VOLUME 1, CHAPTER 1: “CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE”

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.

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CHAPTER 1

CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE

0101  GENERAL

010101.  Purpose

This chapter describes the establishment, roles, responsibilities, and authority of the Department of Defense (DoD) Chief Financial Officer (CFO) as established by the CFO Act of 1990. The DoD CFO is also the Under Secretary of Defense (Comptroller) (USD(C)). The 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.

*010102.  Authoritative Guidance

CFO establishment, roles, responsibilities, and authority prescribed by this chapter are in accordance with CFO Act of 1990 (Title 31, United States Code, sections 901, 902, 903, and 3515) (31 U.S.C. §§ 901, 902, 903, and 3515), DoD Directive (DoDD) 5118.03, “Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO)” and DoDD 5118.05, "Defense Finance and Accounting Service (DFAS)".

0102  CHIEF FINANCIAL OFFICER APPOINTMENT

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 also the DoD CFO.

0103  ROLES AND RESPONSIBILITIES

The 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, contract audit administration and organization, and general management improvement programs. See Figure 1-1 for the DoD Chief Financial Officer Structure. Consistent with the CFO Act, the following roles and responsibilities are assigned USD(C)/CFO:
010301. Financial Management

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

A. Establish financial management policies for the DoD including its component parts. Ensure compliance throughout the DoD with applicable accounting policy and standards.

B. Establish, review and enforce internal control policies, standards and compliance guidelines involving financial management.

C. Provide oversight of financial management activities and operations including: (a) preparation and annual revision of the Financial Improvement and Audit Remediation plan and (b) development of financial management budgets.

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

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

*010302. Financial Management Systems

Develop and maintain an integrated agency accounting and financial management system, including but not limited to financial reporting, internal controls, cash management, credit management, debt collection, property management, and inventory management. In coordination with the Chief Management Officer, provide for the design, development, and installation of financial systems and for management improvement programs throughout the DoD, especially those related to financial management. 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 OMB.

C. 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.
4. Financial and/or program performance data used in budget development and financial statements preparation.

5. The adequate controls over real property, equipment and inventories.

6. The systematic measurement of performance.

*010303. Agency Financial Report

As required by OMB Circular A-136, DoD must prepare and transmit an Agency Financial Report (AFR) to the Secretary of Defense, OMB, U.S. Department of the Treasury (Treasury), the Government Accountability Office, and the Congress. The Department’s financial reporting requirements and related information on the preparation of the AFR are identified in Volume 6B, Chapter 3.

010304. 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.

010305. 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 OFFICER AUTHORITY

To enable the USD(C)/CFO, for carrying out the duties and responsibilities, the USD(C)/CFO, has authority to:

A. Access all records, reports, audits, reviews, documents, papers, recommendations, or other material which are the property of the DoD or which are available to the DoD, and which relate to programs and operations with respect to which DoD CFO has responsibilities.

B. Request such information or assistance as may be necessary for carrying out the duties and responsibilities of the DoD CFO from any Federal, State, or local governmental entity.

C. To the extent and in such amounts as may be provided in advance by appropriations Acts, the CFO may enter into contracts and other arrangements with public agencies and with private persons for the preparation of financial statements, studies, analyses, and other services; and make such payments as may be necessary.
0105 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.

0106 ESTABLISHMENT OF THE DEPUTY CHIEF FINANCIAL OFFICER

The CFO Act requires the establishment of DoD Deputy Chief Financial Officer (DCFO), who must report directly to the DoD CFO on financial management matters. The position of DCFO must be a career-reserved position in the Senior Executive Service. Consistent with qualification standards developed by, and in consultation with, the DoD CFO and the Director of OMB, the Secretary of Defense must appoint as DoD DCFO 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.

0107 DEPARTMENT OF DEFENSE STAFF ORGANIZATIONS

010701. 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. The Office of the Deputy Comptroller (Program/Budget) is organized into four directorates:

A. 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.

B. 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.

C. 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. This directorate is also responsible for advising 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.

D. 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.

*010702. Deputy Chief Financial Officer

The DCFO 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. The Office of the DCFO is organized into four directorates:

A. The Directorate for Business Processes and Systems Modernization (BPSM) is responsible for leading the DoD financial management community in establishing and sustaining a DoD target end-to-end (E2E) business and financial system environment that is modern, standardized, simplified and cost-conscious where technology and analytics are utilized to drive and manage performance. Additionally, BPSM is responsible for advancing the USD(C)/CFO implementation efforts for large scale financial E2E business process and system adoption within the Department, including development, implementation and enforcement of Enterprise Data Standards; leading the development and implementation of DoD CFO’s Financial Management Functional Strategy to drive alignment to meet the 21st century mission requirements and re-investment of savings to the core mission of the DoD, aligned to the National Defense Strategy. BPSM is also responsible for collaborating with and removing barriers from DoD, other federal, and industry stakeholders to develop more efficient interoperable systems, business processes, data standards, Government-wide Accounting best practices; and advocating for the USD(C)/CFO role for initiatives amongst relevant boards and committees.

B. The Directorate for Chief Financial Officer Data Transformation Office (CDTO) is responsible for advancing National Defense Strategy by making data widely accessible, understandable and usable across the Defense enterprise; helping the DoD translate common enterprise data into actionable insights, decisions and action; advancing analytics to support complex National Defense challenges. Additionally, CDTO is responsible for DoD enterprise data; managing the analytics shared service provider application called Advana; developing, implementing, and sustaining the financial management data strategy; managing the Universe of Transactions for the 4th Estate, Army, and Navy. CDTO is also responsible for sustaining cost management for financial management, human resources, information technology, real property, medical, acquisition, supply chain and maintenance; reconciling Fund Balance with Treasury for the 4th Estate; managing the performance measures for financial management; developing, implementing, and sustaining the Dormant Account Review Quarterly Process for the 4th Estate, Army, and Navy; and maintaining the NFR/CAP database.
C. The Directorate for Financial Improvement and Audit Remediation (FIAR) is responsible for oversight, management, performing liaison functions and helping DoD Components be audit ready; remediating findings, achieving post-audit sustainment, and developing and issuing a detailed Financial Improvement and Audit Remediation Plan that identifies financial process, system, and statement deficiencies and provides detailed corrective actions to address those deficiencies. Additional FIAR responsibilities include managing the Defense-wide Statement of Assurance process by monitoring and reporting the status of auditor and manager identified material weaknesses and corrective action plans; implementing the Federal Manager’s Financial Integrity Act program for DoD to include OMB Circular A-123, Appendix A, “Management of Reporting and Data Integrity Risk;” managing the Improving Financial Performance Initiative of the President’s Management Agenda; advocating for the USD(C)/CFO on various interagency forums and internal DoD councils, boards, committees, and external organizations as required, pertaining to audit readiness.

