

DEFINITIONS

1. Purpose

The purpose of this listing is to provide definitions for terms used in the Regulation, which are unique to the Federal Government or the Department of Defense. This list does not define terms when the normal dictionary definitions are applicable.

2. Basic Concepts

This is by no means an exhaustive list of all accounting terms. Unique terms that are of significance or importance in accounting processes discussed in various Volumes of this Regulation have been included. Suggestions for the definition of additional terms may be submitted directly to the Director, Defense Finance and Accounting Service, Washington, D.C. 20376-5001.

3. List of Definitions:

Acceptance (Contract) - A formal certification that the goods or services have been received and that they conform to the terms of the contract.

Accessorial Charges - Costs incurred for packing, crating, and handling related to sales or shipments of property.

Accounting Classification Code - A series of alpha and numeric characters appearing on accounting source documents. The characters provide the information necessary to enter transactions into DoD accounting systems.

Accounting Entity - In the Department of Defense the accounting entity is the DoD Component; that is, the Department of the Army, the Department of the Navy, the Department of the Air Force, and the OSD and/or the Defense Agencies, regardless of appropriation of fund.

Accounting Objectives - Goals toward which accounting efforts are directed. The goals are derived directly from legal and regulatory requirements and the needs of intended users.

Accounting System Design Documentation - Documentation supporting the design of an accounting system that assures all relevant accounting principles, standards, and related requirements have been addressed. It consists of three distinct documentation packages: (1) the functional accounting system concept design, (2) the functional detailed design, and (3) various automated data processing documentation packages which track functional user requirements to specific computer programs. See [Chapter 3](#) of this Volume for specific documentation requirements.

Accounts Payable - Amounts owed by the accounting entity for goods and services received. (Also see "Accrued Expenditures - Unpaid.")

Accounts Receivable from the Government - Amounts due from U.S. Government organizations or funds. It also includes amounts due from U.S. Government sources that are deposited into U.S. Treasury general fund receipt accounts when collected.

Accounts Receivable from the Public - All accounts receivable arising from the sale of goods and services and from operations involving other than Federal Government organizations. It includes amounts from public sources that are deposited into U.S. Treasury general fund receipt accounts when collected. Examples are debts owed by military personnel, civilian employees, contractors, and nonappropriated fund instrumentalities.

Accrued Expenditures - The term used for the credits entered into the budgetary accounts to recognize liabilities incurred for (1) services performed by employees, contractors, other Government accounting entities, vendors, carriers, grantees, lessors, etc.; (2) goods and other tangible property received; and (3) items such as annuities or insurance claims for which no current service is required. Accrued expenditures are categorized as either paid or unpaid.

Accrued Expenditure-Paid - The budgetary account which matches the proprietary account "funds disbursed." It represents the dollar value of goods and services received for which payment has been made.

Accrued Expenditure-Unpaid - The budgetary account which matches the proprietary account "accounts payable." It represents the dollar value of goods and services received for which payment has not been made. (Also see "Accounts Payable.")

Accrued Variance (Foreign Currency Fluctuations) - The difference between unliquidated obligations at the budget rate (approved execution rate) and the foreign exchange rate current at the time of payment.

Acquisition Cost - Consists of the amount, net of both trade and cash discounts, paid for the property, plus the transportation costs. (See "Discount (Cash)" and "Discount (Trade).")

Administrative Subdivision of Funds - Any subdivision or legal restriction of an appropriation or fund that makes funds available in a specified amount for incurring obligations. Frequently used subdivisions include apportionments, OSD release documents, allocations, suballocations, allotments and suballotments.

Advance of Pay - A prepayment made available to an employee in a pay status.

Advances - Disbursements of funds from Department of Treasury accounts before performance has been certified by an authorized DoD receiving official. It differs from a financing payment in that no performance has occurred.

Agency Financial Management System. The total of agency financial systems, both manual and automated, for planning, budget formulation and execution, program and administrative accounting; as well as all other systems for recording and classifying financial data and reporting financial management information, including purchasing, property, and inventory.

1. Financial Management Information. All information that is expressed in dollar terms on federal spending, collections, assets, liabilities, equity, and related budgetary and accounting transactions and balances.

2. Accounting System. The structure of methods and procedures used to record, classify, accumulate, analyze, summarize, and report information on the financial condition and operating position. It is comprised of the various functional operations involved in authorizing, recording, classifying, analyzing, and reporting financial information related to financing sources, gains, expenses, losses, transfers, assets, liabilities, equity, and internal controls. It encompasses the procedures and processes from the point a transaction is authorized through processing the data, either manually or automatically, to issuance of financial and management information statements and reports.

a. Primary Accounting Systems. The aggregation and consummation of like financial management information aligned by the major operational areas and summarized to support financial and management information needs. There are five Primary accounting systems made up of the single, standard integrated Departmental accounting systems which controls all financial management information. The Primary accounting systems are General, Business Operations Fund (Stock Fund and Industrial Fund), Trust Fund, Civilian Pay, and Military Pay.

b. Administrative Accounting Systems:

1. Accounting Support Systems. The manual or automated programs, procedures and processes which authorize, record, classify, analyze, and report on financial management information for one of the Primary accounting systems. Accounting Support systems provide general ledger control and financial information on operations for consolidation to the Primary accounting systems.

2. Subsidiary Accounting Systems. The manual or automated programs, procedures and processes for one of the various functional operations involved with revenues, expenses, assets, liabilities, and equity. The Subsidiary accounting systems form the foundation and audit trail for the Primary accounting systems and the Accounting Support systems.

c. Accounting System Modules. Modules are distinguished by the fact that their functions and systems of internal controls are embodied in the accounting system. As such, modules are fully integrated subsystems of an accounting system, and they are inventoried and evaluated in conjunction with the accounting system.

d. Feeder Systems. The manual or automated programs, procedures and processes which develop data required to initiate an accounting or financial transaction but do not perform an accounting operation (e.g., personnel, property, or logistics systems).

Allocation and Suballocation - An authorization by a designated official of a DoD Component making funds available within a prescribed amount to an operating Agency for the purpose of making allotments and incurring obligations.

Allocations - Departmental-level accounting entity distributions of apportionments, or funds that do not require apportionment, to an operating Agency or other intermediate level accounting entity.

