shown in the financial statement schedule found on the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.” Forty copies of the final published version of the complete annual audited financial statements report will be delivered to the ODCFO for the reporting entities listed in paragraph 010601 of this volume. Five copies of the final published version of the complete annual audited financial statements report will be delivered to the ODCFO for the reporting entities listed in paragraphs 010602 and 010605 of this volume.

020513. The Department’s financial statements will be posted electronically to the DoD Internet website, <http://www.dod.mil/comptroller> under “Financial Management Topics.” Reporting entity managers will provide the ODCFO with computer files of their financial statements for posting to the DoD Internet website by the due date specified in the financial statement reporting schedule. The files will be prepared in the PDF (Portable Document File) file type. If the reporting entity includes a large number of digital images the PDF can be very slow for users to access on the website. In those cases it is beneficial and it is encouraged to prepare separate files for each section of the financial report.

020514. The DFAS, the OUSD(AT&L), and the OUSD(C) have responsibility for various sections of the DoD Agency-wide financial statements and for providing information to the Department of the Treasury, Financial Management Service (Treasury FMS) for inclusion in the Financial Report of the United States Government.

A. The DFAS is responsible for preparing the draft/working versions and final version of the principal statements, the notes to the principal statements, the Required Supplementary Information section (except for the deferred maintenance information), the Supporting Consolidating/Combining Statements, and the Other Accompanying Information section of the DoD Agency-wide financial statements. In addition, the DFAS shall ensure that the FACTS I adjusted trial balances are transmitted to the Treasury FMS. **The DFAS will input the required information into the Government-wide Financial Reporting System (GFRS) for use**

in the Financial Report of the United States Government. See “FACTS I Reporting and Verification,” [Chapter 6 of Volume 6A](#) of this regulation for guidance on FACTS I and GFRS reporting.

B. The OUSD(AT&L) is responsible for compiling the complete RSSI section and the deferred maintenance information for the RSI section of the Department’s Agency-wide financial statements. The OUSD(AT&L) shall provide this information, electronically, to the DFAS for inclusion in the working versions and final version of the DoD Agency-wide financial report per the due dates in the financial statement reporting schedule. In addition, [the OUSD\(AT&L\) shall provide the RSSI and RSI deferred maintenance information to the DFAS for inclusion in the GFRS.](#)

C. The OUSD(C) is responsible for preparing the Management Discussion and Analysis section of the Agency-wide financial statements. The OUSD(C) is responsible for the submission of the DoD Agency-wide financial statements to the OMB and the Congress.

[Reporting entity]								
[DATE]								
1	2	3	4	5			6	7
Reference Key	Amount Claimed	Name of Case/ Related Cases	Likelihood of Loss	Amount or range of potential loss			Disposition in Financial Statements	
				(a) P	(b) R/P	(c) Upper	Amount Recorded	Note Disclosure
	\$			\$	\$	\$	\$	
<sup>1</sup> As required by paragraph 8.b of OMB Bulletin No. 01-02, the CFO shall prepare and the auditor shall review a summary of the information contained in the legal counsel's response using this format. An electronic version of this form is available in Microsoft Excel on the Internet at OMB's website <a href="http://www.whitehouse.gov/OMB/">http://www.whitehouse.gov/OMB/</a> (under "Bulletins").								

★Figure 2-1 Format for Summarizing Information Contained in Legal Responses for Financial Reporting Purposes<sup>1</sup>

OFFICIAL RESPONSIBLE FOR SECTIONS OF THE FINANCIAL STATEMENTS	
Reporting Entities	Responsible DoD Official
Department of Defense Agency-Wide	Chief Financial Officer (CFO), DoD
Department of the Army General Fund (GF)	The Secretary of the Army
Department of the Navy GF	The Secretary of the Navy
Department of the Air Force GF	The Secretary of the Air Force
Army Working Capital Fund (WCF)	The Secretary of the Army
Navy WCF	The Secretary of the Navy
Air Force WCF	The Secretary of the Air Force
Department of Defense Military Retirement Fund	Under Secretary of Defense (Personnel and Readiness)
Department of Defense Medicare-Eligible Retiree Health Care Fund	Under Secretary of Defense (Personnel and Readiness)
U.S. Army Corps of Engineers (USACE) Civil Works	The Secretary of the Army