D. The Directorate for Financial Management Policy and Reporting (FMPR) is responsible for developing, promulgating, implementing, and interpreting DoD-wide accounting and finance policies; providing direct support to the USD(C)/CFO and Deputy CFO on various interagency forums; advocating for the USD(C)/CFO on various interagency organizations, and representing the USD(C)/CFO on various internal DoD councils, boards and committees pertaining to financial management policy. In addition, FMPR is responsible for 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 this Regulation. The FMPR Directorate is also responsible for developing and issuing the DoD AFR (see paragraph 010303), oversight of the DoD-wide consolidated financial statements and notes, management of the DoD Improper Payments Program, and other external financial management reporting.

010703. Director, Defense Financial and Accounting Service

The Director of 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 5118.05, DFAS must:

A. Direct and oversee 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, processes, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the DoD.

C. Provide professional finance and accounting services for DoD Components and other Federal agencies, as designated by the USD(C)/CFO.
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, and civil engineering).

E. Execute statutory and regulatory financial reporting requirements and provide financial statements, pursuant to 31 U.S.C. § 3515, to include supporting customers’ audit assertions and audit execution.

F. Provide advice and recommendations to the USD(C)/CFO on finance and accounting matters and provide documentation that discloses the internal controls within DFAS-assigned systems that may impact customers’ control environment in supporting auditability.

*     G. Coordinate on the establishment of all DoD finance and accounting activities independent of the DFAS and support the development and implementation of a compliant business solution with common business processes and data standards for horizontal end-to-end processes in the Business Enterprise Architecture.

0108 DEPARTMENT OF DEFENSE COMPONENTS

The Heads of the DoD Components must direct and manage financial management activities within their respective Components, consistent with the policies, requirements, principles, standards, procedures, and practices prescribed by the USD(C)/CFO and DFAS, and other policies as prescribed by the Heads of the other DoD Components.
*Figure 1-1: UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER STRUCTURE
VOLUME 1, CHAPTER 2: “FEDERAL ACCOUNTING STANDARDS HIERARCHY”

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<td>020103.E</td>
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<td>020301</td>
<td>Replaced Financial Improvement and Audit Remediation (FIAR) with Financial Management Policy and Reporting (FMPR) as the responsible directorate for guidance and clarification regarding federal accounting standards.</td>
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<td>020302.A</td>
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0201 GENERAL

020101. Overview

The Federal Accounting Standards Advisory Board (FASAB) is the body designated by the American Institute of Certified Public Accountants (AICPA) as the source of generally accepted accounting principles (GAAP) for federal reporting entities. As such, the FASAB is responsible for identifying the sources of accounting principles and providing federal entities with a framework for selecting the principles used in the preparation of general purpose financial reports that are presented in conformity with GAAP. FASAB promulgates accounting standards for U.S. government agencies 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 Standards (SFFAS) that become GAAP for federal government entities. FASAB Standards and other FASAB authoritative publications, including FASAB Interpretations, Technical Bulletins, and Technical Releases are published on the FASAB website. 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

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

C. The *AICPA Code of Professional Conduct*, Part 1.320.020 recognized FASAB as the board that promulgates GAAP for federal entities.

D. *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.

E. The *Government Management Reform Act of 1994 (GMRA)* mandates executive agencies prepare their financial statement in accordance with GAAP.

0202 HIERARCHY

020201. Hierarchy of Accounting Standards

A. The SFFASs are GAAP applicable to the federal government and must be followed by all federal agencies in reporting under the GMRA. DoD Components must 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 subparagraph 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 OUSD(C), Office of the Deputy Chief Financial Officer (ODCFO), Financial Management Policy and Reporting (FMPR) Directorate must 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 must be submitted through the OUSD(C), ODCFO, FMPR Directorate.
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, DCFO or ADCFO.

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 ODCFO.

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 OUSD(C), ODCFO, Financial Improvement and Audit Remediation, and FMPR Directorates 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 the FMPR Directorate 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”

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<td>Updated to include narratives on Component requirements.</td>
<td>Revision</td>
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<tr>
<td>030406</td>
<td>Updated to include narratives on the Defense Information Systems Agency responsibilities.</td>
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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 Enterprise Risk and Internal Control;” and Appendix D of this Circular, “Compliance with the Federal Financial Management Improvement Act of 1996” provide eight goals and compliance indicators that must be satisfied in order for financial management systems to comply with FFMIA. Additional authorities:


H. DoD Instruction (DoDI) 8510.01, Risk Management Framework (RMF) for DoD Information Technology (IT).
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 systems 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 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 0104. These reporting entities must report their FFMIA compliance as part of their Annual Statement of Assurance (SOA) 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. In addition, OUSD(C) requires all reporting entities to maintain records of systems relevant to their respective financial statement audit, Internal Control over Financial Reporting (ICOFR), and Internal Control over Financial Systems in the Financial Improvement and Audit Remediation (FIAR) Systems Database (FSD). OUSD(C) requires the owners of each system to maintain the current status of FFMIA compliance in FSD to support annual FFMIA compliance and SOA reporting. This information includes the System Name, Date Validated, Validating Organization, a Material Weakness Indicator (as a result of the FFMIA assessment), and Rationale for excluding a system from FFMIA compliance requirements.

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 Control over Reporting (ICOR) including 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 as defined in TFM, Volume 1, Part 6, Chapter 9500, Appendix 1 consist of 21 functions and 68 discrete requirements that a financial management system must satisfy in order to comply with FFMIA. Each requirement is associated with a business function and is categorized as data input, processing, or output. These federal financial management system requirements establish uniform financial systems, standards, and reporting that support the achievement of the DoD financial reporting objectives. Financial reporting objectives include the following.

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 ICOR 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 (DoD 7000.14-R), and other guidance applicable to DoD.


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

* D. The DoD ICOFR Guide serves as a standard reference for users involved in financial reporting internal control activities within the DoD. This includes the annual requirements prescribed in the OMB Circular A-123, the FMFIA, and other applicable laws, regulations, and guidance. Its companion, the DoD Financial Statement Audit Guide is a reference for the Department’s personnel to use while supporting internal controls based financial statement audits.
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.

*E. The DoD ICOFR Guide is a reference for users involved in financial reporting internal control activities within the DoD. This includes the annual requirements prescribed in OMB Circular A-123, FMFIA, and other applicable laws, regulations, and guidance. The DoD ICOFR Guide incorporates the requirements of OMB Circular A-123, and provides guidance on:

1. Documenting each organization’s system of internal control.
2. Assessing internal controls over business processes as well as Information Technology General Controls (ITGC) and IT Application Controls.
3. Identifying internal control deficiencies.
4. Implementing corrective actions.
5. Fulfilling the reporting requirements for OMB Circular A-123 and FFMIA.

