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.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated the hyperlinks.	Revision
040103	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.	Revision
040203, 040402	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.	Revision
040401	Updated roles and responsibilities of the Office of the Under Secretary of Defense (Comptroller).	Addition
040404	Revised the section title from 'Service providers" to "Defense Finance and Accounting Service" and updated its roles and responsibilities.	Revision
0405	Updated the Standard Financial Information Structure (SFIS) Resources list to align with the information available on the SFIS Resource page.	Revision

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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 *GPRA Modernization Act of 2010*, requires annual performance reporting that links performance planned to performance achieved.

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

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

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

0402   DEFINITIONS

040201.   Business Enterprise Architecture

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

040202.   Financial Management System Types

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

A.   <u>Target Accounting System</u>. 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.   <u>Target Financial Business Feeder System</u>. 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.   <u>Legacy Accounting System</u>. A legacy accounting system is configured to post transactions to an internal subsidiary or general ledger and has a retirement plan and date.

        D.   <u>Legacy Financial Business Feeder System</u>. 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.

     E.   SFIS Enterprise Resource Planning Standard Configurations.

     F.   DoD USSGL Transaction Library.

     G.   DoD Standard Chart of Accounts Implementation Guidance.

     H.   DoD Chart of Accounts Tie-Points Standard.

     I.   Defense Departmental Reporting System Chart of Account Reporting and Account Attribute Alignment Guidance.

J.   Archived DoD Chart of Account Guidance.

K.   Authoritative Guidance Pertaining to SFIS (External Links).

Table 4-1. SFIS Compliance Summary

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