

**VOLUME 4, CHAPTER 2, ANNEX 1: “SUPPORTING FUND BALANCE WITH
TREASURY BALANCES BROUGHT FORWARD”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [January 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Simplified language for readability.	Revision
2.7, 2.8 (Previous Version), 2.9	Removed journal entries and added a paragraph to direct the reader to the Department of Defense United States Government Standard General Ledger Transaction Library	Deletion/ Addition

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ANNEX 1

SUPPORTING FUND BALANCE WITH TREASURY BALANCES BROUGHT FORWARD

1.0 GENERAL

After complying with the Fund Balance with Treasury (FBWT) reconciliation requirements described in Chapter 2 (including fully reconciling accounting systems to the U.S. Department of Treasury (Treasury) and identifying, tracking, and resolving differences monthly), Department of Defense (DoD) Components must follow this annex to reconcile and support FBWT balances brought forward (i.e., beginning balances). As the Component's accounting Service Provider, the Defense Finance and Accounting Service (DFAS), performs the steps described on behalf of the DoD Components (DFAS' customers), unless the customer elects to perform the analysis. This approach and the resulting permanent adjustment may be used only once.

2.0 APPROACH TO SUPPORT FBWT BALANCES BROUGHT FORWARD

All DoD Components must follow Steps 1 through 4 described in this section. DoD Components that can reconcile FBWT at the voucher level and maintain related supporting documentation to support 99 percent of its Treasury's Government-wide Accounting (GWA) system account statement balances brought forward do not proceed past Step 4. DoD Components who are unable to fully reconcile and/or support its FBWT transaction level detail to obtain 99 percent coverage, must complete Steps 5 through 8.

2.1 Step 1

2.1.1. DoD Components must conduct an aging analysis over the total value of their open appropriations (i.e., unexpired and expired appropriations) each fiscal year end until they demonstrate compliance with FBWT reconciliation requirements described in Chapter 2 (see section 10.0). This allows the Component to identify the prior fiscal years (FYs) for which it must perform monthly FBWT reconciliations at the voucher level and provide supporting documentation to support 99 percent of its FBWT balances brought forward.

2.1.2. DoD Components must obtain the net detailed activity (authority, transfers, gross disbursements, and offsetting collections) of all open appropriations with balances in the FBWT account for the fiscal years of initial appropriation from the GWA system account statements and summarize the information into Table 2-1. Note that no-year (or "X-year") appropriations must be identified separately from the single- and multi-year appropriations for each FY.

Table 2-1. FBWT Aging Analysis Template

Initial Appropriation Fiscal Year	Balance @ 9/30/2025 of Open Appropriations	% of Total Appropriations Balance
2025		
2024		
2023		
2022		
2021		
2020		
2019		
2018		
2017		
2016		
No-Year		
Total		100.0%

2.1.3. DoD Components executing Treasury Index (TI) 097 funds are unable to obtain the detailed activity information at the Organization Unique Identifier Code (OUID or “limit”) level from the GWA system account statements since they are at the Treasury Account Symbol (TAS or appropriation) level. Instead, those DoD Components, supported by DFAS, must obtain that detailed activity information from the Defense Departmental Reporting System-Budgetary to perform the aging analysis. DFAS performs a DoD-wide consolidated aging analysis at the TAS level using the GWA system account statement for TI 097 funds.

2.1.4. Once DoD Components analyze aging and summarize their open appropriations, they must identify how many periods of availability for which they must perform monthly FBWT reconciliations and provide supporting documentation in order to support at least 99 percent of their FBWT balances brought forward.

2.1.5. If no-year appropriations must be included to reach the 99 percent coverage of total open appropriations, then DoD Components must provide five years of historical supporting documentation for that portion.

