



OFFICE OF THE UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

JAN 22 2018

COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
COMPTROLLER OF THE JOINT STAFF
COMPTROLLER OF THE U.S. SPECIAL OPERATIONS
COMMAND
COMPTROLLER OF THE U.S. TRANSPORTATION COMMAND
COMPTROLLERS OF THE DEFENSE AGENCIES
COMPTROLLERS OF THE DOD FIELD ACTIVITIES

SUBJECT: Improved Sub-Allocation Holder Identifier Management Process

The Sub-Allocation Holder Identifier (SAHI), also known as limit, represents the Standard Financial Information Structure (SFIS) data element the Department uses to identify recipients of Defense-wide appropriations. The SFIS Values Library will become the authoritative source for SAHIs and help ensure SAHIs are used for intended purposes.

Previously, the Department relied upon a decentralized process for managing SAHIs which resulted in inconsistent usage of SAHIs. Effective October 1, 2017, the Department will implement a new standardized process for managing SAHIs in the attached standard operating procedure (SOP). To allow time to adapt to the new SOP, full enforcement (i.e., validation of nonconforming SAHIs) will begin in FY 2019. Reclassifying prior year transactions with nonconforming SAHIs will not be required.

My action officer for this matter is Ms. Alice Rice and can be reached at alice.r.rice2.civ@mail.mil or at 703-693-3618.

Mark E. Easton
Deputy Chief Financial Officer

Attachment:
As stated

cc:

Director, Program & Financial Control, Office of the Under Secretary of Defense (Comptroller)/
Program and Budget
Director, Defense Finance and Accounting Service Indianapolis
Director, Defense Business Management, Analysis, and Optimization, Office of the Deputy
Chief Management Officer



Standard Operating Procedure: Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Version 1.0

January 2018

Attachment A

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Version History

Revision Date	Version	Distribution Audience
November 2017	1.0	Department-Wide

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Table of Contents

1	Problem Statement.....	4
2	Solution Description	4
3	Definitions.....	4
4	Roles and Responsibilities	6
5	SFIS Updates	6
5.1	New SAHI Definition for SFIS.....	6
5.2	Authoritative Source	7
5.3	SFIS Business Rules	7
5.3.1	Existing Business Rules.....	7
5.3.2	New Business Rules.....	7
5.4	New Code Structuring Description.....	7
6	SAHI Assignment and Management Process	8
6.1	Assignment of a Two-Digit SAHI Code.....	8
6.2	Assignment of a Four-Digit SAHI Code	11
6.3	Closing TAFS and/or SAHI.....	13
6.4	Accounts Not Requiring a SAHI	15
	Appendix A – Financial Management Requirements for Using Sub-Allotments	16

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

1 Problem Statement

Currently, DoD is unable to properly identify the component receiving appropriations which results in many unsupported journal vouchers (JVs), crosswalks and manual workarounds. This directly impacts the Department's ability to obtain and sustain an unmodified audit opinion.

2 Solution Description

This standard operating procedure (SOP) outlines the new process, new Standard Financial Information Structure (SFIS) business rules for the management and assignment of sub-allocation holder identifier (SAHI) codes, their relationship to Treasury Account Fund Symbols (TAFS)¹ and the relationship to Financial Statement Reporting Entities (FSREs). While SAHIs are used to identify fund holders and sub-allotment recipients, the TI 97 Appropriations Received and Funds Distribution process has been documented via narratives and process flowcharts separate from this document. The narratives and process flowchart are located on the FIAR Tool ([click here for link](#)) or go to <https://osd.deps.mil/fiar/sc/TI97.audit/SitePages/Home.aspx>.

This SOP is effective October 1, 2017. To allow time to adapt to the new SOP, full enforcement (i.e., validation of nonconforming SAHIs) will begin in Fiscal Year 2019. Reclassifying prior year transactions with nonconforming SAHIs will not be required.

3 Definitions

Terminology	Definition
Allotment	Subdivisions of apportionments that are made by the heads of agencies.
Apportionment	<p>A distribution made by the Office of Management and Budget (OMB) of amounts available for obligation and expenditures in an appropriation or fund account into amounts available for specified time periods (usually fiscal quarters), programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred.</p> <p>An apportionment may be further subdivided by an agency into allotments, sub-allotments, and allocations.</p>
Appropriation	A provision of law conferring authority to incur obligations for a specified purpose; usually, but not always, an appropriation provides budget authority, which is authority provided by law to incur financial obligations that will result in outlays.
Congressional Oversight Component	A component of the Department that is specifically recognized by Congress for budget oversight purposes. It is generally the organization listed on the President Budget's Line Item.