Allotment and Suballotment - An authorization by the Head of an operating Agency, or designee, to the Head of any organizational unit to incur obligations within a specified amount; a formal distribution of an allocation or suballocation and must contain at least the same legal and other limitations applicable to the allocation or suballocation. A distribution of budget authority to an installation-level accounting entity.

Annual (1-Year) Authority - Budget authority that is available for obligation only during a specified fiscal year and expires at the end of that time.

Anticipated Reimbursements - The dollar value of orders expected to be received during the forthcoming fiscal year. Anticipated reimbursements do not create obligational authority until an actual order is received and accepted. There is an exception to this rule for business operation funds.

Antideficiency Act - Legislation enacted by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds; to fix responsibility within an agency for the creation of any obligation or the making of any expenditure in excess of apportionment or reappropriation or in excess of other subdivisions established pursuant to sections 1341 and 1517 of 31 U.S.C.; and to assist in bringing about the most effective and economical use of appropriations and funds.

Apportionment and Reappropriation - A distribution made by Office of Management and Budget (OMB) of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred.

Appropriation Limitations - Statutory and other special restrictions which impose a restriction on the availability of funds or the authority to obligate or expend appropriations for certain objects or purposes; such as, family housing.

Appropriation Warrant - An official U.S. Treasury document that provides the dollar amounts established in the general and detailed appropriation accounts of the U.S. Treasury pursuant to Appropriation Acts authorized by law. It serves as a convenient source document for entries into accounts that establish the amount of money authorized to be withdrawn from the U.S. Treasury.

Appropriations - Statutory authority to incur obligations and to make payments out of the U.S. Treasury for specified purposes. For purposes of the Antideficiency Act Sections 1341 and 1517 of 31 U.S.C.), "appropriations" is defined as appropriations, funds, and authority to create obligations in advance of appropriations or any other authority making funds available for obligation or expenditure. (See "Contract Authority" and "Continuing Resolution.")

Asset Use Charge - A charge for the use of DoD assets (facilities and/or equipment) to recoup depreciation and interest on investment.

Bench Stock (Also Shop Stock) - Inventory held by a cost center for use as indirect material and used in support of numerous small projects or activities carried out by the cost center. Small items such as screws, washers, and lubricants characterize this type of stock.

Book Value - The original acquisition cost of a capital asset less the total recorded accumulated depreciation.

Borrowing Authority - Statutory authority to incur obligations and to make payments for specified purposes out of borrowed money. Within the Department of Defense, borrowing authority is used for mortgage assumptions under the Homeowners Assistance Program and for loans from the Federal Financing Bank.

Budget Authority - Authority provided by law to enter into obligations that will result in immediate or future outlays involving Federal Government funds. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority relates to direct programs. (Also see "Obligational Authority.")

Budget Rate - A foreign currency exchange rate provided to DoD Components for use in preparing budget submissions during budget formulation and for recording obligations during budget execution. Budget rates are provided by the DoD Comptroller and may be modified by the Congress. During execution, foreign currency obligations are recorded using the budget rate (rates approved for execution). Also see Foreign Currency Fluctuations.

Budgetary Resources - For purposes of budget execution, budgetary resources include new budget authority, available unobligated balances at the beginning of the year, reimbursements and other income (also known as offsetting collections credited to an appropriation or fund account), recoveries of prior year obligations from unexpired accounts, and restorations. In the case of reimbursable work, budgetary resources available for obligation are comprised of earned reimbursements and unfilled customer orders (limited by the amounts collected in advance for orders from the public). In the case of loan programs, budgetary resources available for obligation from loan repayments and interest on loans are comprised of actual collections when authorized to be used.

Business Concern - Any person or organization engaged in a profession, trade, or business, and nonprofit entities (including State and local governments, but excluding Federal entities) operating as contractors.

Cash-Flow Process - Each process of collecting or disbursing moneys for Agency programs or operations, and for balances held outside of the U.S. Treasury.

Cash-Flow Report - A document summarizing each unique cash-flow process and corresponding opportunities for new cash management improvements.

Cash Held at Personal Risk - Cash held by authorized disbursing officers, their cashiers, and their agent officers, including alternates, for making miscellaneous cash payments, meeting cash payrolls or making change; funds established for making small purchases; imprest funds; cash held pending delivery to other disbursing officers; and for other purposes specifically authorized by law.

Cashier - An officer or employee of a Federal Department, Agency or Corporation who, having been recommended by the head of the activity, has been designated as a cashier by the officer responsible for making disbursements and is authorized to perform limited cash disbursing functions or other cash operations.

Cash Management - Practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and minimize idle cash balances.

Cash Management Review - An ongoing study of an Agency's cash-flows and corresponding cash management processes or mechanisms conducted to identify implementable improvement opportunities in an Agency's cash management practices.

Centrally Managed Allotment - Authority issued by the holder of an allocation for incurring obligations for a specific purpose and in a specific amount. It is administered by publishing a centrally-managed allotment account number that permits authorized officials to charge the account for authorized purposes without further determination or certification of fund availability for individual transactions.

Clearing Accounts - Accounts established solely to temporarily hold general, special, or trust fund collections or disbursements pending clearance to the applicable receipt or expenditure budgetary account. Except for clearance to the applicable receipt or expenditure budgetary account, clearing accounts are not available for obligation or expenditure.

Collections - Amounts received during the fiscal year. Collections are classified into two major categories: budget receipts and offsetting collections. Offsetting collections are classified into two major categories: offsetting receipts and collections credited to appropriation or fund accounts.

Commitment - An administrative reservation of funds based on firm procurement requests, unaccepted customer orders, Directives, and equivalent instruments.

Compensated Absence - An employee absence for vacation, illness, jury duty, or military leave for which the employee is paid.

Component Debt - Debt incurred by DoD Components and generally associated with housing programs determined to be necessary to carry out the DoD mission.

Component Liaison Office - When DFAS was established, each Military Department and the Defense Logistics Agency (DLA) formed financial management liaison offices in their Headquarters. The primary purpose of these staffs was to provide adequate communication among

DFAS, and its larger customers; ensure the adequate dissemination of information; and help coordinate DoD finance and accounting policy and other issues.

