

VOLUME 6B, CHAPTER 2: “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”

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 **September 2018** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reformatted chapter and updated hyperlinks to comply with current administrative instructions.	Revision
All	Clarified language throughout the chapter to improve readability.	Revision
1.2 (020102)	Clarified overall responsibility for management and preparation of financial statements, and explained that annual updates to Office of Management and Budget (OMB) Circular A-136, dated June 28, 2019, are on the OMB website.	Revision
3.1.1. (020301.A), 3.1.3. (020301.C)	Clarified requirements related to other departmental reporting and analyses activity.	Revision
3.2.2. (020302.B)	Clarified submission requirements for the final Agency Financial Report (AFR).	Revision
5.2.3. (020502.C)	Updated language regarding Management Schedules of Information.	Revision
5.3 (020503)	Included additional sources of guidance for preparation of the Legal Representation Letter (LRL).	Revision
5.5 (020505)	Updated language explaining requirement of Inspector General to make notification of “no changes” or “changes” due to a change in the likelihood of a loss, or the amount of a loss, after the effective date of the final LRL but before the date of the audit report on the Financial Report of the U.S. Government, per OMB Circular A-136, dated June 28, 2019.	Revision

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
6.3 (020603)	Clarified that total figures disclosed in the supporting notes and other schedules must conform to the amounts presented in the body of the financial statements, per OMB Circular A-136, dated June 28, 2019.	Revision
6.5 (020605)	Updated variance analysis threshold standard, per OMB Circular A-136, dated June 28, 2019.	Revision
6.10 (020610)	Deleted final sentence about discretion of Components to prepare consolidating or combining financial statements and include them as part of their AFR, per OMB Circular A-136, dated June 28, 2019.	Deletion
6.16 (020616)	Deleted reference to Government-wide Financial Report System since it is no longer used.	Deletion
6.16.1. (020616.A)	Clarified guidance for the draft/working versions and final version of the Financial Section of the AFR.	Revision

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CHAPTER 2

GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS

1.0 GENERAL (0201)

1.1 Purpose (020101)

This chapter identifies the general requirements for preparation and submission of financial statements and the required disclosures, as required by the Office of Management and Budget (OMB) and other departmental guidance. It establishes the roles and responsibilities of departmental and agency financial managers, and provides specific instructions for preparation of the Management Representation Letter (MRL) and the Legal Representation Letter (LRL).

*1.2 Authoritative Guidance (020102)

Guidance on the content and submission of the financial statements is defined in the OMB [Circular A-136](#), “Financial Reporting Requirements,” and Bulletin 19-03, “Audit Requirements for [Federal Financial Statements](#).” Applicable accounting principles are contained in the Statements of Federal Financial Accounting Standards ([SFFAS](#)) and Statements of Federal Financial Accounting Concepts ([SFFAC](#)). The DoD Financial Statement Audit [Guide](#) details the roles and responsibilities of reporting entities and service providers, as well as the processes they must follow, to achieve audit readiness. The Department’s financial reporting entities and related information are identified in Chapter 1. [Volume 1, Chapter 1 explains the authority granted to the Under Secretary of Defense \(Comptroller\) \(USD\(C\)\) for management and preparation of DoD financial statements. Annual updates to Circular A-136 are on the \[OMB\]\(#\) website.](#)

2.0 RESPONSIBILITIES (0202)

2.1 Responsibility for Preparation of the Financial Statements (020201)

The primary responsibility for the financial statements rests with the reporting entity’s management. Responsibility for preparation of the principal statements and notes, however, may be shared with the accounting organization responsible for maintaining the financial records of the reporting entity. Additional information for the responsible accounting activities who prepare the required supporting statements, and the responsible officials for those statements, can be found in the Defense Finance and Accounting Service (DFAS) Financial Reporting [Guidance](#). The responsible official must ensure that: (1) known business processes/systems that could materially impact the financial statements are communicated; (2) all necessary data that originates in nonfinancial processes and systems (e.g., inventory and property data) is provided; (3) [consolidating/](#)combining statements are reviewed and analyzed; and (4) feedback is provided to the entity's supporting accounting organization as required or upon request.