¹ Volume I, Part 2, Chapter 1500, Section 1515 of the *Treasury Financial Manual (TFM)* states, "TAFS refer to the separate Treasury expenditure accounts for each appropriation title based on the availability of the resources in the account."

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Terminology	Definition
<p>Defense Finance and Accounting Service (DFAS) Manual 7097.01</p> <p>(Click here for link)</p>	<p>Provides standard limit values, descriptions, and a standard coding structure for funds control and distribution, as well as budget execution entities (DoD agencies, DFAS centers, etc.) required to report departmental level TI 97 data to DFAS.</p> <p>Updated with the values published in the SFIS Values Library.</p>
Financial Statement Reporting Entity (FSRE)	<p>Used broadly to refer to a reporting entity within a larger reporting entity. Examples of component reporting entities include organizations such as Other Defense Organizations (ODOs) (e.g. Washington Headquarters Service, Missile Defense Agency, etc.). Component reporting entities would also include sub-components (those components included in the General Purpose Federal Financial Report (GPFFR) of a larger component reporting entity) that may themselves prepare GPFFRs.</p> <p>The official FSRE list is maintained in Volume 6B, Chapter 1 of the Department of Defense Financial Management Regulation (DoD FMR). ODCFO provides DFAS with this list and DFAS is responsible for ensuring this FMR chapter is updated on a periodic basis. All reporting entities established by this SOP must align to the FSRE list in Volume 6B, Chapter 1 of the DoD FMR.</p>
<p>Standard Financial Information Structure (SFIS)</p> <p>(Click here for link)</p>	<p>Authoritative source for SAHIs.</p> <p>Comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise.</p> <p>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.</p> <p>Enables decision-makers to efficiently compare programs and their associated activities and costs across the department and provides a basis for common valuation of DoD programs, assets, and liabilities.</p>
Sub-allocation	Subdivision of an allocation.
Sub-Allocation Holder Identifier (SAHI)	Used to identify the appropriate Fourth Estate Congressional Oversight Components, the FSRE and the sub-allotment recipient (i.e., the sub-allottee).
Sub-allottee	Organization receiving the sub-allotment.
Sub-alloter	Organization issuing the sub-allotment.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Terminology	Definition
Sub-allotment	Subdivisions of allotments. See Appendix A on “Financial Management Requirements for Using Sub-Allotments.”
Treasury Appropriation Fund Symbol (TAFS)	Refers to separate Treasury accounts for each appropriation title based on the availability of the resources in the account. The TAFS is a combination of Federal agency; allocation agency, when applicable; account symbol; and availability code (e.g., annual, multi-year, or no-year).

4 Roles and Responsibilities

Organization	Responsibilities
ODCFO	<ul style="list-style-type: none"> Directing, monitoring, and sustaining audit priorities for the Fourth Estate. Defining and maintaining the FSRE list for the Department, ensuring alignment with the Department’s overall audit strategy, and informing DFAS of any changes required to Department reporting systems.
Office of the Deputy Chief Management Officer	<ul style="list-style-type: none"> Managing the Business Enterprise Architecture (BEA) and the administration of SFIS Values Library.
DFAS	<ul style="list-style-type: none"> Maintaining and updating the content and publication of the 7097.01 Manual. Managing the Defense Departmental Reporting System (DDRS) and reporting entity structure within the system based on requirements from ODCFO.
OUS(D) Program and Budget (PB)	<ul style="list-style-type: none"> Coordinating with Congress and the OMB to determine the Congressional Oversight Components and Budget Authority. Managing the funds distribution process to include the sub-allotment funds flow.

5 SFIS Updates

5.1 New SAHI Definition for SFIS

The SAHI is used to identify the appropriate Fourth Estate Congressional Oversight Components, the FSRE and the sub-allotment recipient (i.e., the sub-allottee). BEA 10.0 SFIS Maintenance Release also states that a SAHI “identifies an organization to which funds have been sub-allocated.”

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

5.2 Authoritative Source

The SFIS Values Library is the authoritative source for SAHIs.

5.3 SFIS Business Rules

5.3.1 Existing Business Rules

1. SAHI must consist of four alphanumeric characters.
2. SAHI must be stored and maintained.
3. SAHI must be used for accounting classification.
4. SAHI must be used for financial reporting.