*F. The DoD ICOFR Guide identifies the specific Federal Information System Controls Audit Manual (FISCAM) control activities and techniques needed to address the key ICOR risk areas most likely to impact financial reporting based on the DoD’s experience. The remaining FISCAM control activities (identified as “Other Control Techniques for Consideration in a Financial Statement Audit”) should be considered by Components when evaluating federal financial systems’ compliance with laws and regulations, such as FFMIA and FISMA.

*G. In addition, the system assessment and authorization requirements set forth in DoDI 8510.01, “Risk Management Framework (RMF) for DoD Information Technology” were developed to meet FISMA requirements but did not meet system audit requirements as defined in the DoD ICOFR Guide. To maximize testing efficiency, OUSD(C)) developed the Financial Management Overlay that maps select FISCAM controls to their RMF counterparts as defined in NIST Special Publication 800-53, Version 4, to allow entities to test controls once and meet multiple compliance requirements. Any applicable FISCAM controls not covered by the Financial Management Overlay must be included in separate internal controls testing under the Manager’s Internal Control Program.
030304. Compliance Determination 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. Service providers must support their reporting entities’ financial statement audits by providing the reporting entities with an appropriate Service Organization Controls (SOC) examination reports, or by allowing user auditors to perform appropriate tests of controls at the service organization in accordance with OMB Bulletin No. 15-02. Once systems and/or business processes and reporting entities have been identified, service providers must develop a high-level strategy for supporting the reporting entities’ financial statement audits employing one of two options:

1. Undergo an examination in accordance with Standards on Statements for Attestation Engagement No. 18 (AT-C 320), where the service auditor reports on internal controls at service providers that provide services to reporting entities when those controls are likely to be relevant to reporting entities’ ICOFR; or

2. Participate in and directly supporting the reporting entities’ financial statement audit, where the service provider’s processes, systems, internal controls, and supporting documentation are incorporated into the reporting entity’s audit.

E. TFM, Volume I Part 6, Chapter 9500 contains the revised Federal Financial Management System Requirements. The updated requirements are as follows:
1. Focus on business outcomes rather than technology,

2. Be neutral on how an agency achieves the financial management business outcomes (e.g. software, shared services),

3. Emphasize financial management outcomes unique to the federal government (e.g. funds control),

4. Apply to both administrative systems and programmatic systems that support financial management business outcomes (mixed systems).

F. Agencies should use these requirements in the pre-acquisition, acquisition, and implementation of new financial management solutions (manual and automated). In addition, agencies should use the Federal Financial Management System Requirements in accordance with Appendix D to OMB Circular A-123. Appendix D contains an outcome-based approach to assess FFMIA compliance through a series of financial management goals that are common to all agencies.

G. 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 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 DoD ICOFR Guide 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. Develops, publishes, and issues detailed financial improvement audit strategies, methodologies, and implementation guidance.


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.

6. Prepares and distributes to DoD Components instructions for the preparation of the Annual SOA, including reporting the results of the most recent FFMIA assessments.

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 Chief Management Officer

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

A. Oversees development, modernization, and sustainment of the Department’s portfolio of business systems through the Defense Business Council.

B. Develops and issues the Integrated Business Framework, the Business Enterprise Architecture requirements, and investment review process compliance guidance.

*030403. DoD Components

The DoD Component reporting entities must:

A. Develop a plan in accordance with OMB Circular A-130, “Responsibilities for Protecting and Managing Federal Information Resources,” Appendix I.

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

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

D. Conduct FFMIA certification testing using the GAO Financial Audit Manual and TFM Volume I, Part 6, Chapter 9500, leveraging existing system development life-cycle activities where appropriate.

E. Address FFMIA compliance status and remediation plan in the Annual SOA.


G. Maintains risk assessments and ensures testing of internal controls are performed, and SOA supporting documentation (e.g., control evaluation matrix, detailed Corrective Action Plans (CAP), risk assessment) including evidence of management’s evaluation of existing internal controls and conclusions of material weaknesses reported in support of DoD-wide SOA reporting.

H. Maintains an itemization and characterization of the system of internal controls, Significant Deficiencies (Internal Control over Operations only), and Material Weaknesses and includes them in their SOA.
I. Ensures CAPs are established, internal control deficiencies remediated, and status reported to DoD leadership as specified in the DoD ICOFR Guide.

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 the DoD Internal Control Guide and DoD Audit Guide.

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) provides application hosting services for the DoDs service providers. As a result, DISA is responsible for most of the ITGC over the computing environment in which many financial, personnel, and logistics applications reside. In order for service providers and components to rely on automated controls and documentation within these applications, controls must be appropriately and effectively designed.
Table 3-1. FFMIA Compliance Determination Framework

<table>
<thead>
<tr>
<th>Goal</th>
<th>Compliance Indicator</th>
<th>Risk (or Performance) Level</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Low Risk</td>
</tr>
<tr>
<td>1.</td>
<td>Federal Financial Information Management and Reporting</td>
<td></td>
</tr>
<tr>
<td>1.1.</td>
<td>Consistently, completely, and accurately record and account for Federal funds, assets, liabilities, revenues, expenditures, and costs.</td>
<td>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.</td>
</tr>
<tr>
<td>1.2.</td>
<td>Provide timely and reliable Federal financial management information of appropriate form and content to agency program managers for managing current Government programs and activities.</td>
<td>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.</td>
</tr>
</tbody>
</table>
Table 3-1. FFMIA Compliance Determination Framework (Continued)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Compliance Indicator</th>
<th>Risk (or Performance) Level</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Low Risk</td>
</tr>
<tr>
<td>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.</td>
<td>1.3.a. Audit opinion on agency financial statements.</td>
<td>Unmodified (Unqualified).</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td>On time.</td>
</tr>
<tr>
<td></td>
<td>1.3.c. Agency financial reports submitted to OMB, GAO, and Congress by November 15th.</td>
<td>On time.</td>
</tr>
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</table>
Table 3-1. FFMIA Compliance Determination Framework (Continued)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Compliance Indicator</th>
<th>Risk (or Performance) Level</th>
<th>Low Risk</th>
<th>Medium Risk</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td>Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.</td>
<td>Agency-reported reportable conditions or non-conformances.</td>
<td>Agency-reported significant deficiencies.</td>
<td>Agency-reported material weaknesses.</td>
</tr>
<tr>
<td></td>
<td>1.4.b. Financial and performance information, as presented in the performance section of the Agency Financial Report or Performance &amp; Accountability report, is free from agency-reported material weaknesses, reportable conditions, or non-conformances.</td>
<td>Agency-reported control deficiencies that individually or collectively are not considered significant.</td>
<td>Agency-reported reportable conditions or non-conformances.</td>
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Table 3-1. FFMIA Compliance Determination Framework (Continued)