2.2 Reporting of Foreign Military Sales and Other Security Assistance (020202)

The Defense Security Cooperation Agency administers certain Foreign Military Sales (FMS) and other security assistance programs on behalf of the Executive Office of the President (EOP). While FMS activity is primarily reported separately from DoD activity, OMB has approved the following provisions regarding the specific information on the financial activity of FMS programs that is to be included in the DoD financial statements.

2.2.1. Revenue and expense amounts pertaining to FMS goods or services provided from the stocks of the DoD Components on a reimbursable basis must be reported in the financial statements of the applicable selling DoD Component and in the DoD Agency-wide consolidated statements.

2.2.2. Principal statements for the following EOP accounts are to be prepared by DFAS and reported separately from the DoD Agency-wide financial statements: 11*1081, 11*1082, 11*1085, 11*4116, 11X4121, 11X4122, 11X4174, and 11X8242. Descriptions of these accounts are contained in Volume 15, Chapter 1.

3.0 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS (0203)

3.1 Interim Financial Reporting (020301)

* 3.1.1. Interim financial reporting requirements are detailed in the OMB Circular A-136 and in the DFAS Financial Reporting Guidance. All DoD financial reporting entities are required to support the DFAS and USD(C) preparation and analysis of the Department's quarterly Agency-wide financial statements that must be submitted to OMB 21 business days after the end of the third quarter of the fiscal year (FY). The OMB-designated reportable entities are required to submit their interim unaudited Balance Sheet, Statement of Net Cost (SNC), and Statement of Changes in Net Position (SCNP) to OMB 21 business days after the end of the third quarter of the FY. More detailed reporting and timing requirements are contained in the DFAS Financial Reporting Guidance. Agencies are required to use the [MAX](#) Federal Community to submit their interim financial statements electronically to OMB.

3.1.2. The DoD Agency-wide submission for the interim quarter and for the fiscal year end must include an analysis of any material differences. The analysis must only be on the material differences between the interim quarter and the same quarter from the prior year. It must be noted in the analysis if a financial statement does not have material differences between comparative periods. The analysis must include management's explanation of material differences in types or amounts of assets, liabilities, costs, and revenues.

* 3.1.3. USD(C) and DFAS may require the OMB reportable entities to prepare and submit full note disclosures, variance analyses, and the Statement of Budgetary Resources (SBR) to Standard Form [\(SF\) 133](#), "Report on Budget Execution and Budgetary Resources," reconciliations as part of other departmental reporting and analyses activity to support the Agency-wide submission due to OMB after the interim quarter and at fiscal year-end. Specific requirements and timelines are detailed in the DFAS Financial Reporting Guidance.

3.1.4. Additionally, the DoD Financial Statement Audit Guide establishes other financial reporting requirements to assist in achieving full auditability. These financial reporting requirements and timelines are detailed within the Guide.

3.15. Chapter 10 requires the disclosure of all abnormal balances appearing on the individual note schedules or financial statement lines. These disclosures are reported in the accompanying notes to the financial statements in the third and fourth quarters of each FY. In support of the DFAS preparation and submittal of the Agency-wide interim reports, all Components must investigate abnormal balances and correct them if required by the DFAS Financial Reporting Guidance. Further, all Components must explain material, abnormal proprietary and budgetary United States Standard General Ledger ([USSGL](#)) account balances of \$500,000 or greater on the summary program-level trial balance within the Defense Departmental Reporting System–Audited Financial Statement (DDRS-AFS). They must also explain any abnormal balance that appears on the statements or note schedule, regardless of amount. Refer to the DFAS Financial Reporting Guidance for detailed disclosure requirements.

3.2 Annual Financial Statements (020302)

3.2.1. In accordance with OMB Circular A-136, the Department is required to submit a draft of the Agency Financial Report (AFR) to OMB’s Office of Federal Financial Management, and the appropriate OMB Resource Management Office, 10 business days before issuing the final AFR. This draft must include all sections of the Agency-wide AFR, as identified in Chapter 1, except the audit report if it is not available at that time. If the audit report is not available when the draft AFR is submitted to OMB, then a draft audit report, or a summary of the audit results including the type of opinion anticipated and names and descriptions of material weaknesses and significant deficiencies, is to be provided to OMB as soon as it is available. Agencies are required to use the MAX Federal Community to submit their draft AFRs electronically to OMB.