Some of the liaison functions at the Departmental level are still required to ensure adequate communications and coordination of finance and accounting issues among DFAS and DoD Components. DoD Agencies may establish a liaison focal point to interface with DFAS on an as required basis.

Conceptual Design of Accounting System - Documentation of the process that leads to a decision to develop a new accounting system or system segment, or to initiate a major upgrade effort. Documentation reveals the deficiencies in the current system, the accounting entities involved, the parameters of the accounting system, the accounting structure, security considerations, the alternatives considered, and the economic analysis developed to support a decision.

Consolidated Working Fund Accounts - Accounts established to hold funds transferred from other Agencies, DoD Components, or accounts until transferred to an appropriate account authorized by provisions of law. Applicable funds are not available for obligation or expenditure.

Contingent Liability - The term has two meanings. As a budgetary term, it represents variables that cannot be recorded as valid obligations. Such variables include (1) outstanding fixed price contracts containing escalation, price redetermination, or incentive clauses, or (2) contracts authorizing variations on quantities to be delivered, or (3) contracts where allowable interest may become payable by the U.S. Government on contractor claims supported by written appeals pursuant to the "DISPUTES" clause contained in the contract. As a proprietary accounting term, it represents an obligation, relating to a past transaction or other event or condition that may arise in consequence, as a future event now deemed possible but not probable. When the liability is determined to be possible, but not probable, the potential liability is disclosed as a footnote to the financial statements. When the potential liability become probable, it is recorded in the accounts as a current liability or a reduction of an asset. The budget definition is the preferred usage.

Continuing Resolution - The Congressional resolution, in the absence of an appropriation act, providing authority for Agencies to continue current operations. Such continuing resolutions are subject to OMB apportionment in the same manner as appropriations.

Contract. Any enforceable agreement, including rental and lease agreements and purchase orders, between an Agency and a business concern for the acquisition of property or services.

Contract Authority - Statutory authority to incur obligations but with liquidation of obligations dependent upon future actions of the Congress.

Contract Financing Payment - A Government disbursement of monies to a contractor under a contract clause or other authorization before physical delivery and the acceptance of supplies or services by the Government.

Contract Liquidating Authority - An appropriation, or reappropriation, enacted to pay the obligations incurred under the contract authority.

Contractor-Acquired Property - Property procured or otherwise provided by a contractor for the performance of a contract. It does not include government furnished material or equipment.

Cost - A monetary measure of the amount of resources applied to a cost objective. Within the Department of Defense, "costs" are identified following General Accounting Office accounting principles and standards as implemented in this Regulation. The fact that collections for some cost elements are deposited into Miscellaneous Receipts of the Treasury does not make those costs "extraneous." It simply means the Congress has not authorized such amounts to be retained by appropriation accounts. After costs have been identified, following Comptroller General cost accounting rules, a DoD Component may proceed to eliminate cost elements, or process waivers, in accordance with legal authorities.

Cost Center - A logical or physical grouping of one or more similar services for the purpose of identifying obligations or developing the cost identification for the services. Services are grouped into cost centers in order to (1) normalize between services that use similar resources with different capabilities, (2) apply surcharges and discounts to services, (3) identify costs for different classes of the same service, or (4) identify obligations. This is the lowest level (that is, unit) or activity that is used to identify obligations or expend resources to produce a unit of work, and the lowest level of activity to segregate costs for management in order to assess efficiency, usage, examine trends, etc.

Cost Clearing Account - An account used when standard rates are employed. The actual expenses are debited to the cost clearing account and the amounts billed to customers are credited to the account. At the end of the fiscal year, the account is closed with analysis performed to determine if rates require adjustment.

Cost Finding - Procedures designed to accomplish an end result that would approximate the results that would have been obtained if a formal cost accounting system was in operation.

Cost Objective - An activity, operation, or completion of a unit of work to complete a specific job for which management decides to identify, measure, and accumulate costs. The cost objective must be discrete enough and described in writing to such a level of detail to form a basis to establish cost centers and output products.

Current Receivable - All receivables that will be due within the 12 months following the reporting period.

Current Value of Funds Rate - The average investment rate for the U.S. Treasury Tax and Loan accounts expressed as an annual rate and published by the U.S. Treasury in the "Federal Register" each year.

Customer Order - An order received and accepted by the performing activity from a customer. It is written evidence that a meeting of the minds has taken place and that certain goods and services will be provided to the tenderer of the order for payment of a dollar amount. The order must contain an original signature or equivalent of both the ordering activity and the receiving activity and must specify a dollar amount. The specified dollar amount cannot be exceeded.

Cutoff Time - A time prescribed by a financial institution beyond which transactions presented or actions requested will be deferred to the next banking day's business.

Day - A calendar day, unless otherwise noted. If the day on which an action is required falls on a nonworking day, then day means the next working day.

Default - Failure to meet any obligation or term of a credit, grant, or other agreement.

Defense Business Operations Fund - The Defense Business Operations Fund, or the Fund, operates with financial principles that provide improved cost visibility and accountability to ensure business management and improve the decision making process. The Fund builds on revolving fund principles previously used for industrial and commercial-type activities. Successful implementation of the Fund is essential to achieve the following Defense Management Report initiatives: 1) consolidating like functions, 2) increasing cost visibility, and 3) realizing significant monetary savings through better business practices.

Deferrals - Budgetary resources which have been deferred as reserves to provide for contingencies to achieve savings made possible by or through changes in requirements or greater efficiency of operations or as specifically provided by law.

Definite Authority - Authority that is stated as a specific sum at the time it is granted. This includes authority stated as not to exceed a specified amount. Most DoD appropriations are for definite amounts of authority.

Delinquent - Billed amounts which are not paid within 30 days of the date of the initial demand or as of the due date specified in the contract or agreement.

Demand Cash Withdrawal - Commercial checks made payable to cash for withdrawal by the cashier.

Deposit - When used as a noun, means money that is being or has been presented for credit to the U.S. Treasury. Such transfers may be made by Agencies or directly by the remitter. All such transfers are effected through a Federal Reserve bank or other financial institution. When used as a verb, means the act of presenting moneys for credit to the U.S. Treasury by an official of an Agency.

Deposit Funds - Receipts held in suspense temporarily and later refunded or paid into some other Treasury fund or other entity held by the Department of Defense as banker or agent for others and paid out at the direction of the owner.