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<tr>
<td></td>
<td>Low Risk</td>
<td>Medium Risk</td>
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<tr>
<td>2. Financial Management and Internal Controls</td>
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<tr>
<td>2.1. Provide internal control to restrict Federal obligations and outlays to those authorized by law and within the amount available.</td>
<td>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.</td>
<td>Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OR</td>
</tr>
<tr>
<td></td>
<td>None required within the last 2 fiscal years preceding the current fiscal year.</td>
<td>Required within the last 2 fiscal years preceding the current fiscal year.</td>
</tr>
<tr>
<td>2.1.b. Antideficiency Act violation report required to be submitted.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2. Perform Federal financial management operations effectively within resources available.</td>
<td>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.</td>
<td>No reported instances.</td>
</tr>
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</tbody>
</table>
Table 3-1. FFMIA Compliance Determination Framework (Continued)

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<td></td>
<td>Low Risk</td>
</tr>
<tr>
<td>2.3. Minimize waste, loss, unauthorized use, or misappropriation of Federal funds, property and other assets within resources available.</td>
<td>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.</td>
<td>Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.</td>
</tr>
</tbody>
</table>

| 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. | Agency- or auditor-reported material weaknesses. |

|                      |                      | OR | Auditor-reported significant deficiencies. | OR | Auditor-reported significant deficiencies or material weaknesses | OR | Auditor-reported significant deficiencies or 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 March 2016 is archived.

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<td>All</td>
<td>Updated the hyperlinks.</td>
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<tr>
<td>040103</td>
<td>Revised the Authoritative Guidance paragraph to clarify compliancy with applicable law, updated business information requirements, and included the Government Performance and Results Act of 1993 (GPRA), as amended by the GPRA Modernization Act of 2010.</td>
<td>Revision</td>
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<tr>
<td>040203, 040402</td>
<td>Replaced “Deputy Chief Management Officer” with “Chief Management Officer” in accordance with Public Law 115-232, dated August 13, 2018. Also, added the roles and responsibilities of the Office of the Chief Management Officer.</td>
<td>Revision</td>
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<td>040401</td>
<td>Updated roles and responsibilities of the Office of the Under Secretary of Defense (Comptroller).</td>
<td>Addition</td>
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<tr>
<td>040404</td>
<td>Revised the section title from “Service providers” to “Defense Finance and Accounting Service” and updated its roles and responsibilities.</td>
<td>Revision</td>
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<tr>
<td>0405</td>
<td>Updated the Standard Financial Information Structure (SFIS) Resources list to align with the information available on the SFIS Resource page.</td>
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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(e)(3) (10 U.S.C. § 2222(e)(3)) requires that the DoD Business Enterprise Architecture (BEA) include an information infrastructure that, at a minimum, enables DoD to:

1. Comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

2. Routinely produce verifiable, timely, accurate, and reliable business and financial information for management purposes;

3. Integrate budget, accounting, and program information and systems; and

4. Identify whether each existing business system is a part of the business system environment outlined by the Defense BEA, will become a part of that environment with appropriate modification, or is not a part of that environment.
B. 10 U.S.C. § 2222(e)(3)(A) requires establishment of policies, procedures, data standards, performance measures, and system interface requirements that are applied uniformly throughout DoD.

C. 31 U.S.C. § 902(a)(3) 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. The development and reporting of cost information;

   c. The integration of accounting and budgeting information; and

   d. The 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* (GPRA), as amended by the *GPRAM Modernization Act of 2010*, requires annual performance reporting that links performance planned to performance achieved.
F. The *OMB Circular A-123, Appendix D*, provides FFMA 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.


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 Chief Management Officer (CMO) established the DBC as the principal subsidiary governance body to the Deputy's Management Action Group (DMAG) for defense business operations. The DBC also assumes the role of the Department's Investment Review Board (IRB) for Defense Business Systems investments. 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.

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 Functional Strategy and Organizational Execution Plan (OEP) 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 DMAG and DBC (reference paragraph 040203).

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 DMAG and the IRB.

D. Is responsible for publishing and maintaining the SFIS resources repository.

E. Works with DoD Components and Enterprise Resource Planning (ERP) integration teams to properly implement SFIS.
*040402. Office of the Chief Management Officer (OCMO)

The OCMO established the new role of the DoD Chief Data Officer to lead the extraction and analysis of data to support business reform as well as lead the operation of a DoD-wide data governance body to oversee the preparation, extraction, and provision of common, transparent enterprise data throughout the business enterprise, including coordination on all data standards, to include SFIS, cost management, and overall data management.

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. Defense Finance and Accounting Service

The Defense Finance and Accounting Service (DFAS) is responsible for maintaining the SFIS values library and ensuring all service provider applications and enterprise systems are compliant with SFIS.

*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/Standard Line of Account/Accounting Classification.

D. SFIS Values Library Service.


F. DoD USSGL Transaction Library.

G. DoD Standard Chart of Accounts Implementation Guidance.

H. DoD Chart of Accounts Tie-Points Standard.

J. Archived DoD Chart of Account Guidance.

K. Authoritative Guidance Pertaining to SFIS (External Links).
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<td>DoD USSGL Transaction Library</td>
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<td>DoD Standard Chart of Accounts</td>
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<td>Target Financial Business Feeder System (processes business events</td>
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<td>with accounting impacts between the time of commitment through disbursement)</td>
<td>DoD SLOA/Accounting Classification</td>
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<td>Legacy Accounting System</td>
<td>SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis</td>
</tr>
<tr>
<td>Legacy Financial Business Feeder System (creates or processes</td>
<td>SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis</td>
</tr>
<tr>
<td>transactions with financial impacts and exchanges accounting data</td>
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<tr>
<td>with other business feeder systems or accounting systems)</td>
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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 October 2017 is archived.

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<td>060203</td>
<td>Added Award Level Matrix examples</td>
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<td>Added new award selection description</td>
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0601 GENERAL

*060101. Overview

It is DoD policy that:

A. Military and civilian members who make outstanding contributions to the improvement of Department of Defense (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 five award categories. Fifteen awards are conferred in the following areas:

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 in financial management in a Contingency Operation:
   a. Individual at any level
   b. Team at any level

4. Contributions to DoD Audit and Remediation:
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

5. Under Secretary of Defense Comptroller (USD(C)) Salute to Savings.

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, 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 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 successfully building, defending, or executing DoD budgets. Improved budget building and successfully defending the budget serve to ensure the Department is adequately funded to complete its mission. 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. Enhancing the methodology and processes resulting in more accurate budget formulation estimates.

3. Information Technology System improvements that support reliable cost projections for building budgets.

4. Successfully defending crucial budget submissions or reprogramming requests.

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, payroll, workforce development, or other fields outside of budgeting. Nominating Officials should consider performance, attestation, and operational audits for this category. 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 to model use 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 in support 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 DoD Audit and Remediation. This category recognizes one individual and one team, at each of the two award levels, who have made significant achievements to improve Audit efforts. Audit efforts help 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.