* 3.2.2. Each of the reporting entities identified in Chapter 1 is required to submit audited financial statements [in accordance with](#) the detailed financial statement reporting [schedule](#) contained in the DFAS Financial Reporting Guidance. The final AFR must be posted to the reporting entity’s public website the same day the report is submitted to OMB, the Government Accountability Office (GAO), the U.S. Department of the Treasury (Treasury), and the Congress. Agencies must submit their final reports to OMB using the MAX Federal Community and to the Treasury and GAO using the contact information provided in Appendix B of OMB Circular A-136. [Additionally, reporting entities must also submit their final reports to the USD\(C\).](#)

3.3 Quality Control Reviews of Financial Statements and Notes (020303)

Each Component, along with their supporting accounting organization, must review [its](#) financial statements and notes to ensure the completeness of financial information provided by both the accounting activity and the various Component functional organizations.

3.4 Key Financial Statements Preparation Due Dates (020304)

The development and publication of the financial statements requires coordinated actions by entity management, the supporting accounting organization, and the audit community. Additional information regarding the key financial statement preparation milestones is in the financial statement reporting schedule in the DFAS Financial Reporting Guidance.

4.0 MANAGEMENT REPRESENTATION LETTERS (0204)

4.1 Preparation and Submission (020401)

4.1.1. Auditors require the responsible senior manager to prepare and submit an MRL, for each reporting entity audited, prior to the conclusion of an audit. The MRL must be signed by those members of management with overall responsibility for financial and operating matters. Members of management are those that the auditor believes are responsible for and knowledgeable about, directly or through others in the organization, the matters covered by the representations. Such members of management generally include the head of the agency, the Chief Financial Officer, and any others deemed responsible for matters presented in the MRL.

4.1.2. During the audit, management makes many representations to the auditor, both oral and written, in response to specific inquiries and through the submission of the financial statements. In the MRL, the senior responsible manager confirms the representations explicitly or implicitly given to the auditor, states and documents the continuing appropriateness of such representations, and reduces the possibility of misunderstanding concerning the matters that are the subject of the representations. Representations by management generally relate to: (1) the financial statements; (2) completeness of the information; (3) recognition, measurement, and disclosure; and (4) subsequent events. Specifically, the management function must represent that the financial statements do, or do not, present fairly the financial position of the reporting entity in accordance with federal generally accepted accounting principles.

4.2 Management Representations (020402)

Management representations must include all representations that are required by generally accepted auditing standards and OMB Bulletin 19-03. General representations must, however, be modified to be consistent with findings reported by the auditor. In accordance with OMB Circular A-136, Section V.5, management's representations may be limited to matters that are considered either individually or collectively material to the financial statements, provided management and the auditor have reached an understanding on materiality for this purpose. MRLs are due to the office performing the entity's audit prior to the conclusion of the audit. The schedules for the draft and final letters are contained in the DFAS Financial Reporting Guidance. The USD(C) is responsible for submitting the final MRL to OMB.

4.3 Materiality (020403)

As required by OMB Circular A-136, Section V.5, the MRL must include a representation regarding the materiality of unrecorded financial statement adjustments aggregated by the auditors.

A list of any uncorrected misstatements (in Excel format), including those audit adjustments waived by the Component level, must be attached to the MRL.

4.4 Representation of Budgetary Data (020404)

Management is required to include a representation that addresses the consistency of budgetary data reported on the SBR, and the budgetary data submitted through the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), to prepare the year-end SF 133s. Management may consider using the following sample representation: “The information presented on the Department’s SBR is reconcilable to the information submitted on the Department’s year-end SF 133s. This information will be used as input for the FY 20xx actual column of the Program and Financing Schedules reported in the FY 20xx Budget of the U.S. Government. Such information is supported by the related financial records and related data.”