Deposit Fund Accounts - Expenditure accounts established to account for receipts (1) held in suspense temporarily and later refunded or paid into some other fund of the Government, or other entity, or (2) held by the Government as banker or agent for others and paid out at the direction of the owner. Such funds are not available for paying salaries, grants, or other expenses of the Government. Expenditures are often offset by receipts within this type of fund.

Depository Account - Interest or non-interest bearing checking account.

Deposit (Next Day) - A deposit made before the cutoff time on the day following the day on which the funds were received by the Agency. For example, if an Agency receives funds for deposit at 3 p.m. on Monday, and transmits the deposits to the bank by 2 p.m. on Tuesday (the depository's cutoff time) then next day deposit requirements are met.

Deposit (Same Day) - A deposit made before the cutoff time on the day on which the funds were received by the Agency. For example, if an Agency receives funds for deposit at 10 a.m. on Monday and transmits the deposits by 2 p.m. on Monday (the depository's cutoff time) then same day deposit has been achieved.

Depreciation - Depreciation recognizes the allocation of cost of depreciable physical plant, property, or equipment as an operating expense over the periods in which the assets are expected to provide benefits.

Direct Cite - Citation of customer funds as the financing source on documents leaving the DoD system, that is, contracts with commercial firms, General Services Administration, or Department of Transportation. The term direct cite is not valid if any DoD organization establishes a reimbursable order to a DoD appropriation account, or business operation fund. When direct cite is used, all accounting is accomplished by the ordering activity. The source documents are returned to the allotment holder who accomplishes all required accounting. In the case of the Foreign Military Sales program, it specifically refers to documents that result in a disbursement to other than a DoD organization (a contractor, other Federal Agency, or employee).

Direct Delivery - Items shipped directly from a contractor to a customer, whether from a consolidated military services procurement or a contract solely for that customer.

Direct Loan - An obligation created when the Government disburses the funds and contracts with the debtor for repayment, with or without interest, or when the Government acquires a guaranteed private loan in satisfaction of default or other claim.

Direct Program - The budget authority in an appropriation act. (See "Budget Authority".)

Disbursements (Net of Refunds) - The amount of checks issued, cash payments made, and "no-check-issued" disbursement transactions (charges to an appropriation or fund account that were initially charged to another appropriation or fund account with reimbursement effected without a check issuance) processed that were reported to the Treasury during the reporting period, including amounts reported on DD Forms 1400, "Statement of Interfund Transactions" and Statements of Intra-Governmental Transactions. It includes amounts of mortgages assumed, but does not include amounts of principal payments. Amount reported is net of refunds collected and reported to the Treasury and does not include nonexpenditure transactions such as appropriation transfers or investments in U.S. government securities.

Disbursing Officer - An officer or employee of a Federal Department, Agency or Corporation designated to disburse moneys and render accounts according to laws and regulations governing the disbursement of public moneys.

Discount (Cash) - A reduction in the amount due on an account payable if paid within a stated period.

Discount (Trade) - A reduction in price, usually varying in percentage with volume of transactions, made by vendors to those engaged in certain businesses and allowable irrespective of the time when the account is paid.

DoD Component - For purposes of this Regulation, "DoD Component" refers to the following organizations: the Office of the Secretary of (OSD), the Military Departments, the Joint Staff, the Defense Agencies, Washington Headquarters Services (WHS), and the Uniformed Services University of the Health Sciences (USUHS).

DoD Education Benefits Trust Fund - A fund established for education assistance purposes for active and reserve force personnel. It derives its resources through transfers from military personnel accounts and from interest earned from investments in Federal Government securities.

Earned Reimbursement - The amount recognized when a performing organization renders actual or constructive performance on a reimbursable order.

"Economy Act" Order - An order for goods or services placed by a Federal Agency or Department to another governmental agency under the provisions of Section 1535, Title 31, United States Code.

Electronic Funds Transfer (EFT) - The act of debiting or crediting accounts in financial institutions by wire rather than source documents, such as, paper checks. Processing typically occurs through the Federal Reserve Bank clearing houses.

Entitlements - Legally established benefits available to any person or unit of Government meeting eligibility requirements established by law.

Executory Costs - Those costs associated with ownership of an asset such as insurance, taxes, and normal maintenance. In the case of a capital lease, the portion of the lease payment that represents executory costs is not capitalized, but is expensed.

Expense - As a budget term, expense is generally any charge to an operation and maintenance appropriation account. Some appropriation accounts, such as the Military Construction and the Research, Development, Test and Evaluation appropriations accounts, provide authority to charge both expense and capital investments to the account. As an accounting term, expense is the value of resources consumed during current period operations.

Expired Account - An account in which budget authority to incur original obligations has ceased to be available. However, the account is available to fund upward within scope adjustments of original obligations.

Facilities - Industrial property (other than material, special tooling, special test equipment, and military property) for production, maintenance, research, development, or test including real property (other than land) and rights therein, buildings, structures, improvements, and plant equipment, (including capital leases.)

Fast Pay - Disbursement to a contractor based on the contractor's certification that delivery has been made at the time an invoice is presented for payment.

Federal Agency. This has the same meaning as the term "Agency" in Section 551(1) of Title 5, U.S.C., and also includes any entity that is operated exclusively as an instrumentality of such an Agency for administering one or more programs of that Agency. DoD nonappropriated fund activities are included under this definition.

Financial Institution - Bank, Savings Association, or Credit Union eligible under 31 CFR 202 to serve as a Government depository.

Financial Management System - The DoD Financial Management System consists of a triad architecture. The three segments of the triad are as follows: Planning, Programing, and Budgeting System (PPBS); Army, Navy, Air Force and Defense Agency accounting systems; and all other systems that provide financial information to management.

Financing Interest - Interest charged as a cost of extending credit as distinguished from interest charged because of delinquency.

Financing Payment - Disbursement of funds from Department of Treasury accounts after performance has occurred but before physical delivery. The most common type of financing payment is the progress payment made to DoD contractors in reimbursement for incurred cost before ordered items or material are delivered.