E. USD(C) Salute to Savings Award. This category recognizes either an individual or team whose actions have resulted in a significant savings to the taxpayer. The USD(C) will select the winner of this award from among the nominations submitted in the categories in paragraphs 060201.A through D.

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.

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<thead>
<tr>
<th>Organizational Level Performing the Work</th>
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<td>Headquarters</td>
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<td>Combatant Command Headquarters</td>
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<td>Regional Office</td>
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**Examples**

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<tr>
<td>DFAS Headquarters</td>
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<td>DFAS Major Center (Cleveland, Columbus, Indianapolis)</td>
<td>Headquarters and Major Command</td>
</tr>
<tr>
<td>DFAS Other (Rome, Limestone, Japan, Europe, Non-Appropriated Funds)</td>
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<tr>
<td>DCAA (HQ, Regional and Corporate Offices)</td>
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<td>DCAA (Field Offices and Sub Offices)</td>
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<td>DLA (Headquarters)</td>
<td>Headquarters and Major Command</td>
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<tr>
<td>DLA (Major Subordinate Command and Below)</td>
<td>Below Major Command</td>
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0603 RESPONSIBILITIES

*060301. The USD(C)

A. Will select awards recipients for each award category, type, and level.

B. May select one or more recipients for the USD(C) Salute to Savings Award from among the pool of nominations submitted in the other four categories.

C. Will present awards to each recipient.

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

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

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

F. For Team awards, DoD Components may identify additional personnel from other DoD Components who participated in the actions leading to the recognized achievements. The addition of other DoD Components to an award does not affect the nomination restrictions set in 060403.D.

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.

D. Heads of DoD Components are restricted in the number of nominations they can submit for consideration in each Category, Type, and Level:

1. DoD Components with an FM workforce of at least 1,000 personnel can submit up to two nominations per Category, Type, and Level; allowing a maximum of 28 nominations.

2. DoD Components with an FM workforce of fewer than 1,000 personnel can submit up to one nomination per Category, Type, and Level; allowing a maximum of 14 nominations.

3. Combatant Command Support Agents may submit up to one additional nomination per Category, Type, and Level for personnel serving in the Headquarters of a Unified Combatant Command. These nominations will compete as Combatant Command nominations.
E. Components will not submit nominations for the USD(C) Salute to Savings award category. The USD(C) will select winners for this category from among the pool of nominations submitted in the other four award categories.

060404. Nomination Responsibilities

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

B. Responsibility for team award nominations is vested with the DoD 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 right-side of the home page. Acknowledge you have read and will comply with this regulation to continue. Select the Award Category that best fits the actions of the individual being nominated 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 DoD Audit and Remediation.

B. Select the Award Level that corresponds to the level of the organization the nominee worked at by clicking on the radio button next to the appropriate level, either Headquarters and Major Command or Below Major Command:

1. Enter the Organization and Component of the Nominee. The Organization should reflect the entity subordinate to the DoD Component to which the nominee was assigned while the nominee completed the actions for which the nominee is being nominated.
2. Acronyms must be spelled out.
3. If the individual was assigned to the Headquarters of a Combatant Command, select “yes,” next to the Combatant Command question, and identify the Combatant Command from the drop-down menu. If the individual was not assigned to the Headquarters of a Combatant Command, select “no.”

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. Acknowledge the nomination has been submitted in compliance with this regulation.
   2. Click the save button at the bottom of the form.
   3. After clicking the save button, the application will save your nomination. You must next click the submit button to send the nomination to the Nominating Official for review. Failure to click the submit button will halt progress on the nomination.
   4. 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 right-side of the home page. Acknowledge you have read and will comply with this regulation to continue. Select the Award Category that best fits the actions of the team being nominated 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 DoD Audit and Remediation.

B. Select the Award Level that corresponds to the level of the organization the nominated team worked at 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. The Organization should reflect the entity subordinate to the DoD Component to which the team lead was assigned while the team completed the actions for which the team is being nominated.

   a. Acronyms must be spelled out.

   b. If the team lead was assigned to the Headquarters of a Combatant Command, select “yes,” next to the Combatant Command question, and identify the Combatant Command from the drop-down menu. If the team lead was not assigned to the Headquarters of a Combatant Command, select “no.”

   c. If any members of the team were assigned to a DoD Component other than the DoD Component the team lead was assigned to, the Nominating Official may recognize the other DoD Components by selecting “yes” to the additional DoD Component question and identify up to three additional DoD Components from the drop down menus.

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. Acknowledge the nomination has been submitted in compliance with this regulation.

2. Click the save button at the bottom of the form.

3. After clicking the save button, the application will save your nomination. You must next click the submit button to send the nomination to the Nominating Official for review. Failure to click the submit button will halt progress on the nomination.

4. 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 DoD Component.

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 the nomination has been submitted in accordance with this regulation.

3. Ensure Nominating Official digital signature belongs to listed nominating official.

4. 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.

G. Final Reviewers will be restricted in the number of nominations they can approve to go to the Board as set in 060403.D.

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 tabs. Each of these tabs represents the four different types and levels of nominations.

3. Click on the tab to open it. Each row will show the same information (from left to right): Name of Individual or Team, Organization, and Component. Next to each line, Board Members will be able to score nominations and input remarks.
4. Board Members will be able to see the nomination by clicking on the individual or team name for the nomination.

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

6. Click the save button at the top of each tab to save scores for that tab. While working through nominations, save frequently to prevent loss of scoring.

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

8. 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

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

**Award Category:**
- [ ] Contributions in Budget Formulation or Execution
- [ ] Contributions in Financial Management (excluding Budget)
- [ ] Contributions in Financial Management in a Contingency Operation
- [ ] Contributions to DoD Audit and Remediation

**Award Level:**
- [ ] Headquarters and Major Command
- [ ] Below Major Command

**Organization:**

**Component:** [DROP DOWN]

**Was the Individual in this award assigned to a COCOM?**
Yes [ ] No [ ]

If so, which COCOM? [DROP DOWN]

**Individual Nominee Data (contractors are not eligible for individual awards):**

<table>
<thead>
<tr>
<th>Rank/Grade:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Duty Title:</td>
<td></td>
</tr>
<tr>
<td>E-Mail:</td>
<td></td>
</tr>
<tr>
<td>Office Mailing Address:</td>
<td></td>
</tr>
<tr>
<td>Commercial Phone:</td>
<td></td>
</tr>
</tbody>
</table>

**Nominated Official Data:**

<table>
<thead>
<tr>
<th>Rank/Grade:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Duty Title:</td>
<td></td>
</tr>
<tr>
<td>E-Mail:</td>
<td></td>
</tr>
<tr>
<td>Office Mailing Address:</td>
<td></td>
</tr>
<tr>
<td>Commercial Phone:</td>
<td></td>
</tr>
</tbody>
</table>
Figure 1-1: Nomination Form for Individual Awards (cont’d)

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

* There is a maximum of 700 characters with spaces allowed in the PROBLEM/PROJECT/EFFORT box and 3,300 characters with spaces allowed in the ACTIONS and RESULTS box.

