CHAPTER 7

DEPARTMENT OF DEFENSE STANDARD GENERAL LEDGER

0701 PURPOSE. This chapter prescribes the Department of Defense (DoD) Uniform Chart of Accounts that is required for use in the accounting systems of the Department.

0702 GENERAL.

A. The DoD Uniform Chart of Accounts provides the basic structure of the DoD Standard General Ledger. The DoD Standard General Ledger is based upon the U.S. Government Standard General Ledger. The DoD Standard General Ledger incorporates proprietary and budgetary accounts. Both the proprietary and budgetary accounts are self-balancing within themselves. The budgetary accounts are further divided into accounts applicable to three organizational levels within the DoD. The three levels are (1) Departmental level, (2) Intermediate Command level and (3) Installation level. Budgetary accounts applicable to each of the three levels must be self-balancing within that level. Since installation level budgetary accounts are used to record budget execution transactions, they are not limited for use at an installation and may be used at any, or all, DoD organizational levels.

B. Summary and posting accounts have been provided and are so designated in the DoD Uniform Chart of Accounts and associated account descriptions. A summary account is an account that has been subdivided into subsidiary posting accounts. Accounts that are not further subdivided are posting accounts. Postings should not be made to summary accounts.

0703 INTERNAL CONTROL STANDARDS. The objectives of internal controls are to reasonably assure that (1) obligations and costs comply with applicable law; (2) assets are safeguarded against waste, loss, unauthorized use, and misappropriation; (3) revenues and expenditures are recorded and accounted for properly so that accounts and reliable financial reports may be prepared and accountability of assets may be maintained. Specific internal control standards to achieve these objectives are:

A. Documentation. Internal control systems and all transactions and significant events are to be documented clearly and the documentation is to be available for examination.

B. Recording of Transactions and Events. Transactions and significant events are to be recorded promptly and classified properly.

C. Execution of Transactions and Events. Transactions and significant events are to be authorized and executed only by persons acting within the scope of their authority.

D. Separation of Duties. Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals.

E. Supervision. Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.

G. Access to and Accountability for Resources. Access to resources and records is to be limited to authorized individuals. Accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset.

0704 APPLICABILITY AND SCOPE.

A. The DoD Uniform Chart of Accounts is applicable to all DoD accounting systems for all appropriations and funds.

B. A four digit account numbering system has been provided. In some instances, the numbering system has been expanded to accommodate specific DoD needs. The DoD Compo-
nents may expand this numbering system to as many alpha/numeric characters as are needed to accommodate specific DoD Component subsidiary accounts, provided such expansions continue to roll up to the basic account structure provided. The basic structure of the DoD Uniform Chart of Accounts consists of:

**Proprietary Accounts**

- 1000 Assets
- 2000 Liabilities
- 3000 Equity of the U.S. Government
- 5000 Revenue
- 6000 Expense
- 7000 Gains/Losses/Extraordinary Items, etc.

**Budgetary Accounts**

- 4000 Budgetary

0705 **BASIC CONCEPT.**

A. All resources acquired and used, and claims against those resources, are to be recorded on the basis of financial transactions (that is, recordation of amounts in general ledger accounts shall be transaction driven).

B. The DoD Standard General Ledger shall be used regardless of the sources of funds. However, fund identification of financial resources shall be maintained in order to (1) disclose compliance with financial authorizations and (2) prepare reports on the status of appropriations and funds for the Congress, the Office of Management and Budget, and the Treasury Department.

C. The DoD Standard General Ledger account structure is intended as the minimum structure required to assure consistent treatment of similar transactions. Additional subsidiary accounts may be established as needed to meet specific management requirements. However, the prescribed accounts shall be used as general ledger control accounts. Structures that are "similar," whether more or less detailed, are not authorized for use. Not all accounts are needed by all accounting entities.

