

## CHAPTER 7

UNITED STATES GOVERNMENT STANDARD GENERAL LEDGER★ 0701 PURPOSE

This chapter prescribes that the United States Government Standard General Ledger (SGL) is required for use by, and shall be used in, the accounting systems of the Department. Additional information on the SGL may be obtained at: <http://www.fms.treas.gov/ussgl> on the Internet.

0702 GENERAL

★ 070201. An approved Chart of Accounts provides the basic structure for the SGL. The SGL incorporates both proprietary and budgetary accounts. The proprietary and budgetary sets of general ledger accounts are self-balancing (the total debits = total credits).

★ 070202. Within the Department of Defense (DoD), summary accounts will not be used to report balances. Effective in fiscal year 2000, the SGL does not provide for summary accounts in the SGL Chart of Accounts. Section headings in the SGL display only the organization of the account structure but do not constitute summary accounts.

★ 0703 DEFINITION

Volume 1 of the Treasury Financial Manual (TFM) Supplement No. 2, provides that the SGL is composed of five major sections: (1) Chart of Accounts, (2) Account Descriptions, (3) Accounting Transactions, (4) SGL Attributes, and (5) Crosswalks to Standard External Reports. The SGL provides a uniform Chart of Accounts to be used in standardizing federal agency accounting that supports the preparation of standard external reports required by central agencies. The Chart of Accounts identifies and defines budgetary, proprietary and memorandum accounts to be used in agencies' accounting systems. The current version of the SGL is posted by Treasury Financial Management Service (Treasury/FMS) at: <http://www.fms.treas.gov/ussgl> on the Internet.

0704 APPLICABILITY AND SCOPE

★ 070401. The SGL is applicable to all DoD accounting systems for all appropriations and funds. The Office of Management and Budget (OMB) Circular A-127, "Financial Management Systems," and the "Federal Financial Management Improvement Act of 1996" require implementation of the SGL at the transaction level throughout an agency's financial management systems, including both financial and mixed (so-called feeder) system applications. This means that applications are required to process transactions following the definitions and defined uses of the general ledger accounts as described in the SGL. Compliance with this standard requires data in financial reports to be consistent with the SGL, transactions to be recorded consistently with SGL rules, and supporting transaction detail for SGL accounts to

be readily available. The SGL applicability does not depend on an application containing a general ledger itself. For example, a payroll system which processes transactions in accordance with SGL transaction rules sends summarized data to the core financial system for appropriate posting, and provides for sufficient traceability from the general ledger balances to the source documentation, would be considered in compliance with the SGL at the transaction level.

★ 070402. The SGL uses a four-digit account numbering system. Within the DoD, the SGL shall be implemented to accomplish internal and external reporting needs. For external reporting, all data must summarize to the four-digit SGL accounts and standard attributes required by Treasury/FMS for Federal Agencies' Centralized Trial-Balance System (FACTS).

★ 070403. The basic structure of the SGL consists of:

Proprietary/Budgetary Accounts

- 1000 Assets
- 2000 Liabilities
- 3000 Net Position
- 4000 Budgetary
- 5000 Revenues and Financing Sources
- 6000 Expense
- 7000 Gains/Losses/Extraordinary Items, etc.
- 8000 Memorandum

★ 070404. Standard SGL account attributes required for FACTS reporting of proprietary account information (FACTS I) are defined in the TFM Volume 1, Part 2, Chapter 4000, which can be found at: <http://www.fms.treas.gov/tfm/v1p2c400.pdf> on the Internet. Standard SGL account attributes required for FACTS reporting of budgetary account information (FACTS II) are listed in Section IV of the SGL, which can be found at: <http://www.fms.treas.gov/ussgl/factsii/> on the Internet.