5.3.2 New Business Rules

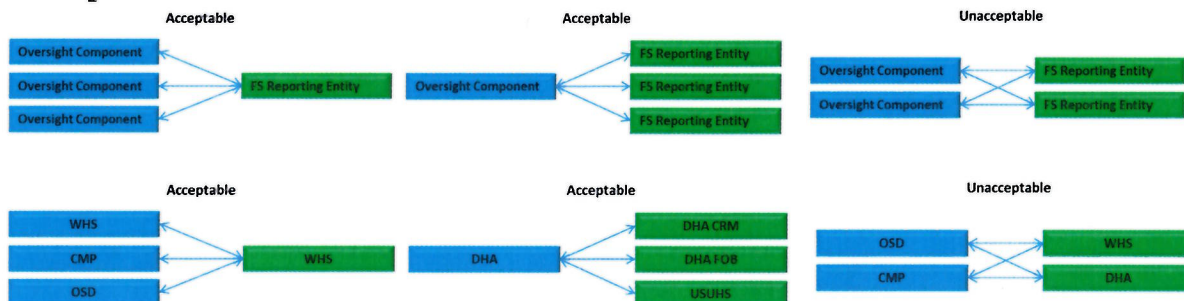
1. The first two positions of the SAHI must represent the Congressional Oversight Components and/or the FSRE.
2. The last two positions of the SAHI must only be used for identifying the sub-allottee in the event of a sub-allotment. If the SAHI is not identifying a sub-allottee, the second two digits must be populated with zeroes.
3. In the event of a sub-allotment, the last two positions must use the two-digit code that represents the Congressional Oversight Components and/or the FSRE.

5.4 New Code Structuring Description

Per the business rules described above, the SAHI is made up of four digits that can be broken down into two two-digit parts. Either part may only be used to represent the combination of a Congressional Oversight Component and a FSRE. The master list of the four-digit codes is maintained in the SFIS Values Library. No “partial to partial” or “partial to whole” mappings are permitted.

Not all FSREs within the Fourth Estate will require a two-digit SAHI code. Some FSREs such as Medicare-Eligible Retiree Health Care Fund are identifiable by the TAFS. These FSREs will not have two-digit SAHI codes.