Your nomination will be scored against 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.

The criteria can be found in the FMR on page 6-9, section 060401.

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

**Summarize the ACTIONS and RESULTS of the individual’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):

---

I have submitted this nomination in accordance with the DoD FMR Volume 1, Chapter 6, "Under Secretary of Defense (Comptroller) Financial Management Awards Program."
Figure 2-1: Nomination Form for Team Awards

| UNDER SECRETARY OF DEFENSE (COMPTROLLER) |
| FINANCIAL MANAGEMENT AWARDS PROGRAM |
| Nomination Form for TEAM Awards |

**Awards Category:**
- Contributions in Budget Formulation or Execution
- Contributions in Financial Management (excluding Budget)
- Contributions in Financial Management in a Contingency Operation
- Contributions to DoD Audit and Remediation

**Awards Level:**
- Headquarters and Major Command
- Below Major Command

**Team Name:**

**Organization:**

**Component:** [DROP DOWN]

**Were the personnel in this award assigned to a COCOM?**
- Yes [ ]
- No [ ]

**If so, which COCOM?** [DROP DOWN]

**Were the personnel in this award from additional Components?**
- Yes [ ]
- No [ ]

**If so, with which Components?** [DROP DOWN] [DROP DOWN] [DROP DOWN]

### Team Nominee Data (2 to 20 individuals, with no more than 20% contractors)

<table>
<thead>
<tr>
<th>Grade/Rank</th>
<th>Name</th>
<th>Title</th>
<th>E-mail</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[DROP DOWN]</td>
</tr>
<tr>
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<td>[DROP DOWN]</td>
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<tr>
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<td></td>
<td></td>
<td>[DROP DOWN]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[DROP DOWN]</td>
</tr>
</tbody>
</table>

**Individual Nominee Data (contractors are not eligible for individual awards):**

**Rank/Grade:**

**Name:**

**Duty Title:**

**E-Mail:**

**Office Mailing Address:**

**Commercial Phone:**

**Nominating Official Data:**

**Rank/Grade:**

**Name:**

**Duty Title:**

**E-Mail:**

**Office Mailing Address:**

**Commercial Phone:**
## Nomination Form for TEAM Awards

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

Nomination Form for TEAM Awards

* There is a maximum of 700 characters with spaces allowed in the PROBLEM/PROJECT/EFFORT box and 3,400 characters with spaces allowed in the ACTIONS and RESULTS box.

Your nomination will be scored against 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.

The criteria can be found in the FMR on page 6-9, section 060401.

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

---

Summarize the **ACTIONS and RESULTS of the team's activities that warrant an award**
(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):

---

I have submitted this nomination in accordance with the DoD FMR Volume 1, Chapter 6, "Under Secretary of Defense (Comptroller) Financial Management Awards Program."
VOLUME 1, CHAPTER 7: “DEPARTMENT OF DEFENSE STANDARD CHART OF ACCOUNTS”

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.

<table>
<thead>
<tr>
<th>PARAGRAPH</th>
<th>EXPLANATION OF CHANGE/REVISION</th>
<th>PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>This is a major rewrite. Reorganized information, and changed the title from “United States Standard General Ledger (USSGL)” to “Department of Defense (DoD) Standard Chart of Accounts.”</td>
<td>Revision</td>
</tr>
</tbody>
</table>
| Policy Memo        | The following Deputy Chief Financial Officer policy memoranda were incorporated into this chapter and cancelled:  
| Various            | Updated the hyperlinks.                                                                        | Revision    |
| Figure 7-1         | Deleted the “Example of Budgetary and Proprietary Accounts Relationships” figure and reassigned “Figure 7-1” to the remaining figure titled, “DoD Assigned Accounts for Internal Fund Distribution.” | Deletion    |
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CHAPTER 7

*DEPARTMENT OF DEFENSE STANDARD CHART OF ACCOUNTS*

0701 GENERAL

070101. Purpose

This chapter prescribes the requirements of the Department of Defense (DoD) Standard Chart of Accounts (SCOA). The general requirements of the United States Standard General Ledger (USSGL) are the basis for the DoD SCOA which provides the mandatory general ledger accounts that must be implemented in all DoD accounting systems for all appropriations and funds.

070102. Authoritative Guidance

A. The Federal Financial Management Improvement Act (FFMIA) of 1996, Title 31, United States Code, section 3512 requires agencies to implement and maintain accounting systems that comply with the USSGL at the transaction level.

B. The United States Department of the Treasury (Treasury) Financial Manual (TFM) prescribes the USSGL requirements. The USSGL is a TFM Supplement that Treasury updates at least annually. Treasury provides notice of changes that are effective immediately in Bulletins that are later codified in the TFM. As part of the overall Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting requirements, the USSGL guidance contains seven major sections:

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 for FY 20YY\(^1\) GTAS Reporting,
VI. Crosswalks to Reclassified Statements for FY 20YY Reporting, and
VII. GTAS Validations and Edits for FY 20YY Reporting.

C. The Office of Management and Budget (OMB) Circular A-123 Appendix D, “Compliance with the Federal Financial Management Improvement Act,” requires that agencies record financial events in the core accounting systems applying the requirements of the USSGL.

---

1 “YY” represents the applicable fiscal year.
0702 DEFINITIONS

070201. Standard Financial Information Structure

The *Standard Financial Information Structure* (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs. The DoD SCOA is a key element in the SFIS data structure. The DoD SCOA and other SFIS products are published on the DoD Chief Management Officer’s SFIS web page. For additional SFIS information, see Chapter 4.

070202. DoD Chart of Accounts SFIS Attribute Alignment File

The DoD Chart of Accounts SFIS Attribute Alignment File (DoD Account Attribute Alignment File) is a file that identifies standard interface file format requirements for the Defense Departmental Reporting System. It provides DoD with a means to determine which SFIS data element and value combinations are necessary for consistent financial reporting. For each DoD Standard General Ledger (SGL) account, the DoD Account Attribute Alignment File identifies additional SFIS data elements that are required for financial reporting. This file identifies which value combinations are permissible for SFIS attributes. The DoD Account Attribute Alignment File and corresponding instructions are available on the SFIS web page.