D. The DoD Standard General Ledger account structure shall be used to record all of the series of events that occur from the time an appropriation is received until the resources acquired are used or disposed. A self-balancing set of budgetary accounts covers the appropriation, apportionment, allocation, commitment, obligation and expenditure process. Proprietary asset and liability accounts cover the receipt of funds in the Treasury, the proper classification of assets (such as receivables, prepayment, 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 through the use and consumption of assets. The financial control provided through accounting records for property provides managers with a tool that will help to discharge effectively their stewardship function for those resources.

E. The DoD Standard General Ledger account structure also facilitates the accumulation and recording of expenses by major areas of responsibility or activity. By having a single general ledger, expenses incurred by a DoD entity for any given activity for which it is responsible, and the associated revenues, if any, can be ascertained by managers with confidence that the accounting is complete and controlled. This will be possible regardless of the appropriation or fund that originally financed the cost and without the need for memorandum accounting records. Consistency in the accounting treatment of similar transactions, through the use of a uniform structure, creates reliable cost data for planning, budgeting and other management purposes.

0706 **OBJECTIVES.**

The objectives of the DoD Standard General Ledger are to:

A. Establish an account structure for the integration of appropriation or fund accounting, property accounting, revenue accounting and expense accounting.

B. Provide managers with the visibility over accurate and complete financial data, in-
including total operating expenses and total acquisition cost of real and personal property.

C. Achieve a uniform treatment of similar transactions by all DoD Components at all levels.

D. Establish accounting control over all resources from receipt to consumption or disposal.

E. Provide the capability of producing significant expense and cost information concerning programs, projects and other activities in accordance with internal management needs.

F. Provide appropriation and fund data needed to meet reporting requirements of the central fiscal agencies and the Chief Financial Officers Act of 1990, as well as to provide such other financial data as may be needed for internal and external reporting requirements.

G. Facilitate the development of future accounting improvements.

H. Assure compliance with the Office of Management and Budget pronouncements including those developed by the Federal Accounting Standards Advisory Board; DoD accounting policies and standards set forth in this Regulation; and other applicable regulations promulgated by the central fiscal agencies.

0707 BUDGETARY AND PROPRIETARY ACCOUNTING RELATIONSHIPS.

Figure 7-1 illustrates the following budgetary and proprietary accounting relationships.

A. An entry to record budget authority (vice budgetary resources) in budgetary accounts requires a corresponding entry to record funds with Treasury in proprietary accounts.

B. An entry to record accrued expenditures unpaid in budgetary accounts requires a corresponding entry to record accounts payable in proprietary accounts.

C. An entry to record accrued expenditures paid in budgetary accounts requires a corresponding entry to record funds disbursed in proprietary accounts.

D. An entry to record reimbursements earned but unpaid in budgetary accounts requires a corresponding entry to record accounts receivable in proprietary accounts.

E. An entry to record reimbursements earned and paid in budgetary accounts requires a corresponding entry to record funds collected in proprietary accounts.

F. An entry to record refunds due-accrued expenditures in budgetary accounts requires a corresponding entry to record refunds receivable in proprietary accounts.

0708 DoD UNIFORM CHART OF ACCOUNTS.
A listing of the approved DoD Uniform Chart of Accounts for use within the Department is at Addendum 1. A description of the accounts is at Addendum 2. Accounts that are underlined in Addendum 1 are summary level accounts.
FIGURE 7-1

Compound entry to both types of accounts required to record budget authority and funds available.

Transactions to execute the budget are contained in the budget execution accounts. During this accounting phase, transactions are not posted to the proprietary accounts. Transactions are posted to proprietary accounts upon performance.

Compound entry required in both types of accounts when performance has been received.

Compound entry required in both types of accounts to record cash disbursements. Budgetary transaction completed unless a refund or error correction is required.

Compound entry required in both types of accounts when performance has been accomplished.

Compound entry required in both types of accounts to record cash collections. Budgetary transaction completed unless a refund or error correction is required.

Transactions to track assets are captured in the proprietary accounts. Amounts to be capitalized or expensed as appropriate.