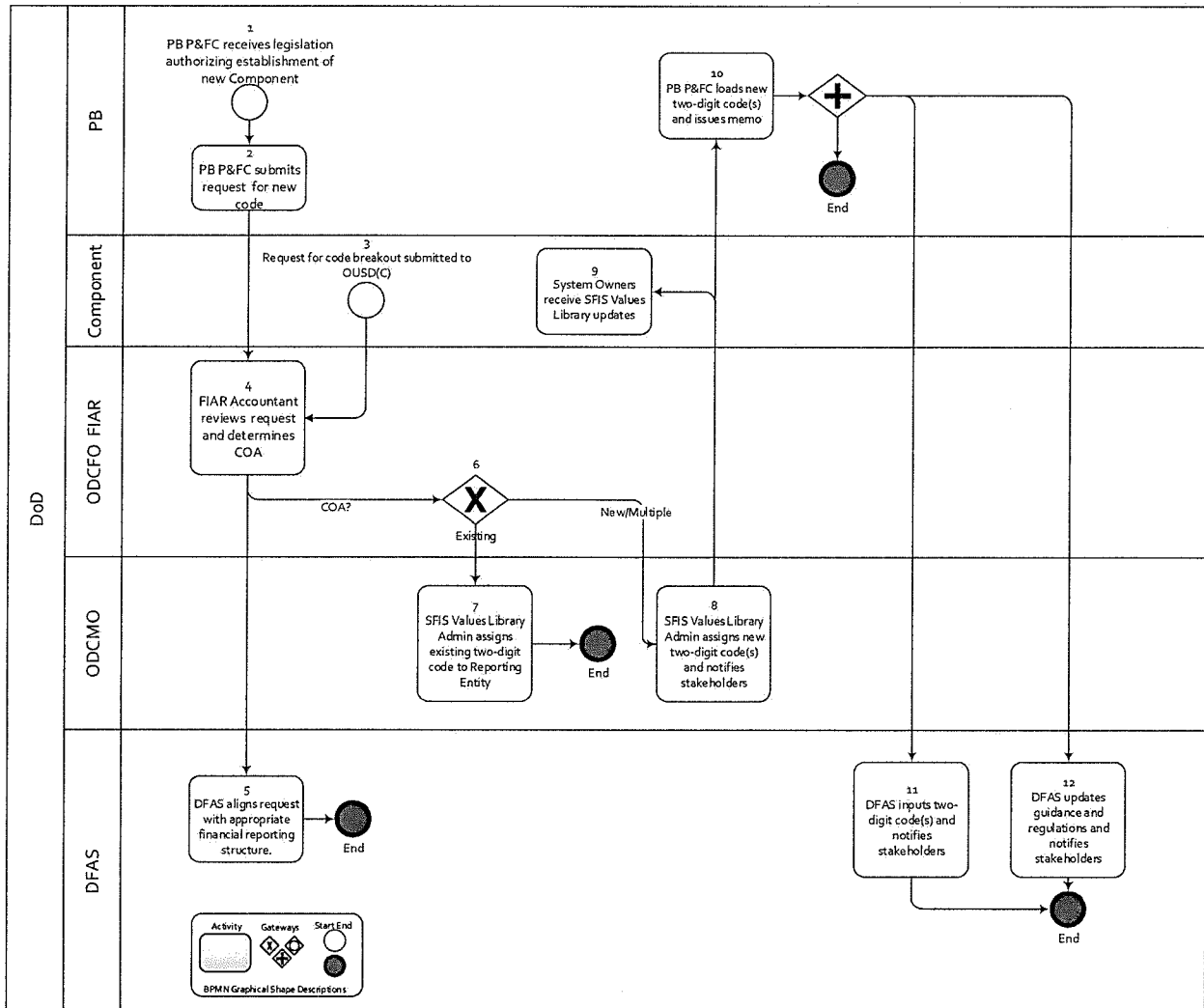
Example



Sub-Allocation Holder Identifier (SAHI) Assignment and Management

6 SAHI Assignment and Management Process

6.1 Assignment of a Two-Digit SAHI Code



The process of assigning a two-digit SAHI Code is initiated when either a) legislation is enacted authorizing the establishment of a new Component (step #1) or b) a Congressional Oversight Component is divided into two Reporting Entities or two Congressional Oversight Components are rolled up into one reporting entity (step #3)

1. The OUSD(C) PB Program and Financial Control (P&FC) Directorate receives a copy of the legislation authorizing the establishment of a new Component which will potentially require the assignment of a new two-digit SAHI code.
2. Upon reviewing the legislation authorizing the establishment of a new Component, the PB P&FC Budget Analyst sends an email to the ODCFO Financial Improvement and

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Audit Remediation (FIAR) Accountant requesting a new two-digit SAHI code for the new Component.

3. A Component Comptroller submits an email to the ODCFO FIAR Accountant requesting to break a Congressional Oversight Component into two Reporting Entities or roll up two Congressional Oversight Components into one Reporting Entity.
4. Upon receipt of the request, the ODCFO FIAR Accountant reviews the request and any additional correspondence provided to ensure alignment with the Department's audit strategy (i.e., aligned with the Department's reporting entity structure for audit) and determine the appropriate course of action. The ODCFO FIAR Accountant sends an email to the following recipients requesting alignment of or establishment of a Component:
 - ODCMO SFIS Values Library Administrator
 - DFAS Fiscal Code Team mailbox
 - DFAS Departmental Reporting Team
 - PB P&FC
5. The DFAS Fiscal Code Team aligns the request with the appropriate financial reporting structure.
6. If it is determined that an existing two-digit SAHI code will be assigned to the new Component, proceed to step #7.

If it is determined that a new or multiple new two-digit SAHI codes should be established, proceed to step #8.

