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

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by blue font.

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

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

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

The previous version dated June 2009 is archived.

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Deleted outdated information including references to the former Business Transformation Agency.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

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

*0401 GENERAL.................................................................................................................... 3

040101. Overview .............................................................................................................. 3
040102. Purpose ................................................................................................................. 3
040103. Authoritative Guidance ........................................................................................ 3

*0402 DEFINITIONS............................................................................................................ 5

040201. Business Enterprise Architecture ......................................................................... 5
040202. Financial Management System Types ............................................................... 5
040203. Investment Review Process .................................................................................. 6
040204. SFIS Business Rules ............................................................................................ 6
040205. SFIS Compliance Checklist ................................................................................. 7
040206. SFIS Values Library ............................................................................................. 7
040207. Standard Data ....................................................................................................... 7
040208. SLOA/Accounting Classification........................................................................ 7

*0403 COMPLIANCE REQUIREMENTS........................................................................... 8

040301. SFIS ...................................................................................................................... 8
040302. SLOA/Accounting Classification ........................................................................ 8
040303. Interoperability of Data between Systems ........................................................... 9
040304. Defense Departmental Reporting System SFIS Trial Balance............................. 9

*0404 ROLES AND RESPONSIBILITIES ......................................................................... 9

040401. Office of the Under Secretary of Defense (Comptroller)................................. 9
040402. Office of the Deputy Chief Management Officer ............................................. 9
040403. DoD Components ............................................................................................... 10
040404. Service Providers ............................................................................................... 10

0405 SFIS RESOURCES ...................................................................................................... 10

*Table 4-1. SFIS Compliance Summary ............................................................................ 11
**CHAPTER 4**

**STANDARD FINANCIAL INFORMATION STRUCTURE**

*0401 GENERAL*

040101. Overview

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

040102. Purpose

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

040103. Authoritative Guidance

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

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

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

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

4. Provide for the systematic measurement of performance to include the ability to produce timely, relevant, and reliable cost information.
B. 10 U.S.C. § 2222(d)(2) requires establishment of policies, procedures, data standards, performance measures, and system interface requirements that are applied uniformly throughout DoD.

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

1. Complies with applicable accounting principles standards and requirements, and internal control standards;
2. Complies with such policies and requirements as may be prescribed by the Director of OMB;
3. Complies with any other requirements applicable to such systems; and
4. Provides for:
   a. Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;
   b. Development and reporting of cost information;
   c. The integration of accounting and budgeting information; and
   d. Systematic measurement of performance.

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

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

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


*0402 DEFINITIONS*

040201. Business Enterprise Architecture

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

040202. Financial Management System Types

This paragraph defines DoD financial management system types in the current environment for purposes of SFIS and SLOA/Accounting Classification compliance. See Chapter 3 for a complete definition of a financial management system, a financial system, a mixed system, and a non-financial system.
A. **Target Accounting System.** A target accounting system is configured to post transactions to an internal USSGL compliant subsidiary or general ledger and does not have a system retirement plan and date.

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

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

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

040203. **Investment Review Process**

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

040204. **SFIS Business Rules**

The SFIS business rules specify how SFIS data elements must be implemented and are the primary mechanism that drives SFIS compliance. The SFIS business rules dictate compliance requirements such as syntax, storage, derivation and usage.
040205. SFIS Compliance Checklist

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

040206. SFIS Values Library

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

040207. Standard Data

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

040208. SLOA/Accounting Classification

The DoD SLOA/Accounting Classification is a subset of the SFIS data standard elements. The SLOA/Accounting Classification is comprised of the minimum SFIS data elements that must be exchanged for business events that have an accounting impact at any point from the initial commitment to the final posting in the appropriate general ledger. This includes commitments, obligations, expenditures, and disbursements. The SLOA accommodates Treasury reporting requirements for daily cash reporting.
*0403 COMPLIANCE REQUIREMENTS

040301. SFIS

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

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

040302. SLOA/Accounting Classification

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

B. For legacy accounting systems and legacy financial business feeder systems that have a retirement plan and date, the implementation of SFIS and SLOA/Accounting Classification is considered on a case-by-case basis depending upon its impact on audit readiness.
040303. Interoperability of Data between Systems

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

040304. Defense Departmental Reporting System SFIS Trial Balance

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

*0404 ROLES AND RESPONSIBILITIES

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

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

A. Serves in a leadership role and establishes policy for the development of DoD enterprise business and financial systems to include SFIS implementation across DoD.

B. Is responsible for providing stewardship for SFIS financial data elements, and serves as a primary representative on the DBSMC and DBC (reference paragraph 040202).

C. Provides business and financial system insight on all issues presented at committee/board meetings and serves as the primary office of responsibility for actions stemming from the DBSMC and the IRB.

040402. Office of the Deputy Chief Management Officer

The Office of the DCMO:

A. Oversees system compliance requirements for all data standards, to include SFIS.

B. Is responsible for publishing and maintaining the SFIS resources repository and works closely with OUSD(C) on coordination of all SFIS Updates.

C. Works with DoD Components and Enterprise Resource Planning (ERP) integration teams to properly implement SFIS.
040403. DoD Components

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

040404. Service Providers

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

0405 SFIS RESOURCES

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

A. SFIS Matrix (SFIS data elements, definitions, examples, business rules, syntaxes, primary stewards, authoritative sources, required reports, and Extensible Markup Language Schemas).

B. SFIS Compliance Checklist.

C. SFIS Implementation Master Schedule.

D. SFIS/USSGL Validation

E. SFIS SLOA/Accounting Classification Guidance.

F. SFIS Values Library Services.

G. SFIS ERP Standard Configurations.

H. SFIS Online Tutorial.

I. DoD USSGL Transaction Library.

J. DoD Standard Chart of Accounts Implementation Guidance.
*Table 4-1. SFIS Compliance Summary

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