2.1.6. As a notional example, a completed aging analysis and summary of open appropriations is found in Table 2-2.

Table 2-2. Notional Example of Completed Aging Analysis

Initial Appropriation Fiscal Year	Balance @ 9/30/2025 of Open Appropriations	% of Total Appropriations Balance
2025	\$100,000,000,000	67%
2024	\$30,500,000,000	20%
2023	\$7,200,000,000	5%
2022	\$2,600,000,000	2%
2021	\$3,000,000,000	2%
2020	\$2,050,000,000	1%
2019	\$130,000,000	0%
2018	\$16,000,000	0%
2017	\$4,000,000	0%
2016	\$0	0%
No-Year	\$4,500,000,000	3%
Total	\$150,000,000,000	100.0%

2.1.7. To obtain coverage over at least 99 percent of its FBWT balances brought forward, the DoD Component **must** perform monthly FBWT reconciliations and provide supporting documentation going back to prior FYs for all activity, regardless of the initial appropriation year. The DoD Component **must** provide five years of historical supporting documentation for the no-year appropriations since that is necessary to obtain 99 percent coverage.

2.2 Step 2

2.2.1. Adhere to FBWT reconciliation requirements in Chapter 2.

2.2.2. DoD Components and DFAS must comply with the FBWT reconciliation requirements defined in Chapter 2 before proceeding with the additional steps in this annex. This includes **reconciling** monthly FBWT at the voucher level; identifying, aging, and resolving any reconciling differences; and **documenting** the voucher-level detail.

2.2.3. DoD Components and DFAS must ensure they address each FBWT risk, as shown in Chapter 2, Figure 2-1.

2.3 Step 3

2.3.1. Identify **the** initial audit period, perform monthly FBWT reconciliations, and test supporting documentation for prior fiscal years.

2.3.2. DoD Components must identify the year they first plan to undergo a financial statement audit and count back from that date using the number of years identified in the aging analysis in Step 1. This allows DoD Components to determine their period start date to establish auditable beginning balances for FBWT.

2.3.3. DoD Components and DFAS must reconcile monthly FBWT at the voucher level beginning with the date they have reached full compliance with Chapter 2, and work back progressively through each fiscal year needed to obtain 99 percent coverage of its FBWT balances brought forward.

2.3.4. See Chapter 2 for details on what must be included in the monthly reconciliations.

2.3.5. After reconciling monthly FBWT at the transaction level, DoD Components and DFAS must then test appropriations, transfers, disbursements, collections, and adjustments (including journal vouchers) to the FBWT accounts, to support the FBWT brought forward balance with documentation.

2.3.6. Supporting documentation must include, at a high level, third-party documentation, system reports, Treasury documentation, and reconciliations. See Section 5 of the Financial Improvement and Audit Remediation (FIAR) Guidance provided by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) for specific examples of supporting documentation.

2.3.7. Supporting documentation must support all open FBWT account balances back to the year of initial appropriation. DoD Components are only required to demonstrate 99 percent coverage of beginning balances.

2.3.8. For the notional example presented in Step 1, the Component and DFAS must reconcile monthly FBWT at the transaction level and complete transaction-level detail testing for FYs 2025 through 2021.

2.4 Step 4

2.4.1. Assess the ability to reconcile monthly FBWT and provide documentation supporting 99 percent of FBWT balances brought forward.

2.4.2. After DoD Components and DFAS reconcile monthly FBWT at the transaction level, provide supporting documentation for all prior fiscal years, and obtain 99 percent coverage of its FBWT balances brought forward, they must continue to adhere to the FBWT requirements described in Chapter 2.

2.4.3. If DoD Components and DFAS determine that they are unable to reconcile monthly FBWT at the transaction level, they must provide supporting documentation. If it is not cost effective to provide supporting documentation, for all years and accounts required to obtain 99 percent coverage, they must proceed with the next steps in the approach.

2.5 Step 5

DoD Components and DFAS must perform a gap analysis to identify the unsupportable portions of FBWT balances brought forward, by the appropriation year. An example of how DoD Components and DFAS may report on their gap analyses is depicted in Table 2-3.