070203. Tie-Point Reconciliations

*Tie-Point Reconciliations*, also referred to as “Tie-Points,” are a series of standard USSGL accounting relationships, i.e., financial management equations that indicate whether certain account balances within a general ledger trial balance are consistent with other account balances. Tie-Points facilitate the validation of trial balance data. The DoD Chart of Accounts Tie-Point standards are revised annually and published on the SFIS web page.

070204. Financial Accounting System

A financial accounting system is a system or set of applications that comprise the accounting portion of the financial management system that maintains all summary and detailed transactions resulting from budgetary and proprietary financial activity. It is configured to post transactions to an internal USSGL compliant subsidiary or general ledger.

0703 ACCOUNT DESIGN

070301. DoD SCOA

The DoD SCOA consolidates the Component level posting and reporting requirements of Treasury and OMB at the DoD enterprise level. The DoD SCOA is comprised of USSGL accounts and DoD standard account extensions to provide consistent detail required for budgetary, financial, and management reports. The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) issues guidance on implementation of the enterprise-wide DoD SCOA to:
A. Reduce customization of accounting systems,
B. Eliminate translation and crosswalks of account values in the departmental reporting system,
C. Improve comparability of data across accounting systems, and
D. Improve consolidation of data across accounting systems for DoD-wide reporting.

070302. Account Structure

The basic structure of the DoD SCOA consists of a 6-digit USSGL account number followed by a 4-digit DoD account extension. DoD SGL accounts with an extension of “.9000” (e.g., 101000.9000, 211000.9000) are identified as Treasury level USSGL accounts. DoD SGL accounts with extensions other than .9000 are DoD specified accounts. The basic structure of the DoD SCOA follows that of the USSGL. The basic 6-digit structure of the USSGL consists of:

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100000</td>
<td>Assets</td>
</tr>
<tr>
<td>200000</td>
<td>Liabilities</td>
</tr>
<tr>
<td>300000</td>
<td>Net Position</td>
</tr>
<tr>
<td>400000</td>
<td>Budgetary</td>
</tr>
<tr>
<td>500000</td>
<td>Revenue and Other Financing Sources</td>
</tr>
<tr>
<td>600000</td>
<td>Expenses</td>
</tr>
<tr>
<td>700000</td>
<td>Gains/Losses/Miscellaneous Items</td>
</tr>
<tr>
<td>800000</td>
<td>Memorandum</td>
</tr>
</tbody>
</table>

070303. DoD USSGL Transaction Library

A. The DoD USSGL Transaction Library establishes the enterprise-wide requirement for the implementation of the USSGL and DoD SCOA. It provides a framework for updating existing financial systems and deploying new DoD accounting systems using detailed general ledger transactions and posting business rules for accounting standardization that supports the preparation of financial statements and external reports required by Treasury and OMB.

B. The DoD USSGL Transaction Library is a decomposition of the accounting transactions from Section III of the Treasury USSGL Supplement at the DoD enterprise level. Specifically, the DoD USSGL Transaction Library organizes generalized Treasury USSGL business event transactions containing multiple debits and credits, breaking them down into appropriate pairings of budgetary, proprietary, and memorandum accounts uniquely identified by DoD Transaction Codes (DTCs).
C. Financial systems are required to process transactions using the DoD SCOA and attributes according to the defined uses and posting logic in the DoD USSGL Transaction Library. Every effort should be made to not group multiple DTCs into one transactional posting, so that the individual transactions needed to support the business process are not bypassed and each business event posts separately. While Component financial systems are not required to store and maintain the exact DTC reference used in the Library for each posted transaction, Component or agency financial systems must maintain a chart of accounts and utilize general ledger posting logic that attains the same results as the DoD USSGL Transaction Library for each business event.

D. The DoD SCOA, DoD USSGL Transaction Library, DoD Account Attribute Alignment File, and DoD Tie-Points are updated as applicable following each corresponding Treasury update to retain consistent guidance that complies with the most current USSGL Supplement.

070304. Reporting

A. DoD SGL accounts consist of a six (dot) four account numbering structure. All DoD accounting systems must report financial transactions to the departmental reporting system using the account structure of the DoD SCOA. Detailed attribute alignment at the DoD SGL account level is updated concurrently with the DoD SCOA and published on the SFIS web page.

B. Within DoD, the DoD SCOA must be implemented to satisfy both internal and external reporting requirements. For reporting purposes outside DoD, all reporting data is summarized within the departmental reporting system to the six-digit USSGL accounts and GTAS standard attributes required by the Treasury Bureau of the Fiscal Service.

0704 ACCOUNT RELATIONSHIPS

070401. Budgetary and Proprietary

A. The DoD SGL account structure provides a self-balancing set of budgetary accounts to record the appropriation, apportionment, allotment, allocation, commitment, obligation, and expenditure process. The DoD SCOA, driven by debit and credit normal balance indicators, debits should always equal credits. Additionally, for proprietary accounts, assets should always equal liabilities and net position. The budgetary total and budgetary resources accounts should always equal the total status of budgetary resources accounts.

B. Proprietary asset and liability accounts cover the collection and disbursement of funds, the proper classification of assets (e.g., Fund Balance with Treasury, 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, including gains and losses through the use and consumption of assets.
C. The combination of budgetary and proprietary transactions assists in the financial control over resources and provides managers with a tool to exercise stewardship over those resources.

070402. Accounts Applicable to Fund Type

A. The DoD SCOA identifies DoD SGL accounts applicable to General Fund, Working Capital Fund, and Special and Trust Funds. The DoD SCOA also identifies those USSGL accounts that are not applicable to the DoD.

B. Component accounting systems must incorporate, at a minimum, those DoD SGL accounts and posting logic for applicable business processes and transactions. For example, Components must ensure that general fund accounting systems include, at a minimum, accounts designated as applicable to general funds, and not those restricted to working capital or special/trust fund systems. Similarly, working capital fund accounting systems must include accounts designated as applicable to working capital funds, but not those accounts restricted to general or special/trust fund systems. Combined systems handling both general and working capital funds must include both general and working capital general ledger accounts, but not those accounts restricted to special/trust fund systems. DoD Components are not required to add accounts designated as not applicable for DoD.

070403. Account Attributes

A. The account attributes required for Treasury reporting of both budgetary and proprietary account information are defined in the TFM USSGL Supplement, Section IV, USSGL Account Attributes.

B. The data structure for each DoD SGL account attribute is defined in the SFIS Matrix, to include syntax and allowable values. The SFIS Matrix and the SFIS Values Library are located on the SFIS web page. SFIS is discussed further in Chapter 4.

C. When including specific general ledger accounts in an accounting system, all attributes assigned to the specific general ledger accounts must also be included and correctly aligned to those accounts.

D. Allowable values for each DoD SGL account attribute are identified and defined at the DoD SGL account level in the DoD Account Attribute Alignment File published on the SFIS web page.