Foreign Currency Fluctuations - The difference between budget rates approved for execution and actual foreign currency exchange rates in effect at time of payment that cause changes in obligations or contractual liabilities. Obligations are recorded using the budget rate, and payments are made using the current foreign currency exchange rate.

Foreign Currency Unliquidated or Liquidated Obligations - Foreign currency unliquidated obligations are derived by taking obligations at the budget rate less the disbursements at the budget rate. Foreign currency liquidated obligations is the actual disbursement at the budget rate.

Funded Carryover - The incomplete portion of a job order for goods or services to be provided by a business operation fund activity. Usually, funded carryover is measured at the end of a fiscal period, that is, a fiscal year.

Fund Groups - The range of numeric or alpha and/or numeric account symbols assigned by the Treasury to identify groups of accounts; such as, 0000 to 3799 = General Funds.

General Fund Accounts - These consist of (1) receipt accounts used to account for collections not dedicated to specific purposes and (2) expenditure accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

General Fund Receipt Accounts - Accounts established for receipts of the Federal Government that are not earmarked by law for specific purpose and that are not available for obligation and expenditure.

General Management Computer - A computer that is used for any purpose other than as a part of a process control system, space system, mobile system, or equipment that is an integral part of a weapon or weapons system. It also excludes equipment involved with intelligence activities and cryptologic national security activities.

Government-Furnished Equipment (GFE) - Property provided to a contractor by DoD. It is used in producing an end product. It is not consumed, but is returned in the same form at the end of the contract.

Government-Furnished Material (GFM) - Property provided to a contractor by the Department of Defense. It may be incorporated into an end item (a change in form) or may be consumed in the performance of a contract.

Grants - Assistance awards for which no substantial involvement is anticipated between the Department of Defense and the recipient during performance of the contemplated activity.

Guaranteed Loan - A contingent liability created when the Government insures the private lender who disbursed the funds that the lender will be repaid to the extent of the amount or percentage guaranteed in the event of default by the debtor; a DoD Component pledge to pay part or all of the loan principal and interest to a lender, or holder, of a security in the event of default by a third party borrower.

Holdback - The amount withheld from progress payments to contractors to assure compliance with contract terms. Usually the amount to be withheld is expressed as a percentage in the contract provisions.

Imprest Fund - A fixed-cash or petty-cash fund in the form of currency or coin for cash payments specifically authorized. The fund may be a revolving type, replenished to the fixed amount as spent or used, or of a stationary nature, such as a changemaking fund.

Indefinite Appropriations - Appropriations of a current or permanent nature in which a definite amount is not stated.

Indefinite Authority - Authority for which a specific sum is not stated, but is determined by other factors such as the receipts from a certain source or obligations incurred.

Information Technology Facility (ITF) - An organizationally defined set of personnel, hardware, software, and physical facilities, operated within or on behalf of the Department of Defense, a primary function of which is the operation of information technology. An ITF includes:

(1) The personnel who operate computers or telecommunications systems; develop or maintain software; provide user liaison and training; schedule computers; prepare and control input data; control, reproduce, and distribute output data; maintain tape and disk libraries; provide security; and provide direct administrative support to personnel engaged in these activities.

(2) The owned or leased computer and telecommunications hardware, including central processing units; associated peripheral equipment such as disk drives, tape drives, printers, and consoles; data entry equipment; telecommunications equipment including control units, terminals, modems, and dedicated telephone and satellite links provided by the facility to enable data transfer and access to users. Hardware acquired and maintained by users of the facility is excluded.

(3) The software, including operating system software, utilities, sorts, language processors, access methods, data base processors, and similar multi-user software required by the facility for support of the facility and/or general use by users of the facility. All software acquired or maintained by users of the facility is excluded.

(4) The physical facilities, including computer rooms, tape and disk libraries, stockrooms and warehouse space, office space, and physical fixtures.

Initiation - An administrative reservation of funds based on procurement directives, requests, or equivalent instruments that authorize preliminary negotiations, but require that funds be certified by the official responsible for the administrative control of funds before incurrence of the obligation. Initiations are entered into memorandum accounts to help keep precommitment actions, such as approved procurement programs and procurement directives, within the available subdivision of funds.

Intangible Assets - Amortizable investment that costs \$15,000 or more; have projected pay-back periods; have economic value but lack physical substance which is to be used over some period (useful life), the length of which is estimated to be 2 years or greater; and have no residual value at the end of the estimated useful life. Examples of intangible assets are management initiatives, organization of new functions, or reorganization of old functions, strategic planning, future system requirement development, and dedicated training initiatives.

Interagency Allocations - Distributions of an Agency's budgetary resources to another Agency, separately identified in the accounts to ensure that the recipient Agency is responsive to the allocating Agency. Such allocations may be non-expenditure transfers, which establish transfer appropriation accounts, or subdivisions of a DoD Component's funds to another DoD Component to cite directly.

Internal Control Documentation - Written policies, organization charts, procedural write-ups, Manuals, memoranda, flow charts, decision tables, completed questionnaires, software, and related

written materials used to describe the internal control methods and measures, to communicate responsibilities and authorities for operating such methods and measures, and to serve as a reference for persons reviewing the internal controls.

Internal Controls - The manner in which financial, manpower, and property resources are to be controlled and safeguarded by the regular authorization, approval, documentation, recording, reconciling, reporting, and related accounting processes.

Internal Control Standards - The standards issued by the Comptroller General for use in establishing and maintaining systems of internal control. Those standards are applicable to all operations and administrative functions, but are not intended to limit or interfere with duly granted authority for the development of legislation, rulemaking, or other discretionary policymaking in an Agency.

Internal Control Techniques - The application of prescribed processes and documents to efficiently and effectively accomplish an internal control objective and to help safeguard an activity from waste, loss, unauthorized use, or misappropriation.

Inventory Price - For non-stock fund items the inventory price is the acquisition cost. For stock fund items the inventory price is acquisition cost plus prescribed surcharges. (See "Acquisition Cost".)

Investment - As a budget term, investment refers to equipment financed with procurement appropriation accounts. As an accounting term, investment is an asset that meets prescribed capitalization criteria established by the Comptroller General.

Invoice Payment - A Government disbursement of monies to a contractor under a contract or other authorization for supplies or services accepted by the Government.