Table 2-3. Notional Example of Completed Gap Analysis

Initial Appropriation Fiscal Year	Balance @ 9/30/2024 of Open Appropriations	Unsupportable Balance \$	Unsupportable Balance %
2024	\$100,000,000,000	\$4,500,000,000	4.50%
2023	\$30,500,000,000	\$1,000,000,000	3.28%
2022	\$7,200,000,000	\$200,000,000	2.78%
2021	\$2,600,000,000	\$0	0.00%
2020	\$3,000,000,000	\$1,000,000	0.03%
2019	\$2,050,000,000	N/A	N/A
2018	\$130,000,000	N/A	N/A
2017	\$16,000,000	N/A	N/A
2016	\$4,000,000	N/A	N/A
2015	\$0	N/A	N/A
No-Year	\$4,500,000,000	N/A	N/A
Total	\$150,000,000,000	\$5,701,000,000	3.80%

2.6 Step 6

2.6.1. Prepare the approval package for the OUSD(C) FIAR to justify the need to post a permanent adjustment to balance to Treasury.

2.6.2. Once DoD Components and DFAS have determined the total amount of their unsupportable FBWT balances brought forward, they must correct the FBWT balances brought forward amount and balance to Treasury.

2.6.3. The package must demonstrate that DoD Components and DFAS have followed the approach described in Steps 1 through 5, and have exhausted measures to support their FBWT balances brought forward:

2.6.3.1. Aging analysis of open appropriation balances by appropriation fiscal years from Step 1.

2.6.3.2. Determination of the appropriation fiscal years that DoD Components intend to seek support for 99 percent coverage over their FBWT balances brought forward.

2.6.3.3. Results of monthly transaction level FBWT reconciliations performed in Step 3.

2.6.3.4. Results of transaction level detail testing performed Step 3.

2.6.3.5. Balances identified as unsupportable and proposed adjusting journal vouchers from Step 5.

2.6.3.6. Description of process and controls in place demonstrating compliance with Chapter 2.

2.7 Step 7

2.7.1. Post permanent adjustment in accounting system.

2.7.2. After obtaining OUSD(C) FIAR's approval, the DoD Components and DFAS must post a permanent adjustment in the DoD Components' accounting system(s) to adjust for unreconciled differences with the Treasury. This permanent adjustment must bring the unsupported balance to zero.

2.7.3. The DoD Components and DFAS must ensure all negative unliquidated obligations and unmatched disbursements are resolved and in-transits are accounted for before posting the adjustment. See Volume 3, Chapter 11 for additional details.

2.7.4. The journal entry for this adjustment follows U.S. Government Standard General Ledger (USSGL) – [Treasury Bulletin 2024-04](#) accounts transactions A513 (Budgetary entry only), D304, and D306.

2.7.5. No guidance in this chapter must be construed as authorizing a delay in (1) the recording of an executed obligation or (2) the requirement to investigate a potential violation of the Antideficiency Act that results from any action other than the sole requirement to post this adjustment.

2.8 Step 8

2.8.1. Adhere to FBWT reconciliation requirements in Chapter 2.

2.8.2. DoD Components and DFAS must continue to adhere to the FBWT requirements described in Chapter 2.

2.8.3. If reconciling items are identified during the monthly FBWT reconciliations (after recording the adjustment in Step 7) that relate to appropriations and fiscal years included in the adjustment made in Step 7, then the DoD Components and DFAS must notify OUSD(C) FIAR and post a journal entry to offset the adjustment made in Step 7.

2.8.4. DoD Components and DFAS must ensure they have a process in place to address each of these critical areas to address FBWT risks to be compliant with supporting laws and regulations, as shown in Chapter 2, Figure 2-1.

*2.9 DoD USSGL Transaction Library

Posting entries and account listings for the current fiscal year are provided in the “DoD USSGL Transaction Library” and “DoD Standard Chart of Accounts Implementation Guidance,” respectively, which are available on the Office of the Deputy Chief Financial Officer *Standard Financial Information Structure* webpage.