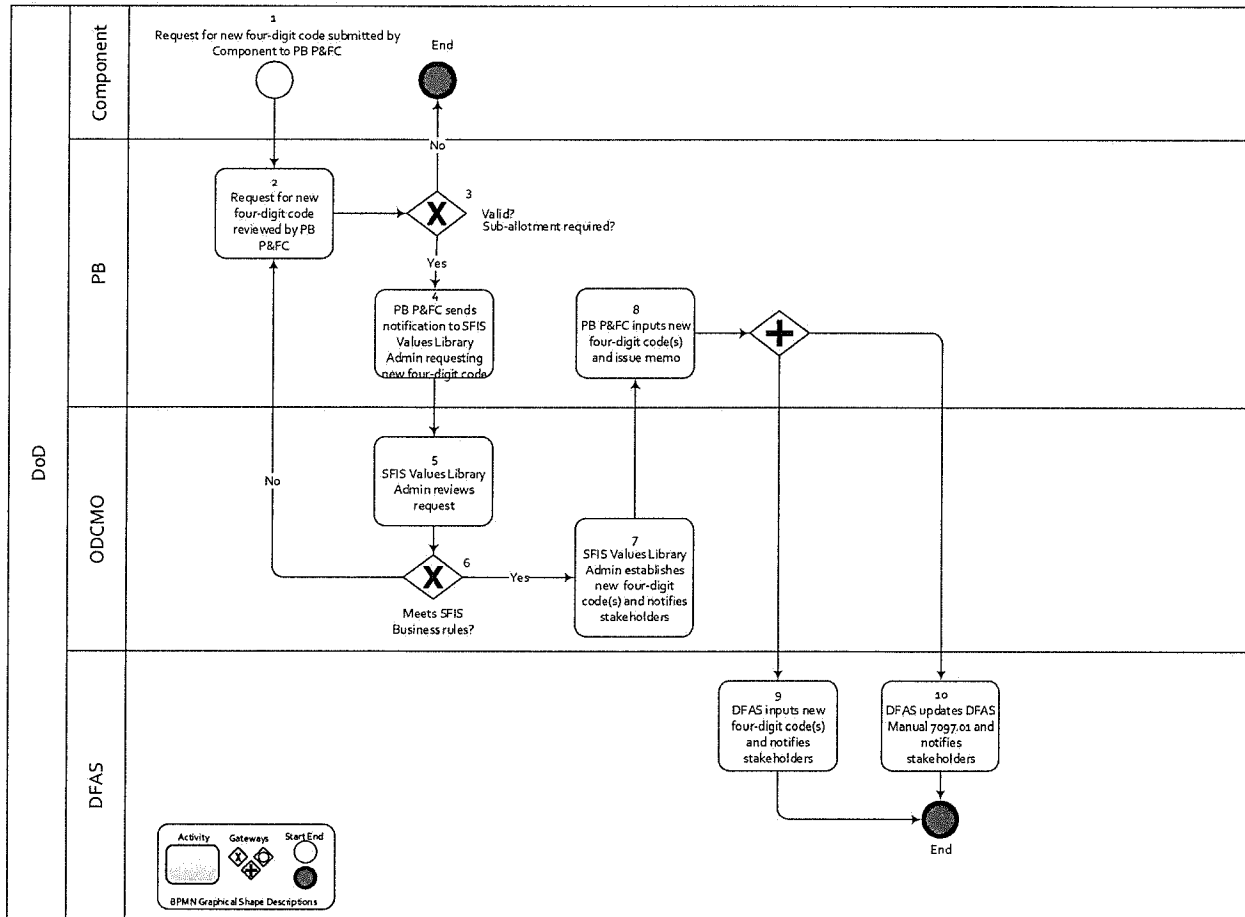
7. If the new Component will share an existing two-digit SAHI with an existing Component, the ODCMO SFIS Values Library Administrator documents the relationship accordingly and provides a notification to a PB P&FC Budget Analyst of the existing two-digit SAHI code that will be assigned to the new Component.
8. If it is determined that a new two-digit SAHI code will be established for the new Component, the ODCMO SFIS Values Library Administrator updates the SFIS Values Library accordingly and provides a notification to a PB P&FC Budget Analyst informing PB P&FC of the new two-digit SAHI code that will be assigned to the new Component.
9. On a daily basis, the ODCMO SFIS Values Library Administrator will notify systems owners via the SFIS Values Library Administrator Mailbox to pull down the latest version of the SFIS Values Library data structure. On a given day, when there are no values, the email message will not include any new SAHI Codes.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

10. Upon receipt of the notification from the ODCMO SFIS Values Library Administrator providing the new two-digit SAHI code for the new Component, the PB P&FC Budget Analyst loads the new SAHI code in the funds distribution systems (i.e., Program Budget Accounting System and Enterprise Funds Distribution System) and issues a memorandum to the ODCFO FIAR Accountant; DFAS Fiscal Code Team, the DFAS Departmental Reporting Team; the ODCMO SFIS Values Library Administrator; and the Comptroller of the new Component. The memorandum officially establishes the new two-digit SAHI code as valid. The second two digits must be populated with zeroes if the SAHI is not identifying a sub-allottee.
11. Upon receipt of the memorandum from PB P&FC, the DFAS Fiscal Code Team updates edit tables in various DFAS-owned systems (e.g., Defense Cash Accountability System, Defense Civilian Pay Systems, Headquarters Accounting and Reporting System, etc.) to input the new two-digit SAHI code and notifies Components via the Fiscal Code Team mailbox. The second two digits must be populated with zeroes if the SAHI is not identifying a sub-allottee.
12. The DFAS Fiscal Code Team updates impacted guidance and regulations (e.g., DFAS Manual 7097.01, DoD FMR Volume 6B, Chapter 1), where applicable to reference the new Component, and informs ODCFO that the change has been made. The DFAS Fiscal Code Team subsequently notifies Defense Agencies and Commands via publication to the Assistant Secretary of the Army – Financial Management (ASA-FM) website at: <https://www.asafm.army.mil/>.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