070404. Request for Account Exemption

A. The scope of business processes and transactions associated with a Component’s specific mission area may allow for exemptions to certain DoD SGL accounts. Components may request an exemption from alignment to certain DoD accounts within a Component’s accounting system, based on business processes within a specific fund type.
B. Systems owners should review existing accounts and submit any changes or revisions to the OUSD(C), Business Integration Office (BIO) within 30 days of the annual update of the DoD SCOA. System owners are encouraged to submit exemption requests early.

C. System owners must refer to the DoD SGL Account Exemption Request Form. The current year exemption request format is available online as part of the DoD SCOA file located on the SFIS web page. With each update and release of the DoD SCOA, Components must use the standard format for requesting account exemptions from the current year SCOA (defined as the most recently published). An updated exemption request format that reflects the applicable DoD SCOA is provided with each specific release.

070405. DoD Assigned USSGL Accounts

Five accounts included in the DoD SCOA have been identified within the DoD for specific application in recording internal fund distributions under direct program authority (see Figure 7-1). Refer to Volume 3, Chapters 13, 14, and 15 for implementation guidance on the use and application of these accounts at the Department and execution levels. Funds distribution guidance for the Military Services and OSD Treasury Index-97 organizations is located on the OUSD(C), BIO web page under the “Publications, Policies, and Procedures” section. See the “Funds Distribution” heading. (Note that a DoD common access card is required to access the BIO web page.)
Figure 7-1.  DoD Assigned Accounts for Internal Fund Distributions

Account Number:  454000.9000
Account Title:  Internal Fund Distributions Issued
Normal Balance:  Credit

Definition:  The amount of direct budgetary authority allotted from department, headquarters, or Office of the Secretary of Defense (OSD) level to intermediate or execution level, as determined by organizational funding structure.

Account Number:  455000.9000
Account Title:  Internal Fund Distributions Received
Normal Balance:  Debit

Definition:  The amount of direct budgetary authority received from department, headquarters, or OSD level by an intermediate level component.

Account Number:  456000.9000
Account Title:  Funds Available for Allotment
Normal Balance:  Credit

Definition:  The amount of direct budgetary authority available at an intermediate level component for allotment to execution level component(s) or for suballotment to other intermediate level component(s).

Account Number:  457000.9000
Account Title:  Allotments Issued
Normal Balance:  Credit

Definition:  The amount of direct budgetary authority either allotted by an intermediate level component to an execution level component(s), or suballotted between two or more intermediate or execution level components.

Account Number:  458000.9000
Account Title:  Allotments Received
Normal Balance:  Debit

Definition:  The amount of direct budgetary authority received by an execution level component through either allotment or suballotment of authority.
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.

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<td>Updated hyperlinks throughout the document.</td>
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<td>090101</td>
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<td>Revision</td>
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<td>090102</td>
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<td>Addition</td>
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<td>090201</td>
<td>Revised paragraph to include policy on the revised National Archives and Record Administration standards.</td>
<td>Addition</td>
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<tr>
<td>090201.A</td>
<td>Revised definition of records to agree with updated United States Code.</td>
<td>Revision</td>
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<tr>
<td>090202</td>
<td>Defined what information the documentation must contain.</td>
<td>Addition</td>
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<tr>
<td>090203</td>
<td>Deleted paragraph as scope is covered in 090201.</td>
<td>Deletion</td>
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<tr>
<td>090204</td>
<td>Deleted paragraph as scope is covered in 090201.</td>
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<tr>
<td>Figure 9-1</td>
<td>Added “Minimum Retention Periods” Figure for assessable units for financial statement audit.</td>
<td>Addition</td>
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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.

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**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

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<thead>
<tr>
<th>Assessable Unit(s)</th>
<th>Type of Documentation</th>
<th>Minimum retention period</th>
</tr>
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</table>
| Contract / Vendor Pay / Interfund / Intragovernmental | Financial transaction records related to procuring goods and services, paying bills, collecting debts, and accounting Retain key supporting documents (KSDs) for the following financial statement line items (FSLIs):  
  - Accounts Payable  
  - Accounts Receivable  
  - Uncollected payments, federal sources, brought forward  
  - Unpaid obligations, brought forward  
  - Unobligated balance, brought forward  
  - Other liabilities  
  - Revenue  
  - Gross Cost | Ten years after the final invoice or Intra-Government Payment and Collection or other similar documentation.  
  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. |
| Financial Reporting / Accounting    | Records supporting compilation of agency financial statements and related audit, and all records of all other reports. Retain KSDs for the following FSLIs:  
  - Financial Reporting  
  - Other Adjustments | Two years after completion of financial statement audit for which the records were initially prepared.  
  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. |
<table>
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<th>Assessable Unit(s)</th>
<th>Type of Documentation</th>
<th>Minimum retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment / Inventory / Operating Materials and Supplies</td>
<td>Records supporting the book value, ownership, and any modifications to assets.</td>
<td>Two years after asset is disposed of and/or removed from agency’s financial statements.</td>
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<tr>
<td></td>
<td>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</td>
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<tr>
<td></td>
<td>• General Equipment</td>
<td></td>
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<tr>
<td></td>
<td>• Real Property</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Internal Use Software</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Inventory and Related Property</td>
<td></td>
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<tr>
<td></td>
<td>• Other Assets</td>
<td></td>
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<tr>
<td>Civilian Pay / Military Pay</td>
<td>Records documenting payroll and benefit disbursements and liabilities.</td>
<td>Two years after pay period.</td>
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<td></td>
<td>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</td>
<td></td>
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<td></td>
<td>• Other Liabilities</td>
<td></td>
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<td></td>
<td>• Gross Costs</td>
<td></td>
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<tr>
<td></td>
<td>• Military Retirement and Other Federal Employment Benefits</td>
<td></td>
</tr>
<tr>
<td>Fund Balance with Treasury (FBWT)</td>
<td>Documentation supporting the reporting and reconciliation of FBWT.</td>
<td>Two years after the month of the Reconciliation or Report is prepared.</td>
</tr>
<tr>
<td></td>
<td>Retain KSDs for Fund Balance with Treasury.</td>
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VOLUME 1, APPENDIX A: “OBJECT CLASSIFICATION”

SUMMARY OF MAJOR CHANGES

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APPENDIX A

OBJECT CLASSIFICATION

A001 GENERAL

A00101. 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 (DoD) must be coded with an object class. Every purchase requisition and commitment recorded by the DoD must be coded with an object class code and product service code.

A00102. 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 Volume 1, Chapter 4. Based on the Office of Management and Budget (OMB) Circular A-11, the specific values for Object Class Code and all other SFIS data elements are documented in the SFIS Values Library Service on the SFIS web page.

A002 MAJOR OBJECT CLASSIFICATION

All Federal Government object classifications are defined in the 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