★ 070405. The primary SGL account attribute required for FACTS I reporting is Government/Non-Government. The Government attribute indicates SGL account balances that are the result of transactions between federal government entities. All SGL account balances with a Government attribute also must have a two-digit Treasury Department Code that identifies the trading partner. This two-digit code is assigned by the Department of the Treasury, and is used in conjunction with the Treasury Account Main Code to identify the department, agency or establishment of the federal government that is responsible for the federal account symbol. A list of Treasury Department Codes is published in Appendix 4 of Volume 1, Part 2, Chapter 4000 of the TFM, which can be found at: <http://www.fms.treas.gov/tfm/v1p2c400.pdf> on the Internet. Additional required attributes for FACTS I reporting are: Entity/Non-Entity, Funded/Unfunded and Exchange/Nonexchange.

★ 070406. The SGL account attributes required for FACTS II reporting are listed and defined in Section IV of the SGL. These attributes are: Advance Flag, Apportionment Category, Authority Type, Availability Time, Budget Enforcement Act Category Indicator, Begin/End Indicator, Borrowing Source, Debit/Credit, Definite/Infinite Flag, Legislation Indicator, Reimbursable Flag, Treasury Account Fund Symbol Status, Transaction Partner, and Transfer To/From. When Apportionment Category “B” is reported, the Category B subcode and description also must be reported.

#### 0705 BASIC CONCEPT

070501. All resources acquired and used, and claims against those resources, are to be recorded on the basis of financial transactions (i.e., recordation of amounts in general ledger accounts shall be transaction driven).

★ 070502. The SGL 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 OMB, and the Treasury Department. The SGL account structure is intended to be the minimum structure required to assure consistent treatment of similar transactions. Not all accounts are needed by all accounting entities.

★ 070503. The SGL account structure provides a self-balancing set of budgetary accounts to record 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.

★ 070504. The SGL 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 SGL are outlined in the following paragraphs.

070601. Establish an account structure for the integration of appropriation or fund accounting, property accounting, revenue accounting and expense accounting.

070602. Provide managers with the visibility over accurate and complete financial data, including total operating expenses and total acquisition cost of real and personal property.

070603. Achieve a uniform treatment of similar transactions by all DoD Components at all levels.

070604. Provide the capability of producing significant expense and cost information concerning programs, projects and other activities in accordance with internal management needs.

070605. Provide appropriation and fund data needed to meet reporting requirements of the central fiscal agencies and the Chief Financial Officers Act, as well as to provide such other financial data as may be needed for internal and external reporting requirements.

070606. Facilitate the development of future accounting improvements.

★ 070607. Better ensure compliance with the OMB pronouncements, including those developed by the Federal Accounting Standards Advisory Board (FASAB); 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.

070701. An entry to record budget authority (vice budgetary resources) in budgetary accounts requires a corresponding entry to record funds with Treasury in proprietary accounts.

070702. An entry to record expended authority unpaid in budgetary accounts requires a corresponding entry to record accounts payable in proprietary accounts.

070703. An entry to record expended authority paid in budgetary accounts requires a corresponding entry to record funds disbursed in proprietary accounts.

★ 070704. An entry to record reimbursements earned but uncollected in budgetary accounts requires a corresponding entry to record accounts receivable in proprietary accounts.