6.2 Assignment of a Four-Digit SAHI Code



1. A Component Comptroller submits an email to the PB P&FC Directorate requesting the assignment of a new four-digit SAHI code for a sub-allotment transaction. All four-digit SAHI codes must be re-requested on an annual basis for each new TAFS, upon enactment of the Appropriations Act or sooner if needed, and will not automatically be rolled over from the prior year. (Note: If a Component uses sub-allotments, the Component must adhere to the requirements defined in the OUSD(C) memorandum titled “Financial Management Requirements for Using Sub-Allotments.” See Appendix A.)
2. The PB P&FC Budget Analyst reviews the Component request for the new four-digit SAHI code to determine whether a new code is needed for a sub-allotment and whether the request is otherwise valid.
3. If creating a new four-digit SAHI code is unnecessary, the PB P&FC Budget Analyst will notify the requestor via email that the request is declined with an accompanying justification and the sub-process is complete.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

If the PB P&FC Budget Analyst determines the request to be valid, proceed to step #4.

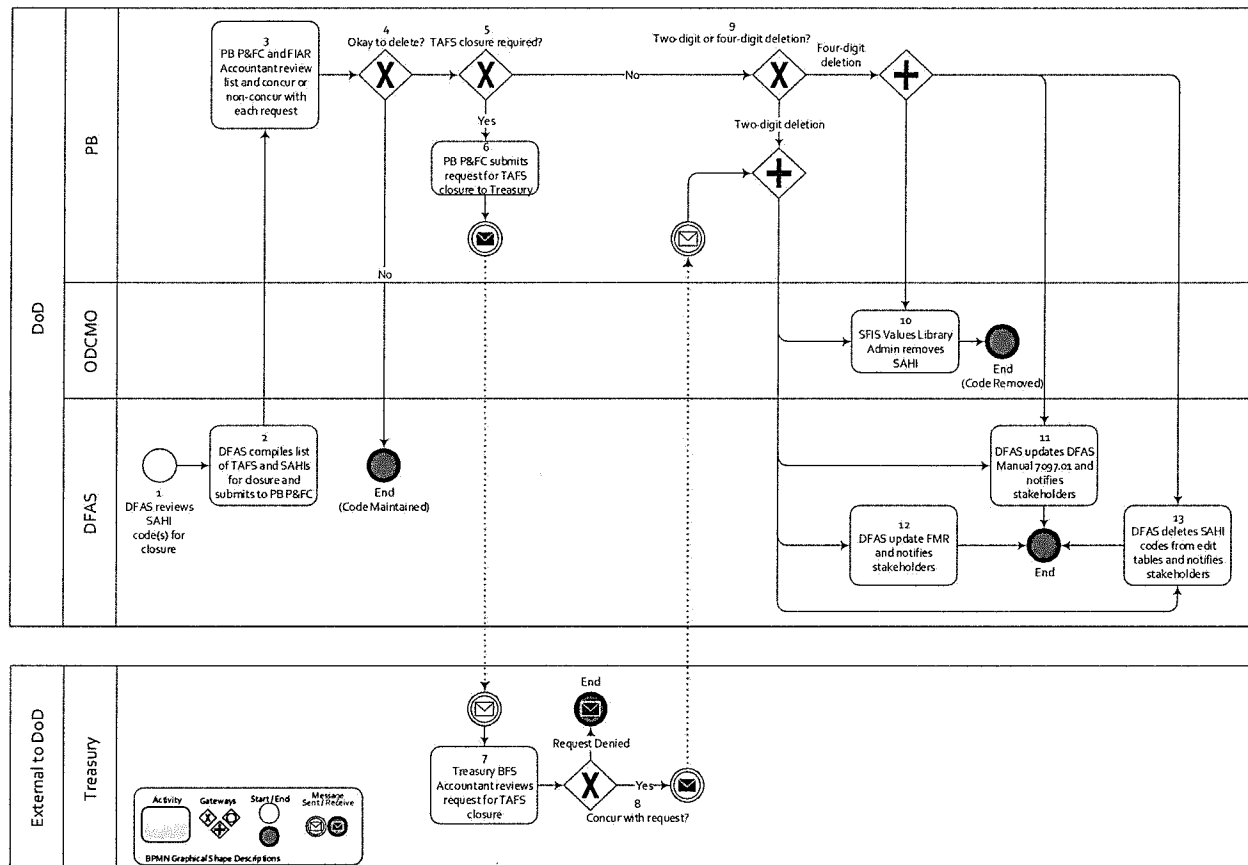
4. The PB P&FC Budget Analyst sends notification to the ODCMO SFIS Values Library Administrator requesting a new four-digit SAHI code.
5. The ODCMO SFIS Values Library Administrator reviews the Component request to determine whether the request meets the SFIS Business Rules.
6. If the request is invalid or additional information is required, the sub-process returns to step #2 where the PB P&FC Budget Analyst revisits the validity of the request with the Component and/or obtains any additional information sought by the ODCMO SFIS Values Library Administrator.