Leave and Earnings Statement - A document provided to each employee or service member showing gross pay, deductions, and net pay for a pay period and cumulative totals for the calendar year to date, along with leave balances at the end of the pay period.

Leave Record - A record showing the amounts of leave earned and used, and the balance available.

Letter Contract - An offer and acceptance that is specific and definitive enough to show the purpose and scope of the final contract to be executed. When accepted in writing by the contractor, documentary evidence exists to support the recording of an obligation.

Loan Guarantees - Agreements by which a DoD Component pledges to pay part or all of the loan principal and interest to lenders or holders of securities in the event of default by third-party borrowers.

"M" Account - A successor account into which obligated balances under an appropriation are transferred (merged) at the end of the second full fiscal year following expiration. The "M"

account remains available for the payment of obligations and liabilities incurred by the accounts that have been merged. Due to Public Law 101-510, the "M" Account will be canceled in its entirety as of September 30, 1993.

Management Fund Accounts - Working fund accounts authorized by law to facilitate accounting for collections from two or more appropriations or funds to finance an activity not involving a continuing cycle of business-type operations and that are available for obligation and expenditure. Those are combined receipt and expenditure accounts established by law, with receipts derived from such operations usually available in their entirety for use by the fund without further action by the Congress.

Meat, Poultry Meat, Meat Food Products Poultry Meat Food Products, Eggs, or Egg Food Products. Perishable (fresh, chilled, or frozen) meat and poultry meat, including processed meat and poultry meat food products, such as luncheon slices, frankfurters, bacon and ham, fresh eggs, and perishable egg products. It excludes nonperishable meats and poultry meats, all perishable and nonperishable mixed products (meat and/or poultry meat combined with other food ingredients), seafood, and game.

A. Eggs. Fresh whole shell eggs of the domesticated chicken, turkey, duck, goose, or guinea.

B. Egg food products. Only frozen whole eggs, egg whites, and/or egg yolks.

Military Interdepartmental Purchase Request (MIPR) - An order issued by one military service to another to procure services, supplies, or equipment for the requiring service. The MIPR (DD Form 448) may be accepted on a direct citation or reimbursable basis. It is an "Economy Act" (31 U.S.C. 1535) order subject to downward adjustment when the obligated appropriation is no longer valid for obligation.

Military Property - All property owned by the Department of Defense. In regard to Government-provided property, this is Government-owned personal property designed for military operations.

Military Retired Pay - (A reduced pay entitlement for reduced services.) The gross monthly entitlement for a retired member of the Uniformed Services based on terms and conditions of law, pay grade, years of service, percentage of disability (if applicable), and date of retirement.

Military Retirement Trust Fund - A trust fund established for the purpose of financing the retirement cost of active and reserve military personnel. An accrual amount is transferred monthly from the military personnel accounts to the Fund based on a fixed percentage of basic pay for full-time and part-time personnel. The accrual amounts are determined by the DoD Board of Actuaries who are appointed by the President for 15 year terms. In addition, amounts are deposited into the Fund to liquidate the unfunded liability of retired pay earned prior to establishment of the Fund. Interest on investments of the Fund assets in Federal Government securities are also transferred into the Fund.

Minimum Lease Payments - The payments that the lessee is obligated to make or may be required to make in connection with leased property. (Contingent rentals are excluded from the minimum lease payments.)

Moneys - All currency and negotiable instruments which are as follows: (1) held by an Agency (imprest funds), (2) paid out by an Agency, (3) owed to an Agency, or (4) collected by an Agency.

Multiple-Year Authority - Budget authority that is available for original obligation for a specified period of time in excess of 1 fiscal year.

Noncurrent Receivable - A receivable that will not be due within 12 months following the reporting period.

Nonexpenditure Transfers - A redistribution of either unobligated balances of budget authority provided in a previous year, or budget authority provided in the current year between appropriations or funds for the benefit of the gaining appropriation or fund. Transfers of obligated balances and sometimes reappropriations also require nonexpenditure transfers.

No-Year Authority - Budget authority that remains available for obligation for an indefinite period of time.

Obligational Authority - The sum of (1) budget authority provided for a given fiscal year, (2) balances of amounts brought forward from prior years that remain available for obligation, and (3) amounts authorized to be credited to a specific fund or account during that year, including transfers between funds or accounts. (See "Budget Authority.")

Obligations - 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 previously have not been recorded, and adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations. The amount of obligations incurred is segregated into undelivered orders and accrued expenditures - paid or unpaid.

Offsetting Collections - Collections from Government accounts or from transactions with the public. The two major categories of offsetting collections are offsetting receipts (amounts deposited to receipt accounts) and offsetting collections credited to appropriation or fund accounts.

Offsetting Receipts - Collections that are deposited into proprietary Miscellaneous Receipt Accounts of the Department of the Treasury. Applicable deposits offset the collecting Agency's budget authority and outlays.

Operating Agency - A major organizational unit within a Military Department or Defense Agency that is responsible for (1) the active planning, direction, and control of a program or segment, thereof; and (2) the control of the funds allocated to it.

Outlays - The amount of checks issued or other payments made (including advances to others), net of refunds and reimbursements. Outlays are net of amounts that are adjustments to obligational authority. The terms "expenditure" and "net disbursement" are frequently used interchangeably with the term "outlay". Gross outlays are disbursements and net outlays are disbursements (net of refunds) minus reimbursements collected.

Overhead Rate - The rate determined by performing organizations to allocate operating costs not directly identifiable to the work order. Includes supervisory and general and administrative expenses as well as miscellaneous material and supplies.

Packing, Crating, and Handling (PCH) Costs - A subset of accessorial costs that are incurred for sales, or shipments, of property. (See "accessorial charges.")

Participation Loan - A loan that consists of both direct and guaranteed portions.

Passthroughs (Current Year) - Revolving fund revenues received during the current fiscal year which: (1) are in addition to amounts provided for in the customer stabilized rate structure and (2) represent reimbursement for current year costs or amounts in excess of amounts budgeted, or otherwise provided for, in the President's budget on which approved customer stabilized rates for the [current] year were based.

Passthroughs (Prior Year) - Revolving fund revenues which provide for the recoupment of amounts associated with prior year efforts or sales. These amounts represent the recoupment of amounts beyond those contained in the DoD stabilized rate structure for the applicable prior fiscal year for which the efforts were performed. These amounts are generally intended to offset prior year losses and/or amounts in excess of amounts previously budgeted.