★Table 2-1 Officials Responsible for OMB Required Financial Statements

<b>OFFICIAL RESPONSIBLE FOR SECTIONS OF THE FINANCIAL STATEMENTS</b>		
<b>Responsible Official</b>	<b>Other Defense Organizations Subentities</b>	<b>Fund Type</b>
Under Secretary of Defense for Acquisition, Technology and Logistics	Missile Defense Agency	GF
	Defense Advanced Research Projects Agency	GF
	Defense Acquisition University	GF
	Defense Logistics Agency	GF and WCF
	Defense Threat Reduction Agency	GF
	Defense Contract Management Agency	GF
	Federal Energy Management Program	GF
	Joint Logistics Systems Command	GF and WCF
	National Defense Stockpile Transaction Fund Office of Economic Adjustment	GF
Under Secretary of Defense (Personnel and Readiness)	Defense Commissary Agency	GF and WCF
	Defense Health Program	GF
	Defense Medical Program Activity	GF
	DoD Education Activity	GF
	DoD Education Benefits Fund	GF
	Tricare Management Activity	GF
	Service Medical Activity	GF
	Voluntary Separation Incentive Trust Fund	GF
	DoD Human Resources Activity	GF
	Defense Technology and Security Agency	GF
	Ready Reserve Mobilization Income Insurance Fund	GF (a revolving fund)
	Under Secretary of Defense (Comptroller) (USD(C))	Defense Contract Audit Agency
	Defense Finance and Accounting Service	GF and WCF
	Military Housing Privatization Initiative	GF
	DoD Component Level Accounts	GF
	Management Systems Support Office	WCF
Under Secretary of Defense (Policy)	Defense Security Cooperation Agency	GF
	Host Nation Support for U.S. Relocation Activities, Defense	GF
	Defense Prisoner of War/Missing Persons Office	GF

★Table 2-2 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities

Responsible Official	Other Defense Organizations Subentities	Fund Type
Under Secretary of Defense (Intelligence)	Defense Information Systems Agency	GF and WCF
	Defense Intelligence Agency	GF
	Corporate Information Management	WCF
	Defense Security Service	GF
	National Security Agency	GF
	National Geospatial Intelligence Agency	GF
	National Reconnaissance Office	GF
Inspector General, Department of Defense	Office of the Inspector General (OIG), DoD	GF
Director, Joint Staff	Joint Chiefs of Staff	GF
Commander, U.S. Special Operations Command	U.S. Special Operations Command	GF
Commandant, U.S. Marine Corps	U.S. Marine Corps	GF and WCF
Director, Washington Headquarters Service (WHS)	Court of Appeals of the Armed Forces	GF
	American Forces Information Service	GF
	Office of the Secretary of Defense (OSD)	GF
	Pentagon Reservation Maintenance Revolving Fund	GF
	Washington Headquarters Service	GF
	Building Maintenance Fund, Defense	GF
	Other "97" Funds Provided to WHS by OSD	GF
	All Other (Prior Year Residual) "97" Funds	GF
	Defense Legal Services Agency	GF
	Civil Military Program	GF
	Assistant Secretary of the Army (Financial Management and Comptroller) (FM&C)	Emergency Response Fund, Defense
Homeowners Assistance Fund, Defense		GF
National Security Education Trust Fund		GF
Other "97" Funds Provided to the Army by OSD		GF
Assistant Secretary of the Navy (FM&C)	Other "97" Funds Provided to the Navy by OSD	GF
Assistant Secretary of the Air Force (FM&C)	Other "97" Funds Provided to the Air Force by OSD	GF

★Table 2-2 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities (Continued)

<b>OFFICIAL RESPONSIBLE FOR SECTIONS OF THE FINANCIAL STATEMENTS</b>			
<b>Responsibility for Preparation and Submission of Audited Financial Statements</b>	<b>CFO DoD</b>	<b>DFAS/USACE Accounting Activity</b>	<b>Reporting Entity Management</b>
Management Discussion and Analysis of the Reporting Entity			X
Principal Statements			
Balance Sheet		X	
Statement of Net Cost		X	
Statement of Changes in Net Position		X	
Statement of Budgetary Resources		X	
Statement of Financing		X	
Statement of Custodial Activity		X	
Notes to the Principal Statements			
Note 1 to the Principal Statements		X	
Remaining Notes to the Principal Statements			X (note 1)
Supporting Consolidating/Combining Statements		X	
Required Supplementary Stewardship Information (RSSI)			X (note 2)
Required Supplementary Information (RSI):			
Statement of Disaggregated Budgetary Resources		X	
Deferred Maintenance			X (note 2)
Segment Information		X	
Intragovernmental Amounts (transactions between federal entities)		X	X
Other Accompanying Information:			
Other Supporting Statements		X	
Management Challenges	X		
Improper Payment Information Act Reporting Details	X	X	X
Submission of entity-level complete unaudited financial statements concurrently to the Inspector General (IG), DoD for audit and to the Office of the Deputy Chief Financial Officer (ODCFO)			X
Submission of the Agency-wide complete unaudited financial statements to the IG, DoD for audit	X		
Submission of financial statements reports to the Office of Management and Budget (OMB) and the Congress	X		

**NOTES:**

1. Primary responsibility rests with the reporting entity. However, the Defense Finance and Accounting Service (DFAS) and the USACE Finance Center (FC) primarily prepare accounting type schedules in the notes and the reporting entity is primarily responsible for preparation of the narrative explanation statements to the notes. When comparative statements are required, the reporting entity shall explain in the notes significant year-to-year changes in amounts reported on lines of the Principal Statements.
2. The Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) has responsibility for the RSSI reporting requirements, review of reported RSSI in DoD Component statements, and consolidation of the RSSI section for the DoD Agency-wide financial statement. In addition, USD (AT&L) has responsibility for reporting Deferred Maintenance in the RSI section of the Agency-wide report

★Table 2-3 Official Responsible for Sections of the Financial Statements