If the ODCMO SFIS Values Library Administrator determines the request to be valid, proceed to step #7.

7. If a new four-digit SAHI code will be established for the Component, the ODCMO SFIS Values Library Administrator updates the SFIS Values Library accordingly and provides notification to the PB P&FC Budget Analyst and the ODCFO FIAR Accountant informing PB P&FC of the new four-digit SAHI code that will be assigned to the Component.
8. Upon receipt of the notification, the PB P&FC Budget Analyst inputs the new SAHI code and issues a memorandum to the ODCFO, DFAS Fiscal Code Team, the ODCMO SFIS Values Library Administrator, and the Comptroller of the Component.
9. Upon receipt of the memorandum from PB P&FC, the DFAS Fiscal Code Team inputs the new four-digit SAHI codes and sends an email to notify the following recipients:
 - Defense Agencies and Commands via the Fiscal Code Team mailbox
 - DFAS Departmental Reporting Team
10. The DFAS Fiscal Code Team updates DFAS Manual 7097.01, where applicable. The DFAS Fiscal Code Team subsequently notifies Defense Agencies and Commands via publication to the ASA-FM website, informing of the updates made.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

6.3 Closing TAFS and/or SAHI



1. The sub-process of closing a SAHI code is initiated by the annual DFAS review of open SAHIs or when DFAS receives a request from a Component to close a SAHI.
2. On an annual basis, a DFAS Departmental Reporting Division Chief compiles a list of all TAFS and/or SAHIs for closure based on a query of the Defense Departmental Reporting System (DDRS) balances. This query is based on account balance activity and includes indefinite appropriations. Once finalized, the DFAS Departmental Reporting Division Chief submits the complete list to the PB P&FC Directorate requesting closure of the TAFS and/or SAHIs.
3. The PB P&FC Budget Analyst, in coordination with the ODCFO FIAR Accountant, reviews the list and concurs or non-concurs on each TAFS and/or SAHI requested for closure. The PB P&FC Budget Analyst also reviews no-year TAFS marked for closure to ensure the purpose of the appropriation has been carried out and DFAS Departmental Reporting has provided an email confirmation to the PB P&FC Budget Analyst confirming that no disbursements have been made for two consecutive fiscal years.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

4. If a TAFS and/or SAHI should not be deleted, the PB P&FC Budget Analyst sends a notification to the DFAS Departmental Reporting Division Chief providing notification as to why it should be maintained and the sub-process is complete.

If it is determined that a TAFS and/or SAHI should be deleted, the PB P&FC Budget Analyst documents the justification and signs and dates the file. Proceed to step #5.

5. If PB P&FC validates a SAHI for removal and the request also requires that the SAHI's corresponding TAFS also be closed, proceed to step #6.

If the SAHI is validated for removal by the PB P&FC Budget Analyst does not require closure of the corresponding TAFS, proceed to step #9.

6. The PB P&FC Budget Analyst submits a request to the Department of Treasury Bureau of the Fiscal Service (BFS) Accountant requesting that the full list of TAFS be closed.
7. The BFS Accountant reviews the request of TAFS for closure submitted by the PB P&FC Budget Analyst.
8. If the BFS Accountant denies a request for closure, a notification is sent to the PB P&FC Budget Analyst providing justification and the sub-process is complete.

If the BFS Accountant concurs with a request for closure, the TAFS is closed at Treasury, a notification is sent to the PB P&FC Budget Analyst confirming that the TAFS has been closed and the sub-process continues to step #9. The PB P&FC Budget Analyst is responsible for maintaining documentation of closure confirmations in a readily available location to be used as key supporting documents in the event of an audit.