4.5 Signature Levels of Representation Letters (020405)

Signature levels for MRLs are as follows and may be handwritten or electronic.

4.5.1. The Secretary or Under Secretary of the Military Department concerned must sign an MRL in support of the audited financial statements for a Military Department’s General Fund and Working Capital Fund.

4.5.2. The Director or Deputy Director of the Defense Agency concerned must sign an MRL in support of the audited financial statements for a Defense Agency.

4.5.3. The fund manager of the trust, or revolving fund concerned, must sign an MRL in support of financial statements for a trust or revolving fund managed by the Office of the Secretary of Defense or Defense Agency.

4.5.4. The head of other reporting entities not described in subparagraphs 020405.A through 020405.C, but listed in Chapter 1 and pursuing a full financial audit and producing stand-alone financial statements, must sign an MRL in support of their audited financial statements.

4.5.5. The Secretary of Defense or Deputy Secretary of Defense, and the USD(C), must sign the final MRL for the DoD Agency-wide financial statements.

4.6 Referrals to Office of the Deputy Chief Financial Officer (020406)

Auditor requests for MRLs below levels cited in paragraph 020405 must be referred to the USD(C), Office of the Deputy Chief Financial Officer (ODCFO).

4.7 Date of Management Representation Letter (020407)

Generally, the date of an MRL must be the date the auditor issues the audit report on the entity’s financial statements. Coordinating the two dates is essential. The due dates for the MRLs are specified in the financial statement reporting schedule in the DFAS Financial Reporting

Guidance. Management must not provide auditors with pre-signed, undated letters or with predated letters. If auditors need an advance copy of the intended management letter, then auditors must include that requirement when submitting the initial request for the MRL. Active cooperation and interaction between auditors and management is expected so that the MRL reaches the auditors on the due date. Refer to the DFAS Financial Reporting Guidance for additional requirements and timelines in support of the DoD Agency-wide financial statement submittal.

5.0 LEGAL REPRESENTATION LETTERS (0205)

5.1 Inquiries of Legal Counsel (020501)

According to OMB Bulletin [19-03](#), the auditor will request entity management to send a letter of inquiry to those lawyers with whom management consulted concerning litigation, claims, and assessments. Refer to the GAO [Financial Audit Manual](#), Section 1002B, Example Legal Letter Request, and subsequent revisions, for an illustrative letter of inquiry from entity management to legal counsel. Management must document in a schedule how the information contained in the legal counsel's response(s) was considered in preparing the financial statements. In accordance with OMB Circular A-136, Section V.4, LRLs and management's schedules are required for the audits of entity financial statements and the special-purpose financial statements used to compile the Financial Report (FR) of the U.S. Government.

5.2 Obtain Legal Representations (020502)

5.2.1. To assist the auditor in completing the review of legal matters in a timely manner, the auditor may ask management to request that legal counsel submit an interim LRL so that a preliminary evaluation of the significance of material legal matters can be made. It is the responsibility of the senior financial management official of the entity being audited to request interim or final LRLs from their General Counsel (GC). Judge Advocates General must not be requested to furnish LRLs. The LRLs requested from the GC of the Military Departments must include the request that the GC report matters involving both military and civilian counsel.

5.2.2. Requests for an LRL pertaining to the Agency-wide financial statements, and to any defense-wide account audited separately, such as the Military Retirement Fund, must be sent to the DoD GC. Copies of any letters prepared by the GC of the Military Departments and DoD Components must be provided to the DoD GC, Attention: Deputy General Counsel (Fiscal) (DGC(F)) and to the DoD Inspector General (IG), or other independent auditors performing the audit. In letters provided to the GC, DoD must report only cases at or above the materiality threshold established for that year's Agency-wide financial statement audit.

* 5.2.3. Management Schedules of Information (MSIs) must be reported directly to the USD(C). The U.S. Army Corps of Engineers (USACE) must also prepare an LRL for Treasury Index 96 civil funds. The USACE LRL, and supporting MSIs, must be submitted to the USD(C). Each year, the DGC(F) must advise the counsels preparing the LRLs of the mandatory times for submission of them as specified in the financial statement reporting schedule within the DFAS Financial Reporting Guidance. The DGC(F) must also advise them of the applicable Agency-wide materiality threshold for that year's Agency-wide financial statement.

