



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1 100

April 18, 2020

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARIES OF THE MILITARY
DEPARTMENTS (FINANCIAL OPERATIONS)
CHIEF FINANCIAL EXECUTIVES OF DEFENSE AGENCIES
CHIEF FINANCIAL EXECUTIVES OF DEFENSE FIELD
ACTIVITIES

SUBJECT: Mandatory Use of Root Cause Indicator Code (FPM 20-04)

This memorandum mandates the use of the Root Cause Indicator Code (RCIC) when recording manual accounting adjustments in the Defense Departmental Reporting System (DDRS)-Budgetary and DDRS-Audited Financial Statements. Effective immediately, the RCICs, as provided in Attachment 1, must be utilized consistently throughout the Department by manually entering the RCIC in the Reason text field. Instructions are provided in Attachment 2.

The RCIC is required to record and monitor the root causes for recording accounting adjustments. Capturing the RCIC will be used to develop action plans to address the root cause requiring the accounting adjustment and then monitor the effectiveness of those action plans.

This policy addresses a finding in Government Accountability Office (GAO) report GAO-20-96, "Department of Defense Actions Needed to Reduce Accounting Adjustments," dated January 10, 2020. GAO identified a lack of root cause analyses for accounting adjustments, leaving DoD components unable to create action plans to accurately support and reduce accounting adjustments.

Further, this policy addresses the "Unsupported Accounting Adjustments" material weakness identified by the DoD Office of Inspector General (OIG) in the DoD Agency Financial Report for Fiscal Year 2019. The DoD OIG reported that the failure to establish and implement effective controls over accounting adjustments created a high risk of material misstatement for all financial statement line items. This policy memo addresses the material weakness in accordance with Generally Accepted Accounting Principles.

Requirements will be incorporated into the next update of the DoD Financial Management Regulation, Volume 6A, Chapter 2. My point of contact for this matter is Ms. Krystal Baranoski, at krystal.j.baranoski.civ@mail.mil or 703-695-7193.

Mark E. Easton
Deputy Chief Financial Officer

Attachments:
As stated

Root Cause Indicator Codes - April 2020			
RCIC Example: *A.06.g.07*			
1 Character	2 Characters	1 Character	2 Characters
System Where JV Recorded	Source (Field Accounting System, Feed to DDRS, or source of)	Primary Root Cause Indicator	Secondary Root Cause Indicator
A = DDRS-AFS	01 = STARS-FL	a = Attributes The adjustment is required because the USSGL attribute is not submitted or is erroneous	01 = Attributes are not available in the accounting system, or due to other system limitation
B = DDRS-B	02 = STARS-HCM		02 = Attributes are not properly aligned due to business process deficiencies
C = GAFS-R	03 = STANFINS		03 = Attributes are not properly aligned to accounting system transactions for unknown reasons
	04 = SOMARDS	b = Improper Feed The adjustment is required because the feeder file is not submitted or is erroneous	
	05 = SABRS		01 = Incorrect Crosswalk/Posting Logic resulted in Accounting System trial balance not properly uploaded into DDRS
	06 = WAAS		02 = Annual Operating Budget does not Feed Properly from Accounting System to Reporting System
	07 = CEFMS		03 = Erroneous/improper submission of balances in canceled or cancelling appropriations
	08 = eBiz		04 = Abnormal obligations are submitted to DDRS
	09 = DBMS		05 = Feeder TB not provided
	10 = DWAS		
	11 = TFRS	c = USSGL Compliance The adjustment is the result of invalid, improper, or incomplete USSGL submissions	01 = Transaction Codes are not Available for Transfers In/Out
	12 = HQARS		02 = Transaction Codes are not Available for Upward/Downward Adjustments
	13 = DAI		03 = Accounting system has invalid posting logic
	14 = DEAMS		04 = Incorrect accounting system transaction code used to record business event
	15 = GFEB		05 = Legacy System is not USSGL Compliant (Correct GLAC is not available)
	16 = LMP		06 = ERP System is not USSGL Compliant (Correct GLAC is not available)
	17 = Navy ERP		07 = Previously recorded permanent JV now reversed in response to system or business process correction
	18 = TFMS		
	19 = FMS	d = Funding/Authority The adjustment is the result of funding/authority either not being available or not accurately recorded in the accounting system	01 = Unallocated funding not recorded in Trial Balance from Accounting System
	20 = EBS		02 = Funding Authority not permanent
	21 = EBAS		03 = Funding/Authority not accurately recorded in Accounting System due to System Limitation (ex. BLI level is not available in Accounting System)
	22 = TPMS		04 = Duplicate recording of Funding/Authority in system due to business process issue
	23 = GAFS-R		05 = TFM prescribed adjustments for cancelling appropriations that must be processed in the reporting system
	24 = GAFS-BQ		06 = Funding reported in Trial Balance from Accounting System does not agree to Funding in PBAS
	25 = DIFMS		07 = Funding/Authority not available due to unknown deficiency
	26 = EBAS-D		08 = Memo
	27 = GCSS-A		
	28 = FAMIS (Legacy)		e = Intragovernmental Eliminations The adjustment is required to properly eliminate intra- governmental balances
	29 = FAMIS (ERP)	02 = Trading partner details are not captured due to business process issue	
	30 = SMAS	03 = Trading partner details are not reported from the accounting system through the reporting system	
	31 = MOCAS	04 = Buyer-side and seller-side trading partner data are not in agreement	
	32 = Unknown from information provided (DFAS to	f = Tie Points/Reconciliations/Balancing Adjustment The adjustment is required to balance related account balances or balance to a stated control amount. (Only use if	
	33 = Multiple		01 = Collections/Disbursements recorded in the Accounting System do not agree with departmental balance reported to Treasury
	34 = DDRS-B (Only for Usage with Primary Root Cause		02 = Tie Points/reconciliations are not fully executed due to business process issue
	35 = DDRS-AFS (Only for Usage with Primary Root		03 = Tie Points/reconciliations are not fully executed due to system limitation
			04 = Tie Points/Reconciliations are not built or fully executed in accounting system (Only use if root cause is NOT identified above.)
			05 = Balance stated control amount/system conversion
			06 = Duplicate recording of Cash Receipt due to business process issues