Pay Account - The part of each individual civilian and Military Service member's master pay record that contains all transaction information on payments and deductions with an audit trail to the authorizing documents. The pay account includes information such as pay grade, record of payments, all earnings separately identified by type (basic pay, bonuses, danger pay, etc.); allowances; allotments; year-to-date gross earnings; taxable earnings, taxes withheld, and leave data (amount earned, taken, lost, forfeited, advanced, or used).

Pay and Allowances - Payment to active duty, Reserve, National Guard, and retired members and their surviving annuitants, other than travel and transportation reimbursements, and to all civilian employees and direct hire employees in foreign locations, other than travel and transportation expenses.

Paying Office - A disbursing office. In the case of contracts, the place named in the contract for forwarding invoices for payment.

Payment Due Date - The date by which payment must be made as specified in [Volume 4](#), table 2-3.

Period of Availability - The period of time in which budget authority is available for original obligation.

Political Subdivision of Local Government - A local unit of government, including specifically a county, municipality, city, town, township, school district, or other special district created by State law, or combination of these units.

Port Loading and Unloading Costs - A subset of accessorial costs. The costs incurred for loading, unloading, and handling at the ports of embarkation and debarkation.

Pre-positioning Costs - The accessorial costs incurred to store items at locations outside the United States in anticipation of support to other authorized customers.

PPBS - The Planning, Programing and Budgeting System (PPBS) is a cyclic process containing three distinct, but interrelated phases: planning, programing, and budgeting. In addition to establishing the framework and process for decision making on future programs, the process permits prior decisions to be examined and analyzed from the viewpoint of the current environment (threat, political, economic, technological, and resources) and for the time period being addressed. The ultimate objective of PPBS is to provide operational commanders the best mix of forces, equipment, and support attainable within fiscal constraints.

Predetermined Rate - The rate established by appropriate authority for use in computing recoverable amounts.

Private Parties - Consists of non-U.S. Government activities; foreign governments, firms, and organizations; and international organizations, other than Foreign Military Sales (FMS) customers and FMS/International Military Education and Training Program (IMET) recipients.

Progress Payments - See "Financing Payment."

Project Order - An order for goods or services issued under the authority in 41 U.S.C. 23 to a separately managed and financed Governmentowned and operated establishment.

Proper Invoice - A bill or written request for payment provided by a business concern for property or services rendered. It must include all of the information required by the terms of the procurement document, be accompanied by such substantiating documentation as required by regulation or the contract, and be received in the designated paying office. Supplemental billings shall include all information required for original billings. A proper invoice must include the following:

- (1) Name and address of the business concern and the invoice date.
- (2) Contract number or other authorization for delivery of property and/or services (including order number and contract line item number).
- (3) Description, price, and quantity of property and services actually delivered or rendered.
- (4) Shipping and payment terms.

(5) Other substantiating documentation or information as required by the contract.

(6) Name (where practicable) title, telephone number, and complete mailing address of the responsible official to whom payment is to be sent.

(7) Name (where practicable) title, telephone number, and mailing address of person to be notified in event of a defective invoice.

Property Book - A documentary record of every item on a "Table of Organization and Equipment List", or other type of allowance list, showing that a unit is prepared to accomplish its assigned mission. The property book lists both capitalized and expensed assets, shows quantities on hand, items due in, open requisitions, unit prices, hand receipts, etc.

Realized Variance (Foreign Currency Fluctuations) - The difference between actual obligations at the budget rate (approved execution rate) and the foreign exchange rate in effect at the time of payment (liquidation of the obligation). The variance is equal to the amount disbursed from the applicable centrally managed allotments.

Real Property - Fixed assets that are comprised of land and the rights to land; buildings to include capitalized additions, alterations, improvements, and rehabilitations; and other structures and facilities. Real property does not include personal property (weapons systems and other military equipment).

Reappropriation - Statutory authority to restore or extend the obligational availability, whether for the same or different purpose, of all or part of the unobligated balance of budget authority that has expired or otherwise would expire in an annual or multiple-year appropriation. Reappropriation transactions require non-expenditure transfer of the funds involved from the expired or otherwise expiring account to the designated current account when the unobligated balance has not been withdrawn to the surplus fund of the U.S. Treasury. If the unobligated balance has been withdrawn, then the transaction requires a warrant. Reappropriations that provide funds to a fiscal year for which they were not previously available constitute new budget authority in the receiving account.

Refunds - Recoveries of overpayments that result from errors in paying invoices or from items returned to vendors. (Also see "Refunds and/or Transfers (Current Year)" and "Refunds and/or Transfers (Prior Year).")

Refunds and/or Transfers (Current Year) - Industrial fund amounts transferred on a nonexpenditure basis which represent the transfer of revenue collected through stabilized rates which: (1) is in excess of current year costs or (2) otherwise exceeds the purpose for which initially intended in the current year. (The latter case, for example, may include the collection of Asset Capitalization Program surcharges in excess of amounts ultimately approved by the Congress for the Asset Capitalization Program.) These transfers are generally made to appropriated funds and provided for in a general provision contained in the applicable annual appropriation act.

Refunds and/or Transfers (Prior Year) - Industrial fund amounts transferred on a nonexpenditure basis which represent the transfer of amounts associated with prior year efforts or sales. These amounts usually represent the transfer of revenue collected through stabilized rates which: (1) were in excess of [then] current year costs or (2) otherwise exceeded the purpose for which initially intended. These transfers are generally made to appropriated funds and provided for in a general provision contained in the applicable annual appropriation act.

Reimbursable Order - An order accepted into a DoD appropriation or fund.

Reimbursements - Amounts earned and collected for property sold or services furnished either to the public or another Federal accounting entity. To be an appropriation reimbursement, the collection must be authorized by law for credit to the specific appropriation or fund account.

Replacement Cost - Obligations to be incurred at a future time to procure equipment or material in place of items which have been sold or transferred. There are two methods used to determine replacement cost: (1) Replacement cost may be determined by applying the OSD prescribed inflation factor to the most recent contract price of the item to be replaced. The inflation factor is applied to each fiscal year between the year the item sold or transferred was acquired and the fiscal year in which the replacement item will be delivered. (2) Replacement cost may also be determined by obtaining a current contractor quote for the replacement item. Normally the second method is the most accurate method.