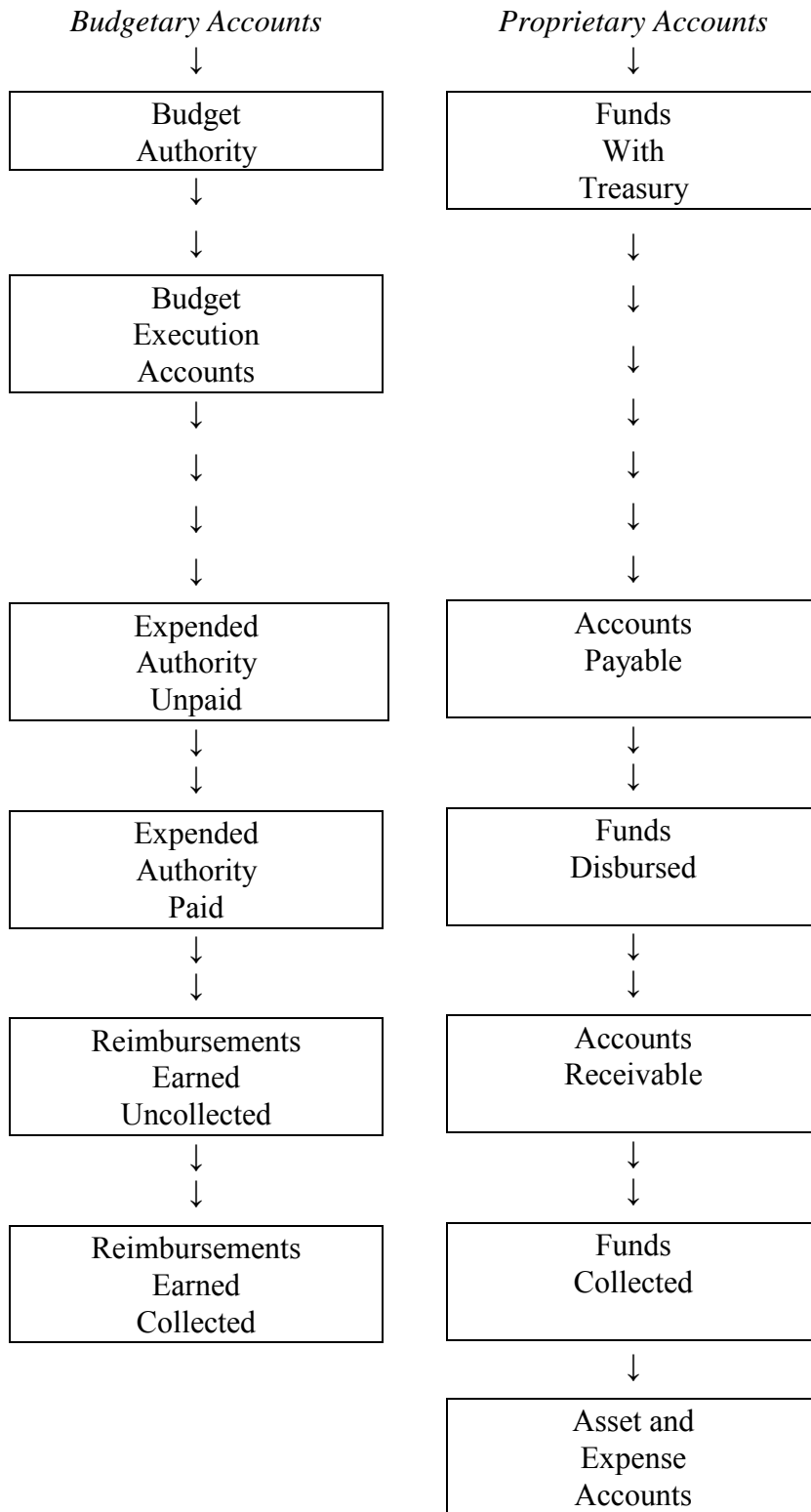
070705. An entry to record reimbursements earned and collected in budgetary accounts requires a corresponding entry to record funds collected in proprietary accounts.

★0708 U.S. GOVERNMENT STANDARD GENERAL ACCOUNTS

A listing of the approved SGL accounts for use within the Department is at Appendix A. A listing of the SGL account definitions is at Appendix B. A listing of the approved SGL accounts and definitions can also be found at: <http://www.fms.treas.gov/ussgl> on the Internet.

BUDGETARY AND PROPRIETARY ACCOUNTING RELATIONSHIPS

Appropriations



Compound entry to both types of accounts required to record budget authority and cash availability.

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

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

Compound entry required in both types of accounts to record cash outlay.

Compound entry required in both types of accounts to record revenue and establish a receivable.

Compound entry required in both types of accounts to record the collection of a receivable.

Transactions to track assets and recorded funded and unfunded expenses are recorded in the proprietary accounts.

Figure 7-1