Root Cause Indicator Codes - April 2020		RCIC Example: *A.06.g.07*	
1 Character	2 Characters	1 Character	2 Characters
System Where JV Recorded	Source (Field Accounting System, Feed to DDRS, or source of)	Primary Root Cause Indicator	Secondary Root Cause Indicator
		g = Data Calls The adjustment is the required to balance to data from an external source	01 = Acquisition (PP&E) System is not integrated with or does not communicate with the Accounting System 02 = Employee Benefits reported in the Trial Balance from the Accounting System does not agree to the OPM data call 03 = Imputed Costs are not recorded in the Trial Balance from the accounting system and does not agree with the OPM data call 04 = Receivables not recorded in Accounting System resulting in Receivables not in agreement with MRR/TROR 05 = System used to initiate asset acquisition and calculate related depreciation does not interface with accounting system 06 = Accounting system doesn't have the functionality to capture depreciation expense 07 = Other Data Call received from External Organization at Year End 08 = Other internal DoD data call not received in time to record in Accounting System 09 = Refund Receivables not recorded in the Accounting Systems due to PII 10 = Inventory Valuation
		h = Correcting Entries The adjustment is the result of human	01 = Accounting system or reporting system input error 02 = DDRS input error
		i = Unknown/Other (Additional research is required to identify root cause indicators)	01 = DDRS-B System Issues 02 = DDRS-AFS System Issues 03 = Additional Research Required

**Root Cause Indicator Code (RCIC)
DDRS B and DDRS AFS Entry Instructions**

April 2020

RCIC is composed of four elements as identified in Attachment 1:

- 1) System Where JV Recorded (one character): Identifies the system used to post the manual accounting adjustment
- 2) Source (two characters): Identifies the source of the data requiring the adjustment
- 3) Primary Root Cause (one character): Identifies high level root cause
- 4) Secondary Root Cause (two characters): Provides more detail for primary root cause; listed in order from most to least detailed

RCIC Entry (DDRS)

System change requests have been submitted to create mandatory RCIC fields in DDRS B and DDRS AFS accounting adjustment entry screens. Until the system changes are implemented, RCIC must be entered in the Reason text field as follows:

- 1) Enter "RCIC" before the JV description
 - a. Keywords are permitted but not required
 - b. If keywords are used, enter before the RCIC
- 2) Enter asterisks "*" before and after the RCIC
- 3) Enter a decimal point "." between each element
- 4) Enter the one character System Where JV Recorded
- 5) Enter the two characters Source
- 6) Enter the one character Primary Root Cause
- 7) Enter the two characters Secondary Root Cause

RCIC Entry Example for Reclassifying Intra-governmental A/R

Reason Text Field

Reclassifying Intra-governmental A/R - *B.16.a.01* - To reclassify Intra-governmental accounts receivables erroneously reported on the LMP SFIS feed as Non-intra-governmental accounts receivables. Intra-governmental vs. Non-intra-governmental status has been determined by the LMP-assigned Reimbursable Source Code (RSC). A query was processed from the LMP data using the RSC to determine the correct Intra-governmental balance. Supporting documentation is attached.

RCIC

System Where JV Recorded = B (DDRS-B)

Source = 16 (LMP)

Primary Root Cause = a (Attributes)

Secondary Root Cause = 01 (Attributes are not available in the accounting system, or due to other system limitation)