Reportable Accounting System or Segments - A system or segment that satisfies the definition of an accounting system.

Reprogramming - Realignment of budget authority from the purpose for which appropriated to finance another (usually emergent, unfunded) requirement. A necessary, desirable, and timely device during execution of Defense programs for achieving flexibility in the use of DoD funds provided in appropriation acts.

Reschedule - (Restructure, refinance, forbear, reamortize, or defer) To establish new terms or conditions in order to facilitate the repayment of debt. For example, stretching out or extending into the future such payments.

Rescission - Legislation that cancels budget authority previously provided by Congress before the time when the authority would otherwise lapse, that is, cease to be available for obligation.

Reserves - Portions of budgetary resources set aside by OMB to (1) provide for contingencies, or (2) effect savings made possible by or through changes in requirements or greater efficiency of operations.

Residual Value - Residual value is the estimated value remaining at the end of a capital asset's useful life to the Department of Defense or the Amount that can be expected to be recovered from the asset's disposal when it is removed from service.

Restoration - An unobligated amount previously withdrawn by administrative action to the merged surplus balances that is again made available to fund within scope increases to original obligations or to fund other Congressionally approved programs pursuant to law.

Revolving Fund Accounts - Accounts authorized by specific provisions of law to finance a continuing cycle of business-type operations, and which are authorized to incur obligations and expenditures that generate receipts.

Special Defense Acquisition Fund (SDAF) - A fund established to provide the Foreign Military Assistance and Sales Programs the inventory determined necessary to meet anticipated future sales requirements for those military items being phased out of DoD inventory.

Special Fund Accounts - Separate receipt and expenditure accounts established to account for receipts of the Government that are earmarked by law for a specific purpose but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts.

Special Fund - Expenditure Accounts - Accounts established to record amounts appropriated, or otherwise made available by transfers from a special fund receipt account to be obligated and expended for special programs in accordance with specific provisions of law.

Special Funds - Receipt Accounts - Accounts credited with receipts from specific sources that are earmarked by law for a specific purpose, but which are not generated from a continuing cycle of operations.

Specialized or Technical Services - Statistical and other studies and compilations, developmental projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions that any Federal Agency is especially equipped and authorized by law to perform.

Specific Due Date - A payment due date included in a contract or determinable from contractual language, i.e., "promptly," "payable upon receipt" or "net."

State - Any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a state. Does not include the governments of the political subdivisions of a State.

Suspense Accounts - (See Deposit Funds.)

Tangible Assets - Tangible capital assets are depreciable property, plant, equipment, and software developed, manufactured, transferred or acquired at a specific point in time for a determinable cost of \$15,000 or more; are used over some period (useful life), the length of which is estimated to be 2 years or greater; and generally, become economically worthless, (except for residual value) at the end of their estimated useful lives.

Transfer of Funds - When specifically authorized by law, all or part of the budget authority or prior year unobligated balances in one account may be transferred to another account.

Transportation Costs - The costs incurred for shipment of material.

Treasury Financial Communications System (TFCS) - The computer-to-computer link between the U.S. Treasury and the Federal Reserve Bank of New York.

Trust Fund Accounts - Accounts established to account for receipts that are held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute.

Trust Fund Expenditure Accounts - Accounts that are established to record amounts appropriated, or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes, or programs, in accordance with the terms of the trust agreement or statute.

Trust Fund Receipt Accounts - Accounts that are credited with receipts generated by the terms of a trust agreement or statute.

Trust Revolving Fund - The name given to a fund entity when a trust fund corpus is established to perform a continuing cycle of business-type operations in accordance with the trust agreement or statute, in which case a combined receipt and expenditure account is used.

Undelivered Orders - Contracts or orders issued by the ordering accounting entity for goods and services for which the liability has not yet been accrued.

Unearned Revenue - Revenue from DoD customers collected in advance of earnings and prior to delivery of goods or services.

Unfilled Customer Orders - The amount of orders accepted from ordering accounting entities within the U. S. Government for goods and services to be furnished on a reimbursable basis; or, in the case of transactions with the public, amounts collected in advance for which the accounting entity has not yet performed as requested.

Unfunded Cost - Costs not financed by the performing activity's current appropriations or fund accounts. Applicable types of cost include depreciation, interest on investment, and civilian retirement amounts funded by Office of Personnel Management.

Unified Combatant Command - A unified combatant command is a military command which has broad, continuing missions and which is composed of forces from two or more Military Departments. Unified combatant commands are established by the President, through the Secretary of Defense, with the advice and assistance of the Chairman, Joint Chiefs of Staff.

User - An individual, organization, or accounting entity that receives services. A user may be internal or external to the DoD Component.

Warehousing - Costs normally incurred for labor, materiel, or services in packing item(s) that are removed from DoD storage, preparing item(s) for shipment, and processing related materiel release documents.

Withdrawal - The transfer of the unobligated balance from an expired annual or multiple-year appropriation to the surplus account of the U.S. Treasury's general fund, or, if appropriate, to the special fund or trust fund from which derived.

Writeoff - As a budgetary term, writeoff means the withdrawal from availability for obligation of an unobligated balance from a no-year appropriation. It excludes amounts withdrawn from expired accounts and amounts rescinded by the Congress. As an accounting term, writeoff refers to the removal of a delinquent accounts receivable that is considered not collectible or not cost effective to pursue further collection efforts. A writeoff is not a correction to the accounting records resulting from an accounting error.

Work in Process - Costs of the materials, labor, and indirect costs used in producing an end item (real or personal property) or service, whether fabricated by a DoD business operation fund, or by a non-DoD organization under contract.

Year-end Adjustments for Reimbursements - Accounting entries made to eliminate anticipated reimbursements for orders not accepted, eliminate those unobligated accepted orders that are no longer valid obligations of the ordering activity, and transfer valid unobligated reimbursable balances from expiring and non-expiring accounts to the most current ensuing fiscal year accounts. The exception is for unobligated balances resulting from earned reimbursements (that is, sales from inventory or performance of in-house services), which must be retained in nonexpiring accounts until account expiration.