9. If the SAHI requested for closure is a four-digit code, proceed to steps #10, #11, and #13 which are performed concurrently.

If the SAHI requested for closure is a two-digit code, proceed to steps #10, #11, #12 and #13 which are performed concurrently.

10. The ODCMO SFIS Values Library Administrator removes the SAHI from the SFIS Values Library.
11. The DFAS Fiscal Code Team updates DFAS Manual 7097.01 where applicable. The DFAS Fiscal Code Team subsequently notifies Components via publication to the Assistant Secretary of the ASA-FM website, informing of the updates made. The DFAS Fiscal Code Team also notifies the DFAS Departmental Reporting Team to ensure related guidance is updated for current Reporting Entities.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

12. The DFAS Department Reporting Team notifies the DFAS Accounting Policy Team of resulting changes and the DFAS Accounting Policy Team updates the DoD FMR where applicable (e.g., DoD FMR Volume 6B, Chapter 1 in the instance of a TAFS/Component closure). The DFAS Accounting Policy Team will subsequently notify Components and the OUSD(C) Accounting and Finance Policy (A&FP) Directorate via an email informing of the updates made.
13. The DFAS Fiscal Code Team deletes four-digit codes from edit tables and notifies Defense Agencies and Commands via the Fiscal Code Team mailbox. The DFAS Fiscal Code Team deletes two-digit codes from edit tables and notifies Defense Agencies and Commands via the Fiscal Code Team mailbox.



6.4 Accounts Not Requiring a SAHI

Please see the SFIS Attribute Alignment File for which U.S. Standard General Ledger (USSGL)/DoD accounts will not require a SAHI. This includes the USSGL/DoD accounts with appropriation unallocated balances.

Sub-Allocation Holder Identifier (SAHI) Assignment and Management

Appendix A – Financial Management Requirements for Using Sub-Allotments

In May 2016, OUSD(C) issued a memorandum titled “Financial Management Requirements for Using Sub-Allotments.” This memo stated the use of sub-allotments should be minimized and used only in situations where the business need justifies it. Where a sub-allotment is the only alternative, the recipient must meet all departmental audit readiness requirements.

 COMPTROLLER	OFFICE OF THE UNDER SECRETARY OF DEFENSE 1100 DEFENSE PENTAGON WASHINGTON, DC 20301-1100	MAY 5 2016
MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS (FINANCIAL MANAGEMENT AND COMPTROLLER) DIRECTORS OF THE DEFENSE AGENCIES DIRECTORS OF THE DOD FIELD ACTIVITIES PRINCIPAL DEPUTY DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION PRINCIPAL DEPUTY DIRECTOR, OPERATIONAL TEST AND EVALUATION PRINCIPAL DEPUTY CHIEF INFORMATION OFFICER, DEPARTMENT OF DEFENSE COMPTROLLER OF THE JOINT STAFF COMPTROLLERS OF THE COMBATANT COMMANDS		
SUBJECT: Financial Management Requirements for Using Sub-Allotments		
<p>The practice of sub-allotting funds between components without proper controls contributes to several material weaknesses, including the inability to produce timely detailed transactions that reconcile to financial statements and provide evidence supporting the execution of funds. For the purpose of this memo, “sub-allotment” refers to an external distribution of funds across DoD components. It does not apply to internal distributions of funds inside a military department or reporting entity.</p> <p>The use of sub-allotments should be minimized and used only in situations where the business need justifies it. By policy, the Defense Intelligence Community cannot use sub-allotments. Where a sub-allotment is the only alternative, the recipient must meet departmental audit readiness requirements, as described in the attachment to this memorandum. No later than June 30, 2016, components shall submit to the Office of the Deputy Chief Financial Officer their plans to discontinue the use of sub-allotments or comply with the requirements. My Financial Improvement and Audit Readiness team is prepared to assist you and will ultimately assess compliance.</p> <p>For transactions processed as a buy/sell activity, components must use reimbursable agreements. Components must record and support these agreements in accordance with intragovernmental transaction requirements of the DoD Financial Management Regulation.</p> <p>Thank you for your continued support of DoD audit readiness efforts, a critical part of Secretary Carter's reform agenda. My action officer is Ms. Mobola Kadiri. Reach her at mobola.a.kadiri.civ@mail.mil or 571.256.2670.</p>		
 Mark E. Easton Deputy Chief Financial Officer		



Attachment 1 - Customer Support Requirements for Sub-Allotted Funding_Final_V2.pdf