*5.3 Preparation of Legal Representation Letters (020503)

When preparing the LRLs, the GC **must consider** the guidance found in [Treasury Financial Manual 2-4700](#), [section 4705.60a](#), and [OMB Bulletin 19-03](#). Report cases and claims using the legal representation format and guidance on the U.S. Department of Justice ([DOJ](#)) website under the “Selected Documents & Forms.” In addition to reporting the status of pending contingent liabilities, the interim LRLs must also include the cases reported in the previous year’s legal representations that are no longer pending. **For additional policy regarding contingent liabilities, see Volume 4, Chapter 12 and applicable Policy Memoranda related to Volume 4, Chapter 12.** The final representation letter must be limited to new information (i.e., cases that arise subsequent to the interim letter or changes in the status of cases that were reported in the interim letter). The final letter must not repeat information from the interim letter that has not changed. Any subsequent changes in cases that arise after the final representation letter, but before the end of the audit fieldwork on the financial statements, must be communicated to the auditor. The required summaries of the legal letters must be submitted to the cognizant audit agency for the reporting entity, to the entity’s supporting accounting activity, and to the ODCFO.

5.4 Determination of Legal Cases (020504)

Management must make an assessment as to whether pending, threatened litigation or unasserted claims must be reported or disclosed in the financial statements. This determination extends to cases in which legal counsel has classified the likelihood of loss as “unknown.” The name and telephone number of the individual who is able to answer questions regarding the presentation of legal claims and assessments in the financial statements must also be provided. The required summaries of the legal letters must be submitted to the cognizant audit agency for the reporting entity, the entity’s supporting accounting activity, and the ODCFO. DoD due dates for the interim and updated legal letters, and the associated summaries, are reflected in the financial statement reporting schedule in the DFAS Financial Reporting Guidance.

*5.5 Summary of Legal Representation Letters (020505)

Rather than having the cognizant auditors submit copies of the interim and updated LRLs, along with the summaries of the information contained in these responses for each reporting entity, the GAO has agreed to use the single summary of the various LRLs prepared for submission with the Agency-wide statements. The IG and ODCFO must make the required submission to the OMB, the Treasury, the DOJ, and the GAO per the due dates in the financial statement reporting schedule contained in the DFAS Financial Reporting Guidance. **The agency IG must also provide notification to the OMB, Treasury, the DOJ, and the GAO whether there were “no changes” or “changes” due to subsequent events that resulted in a change in the likelihood of a loss, or the amount of a loss, or both, after the effective date of the final LRL, but before the date of the audit report on the FR.**

6.0 GENERAL PREPARATION INSTRUCTIONS (0206)

6.1 Generally Accepted Accounting Principles (020601)

The principal statements and notes embody the generally accepted accounting principles contained in the SFFAS and SFFAC. The SFFAS and SFFAC are incorporated into accounting policy and guidance contained in this Regulation. Preparers of financial statements seeking additional guidance must follow the hierarchy contained in Volume 1, Chapter 2.

6.2 United States Standard General Ledger (020602)

Preparers of financial statements and notes must crosswalk their unique general ledger accounts to the USSGL chart of accounts, and at a lower level of detail to include Treasury's Bureau of the Fiscal Service (Fiscal Service) GTAS attributes, [Standard Financial](#) Information Structure elements, DoD's trading partner information, and other DoD-required attributes to prepare the financial statements and note schedules. DDRS-AFS must [utilize](#) the USSGL, GTAS attributes, and other DoD required attributes, to populate financial statements and related note schedules. Additional information regarding the input and timelines for importing information into DDRS-AFS is in the quarterly DFAS Financial Reporting Guidance.

*6.3 Agreement Between Totals in Statements and Notes (020603)

DoD Components/reporting entities preparing quarterly interim and fiscal year-end financial statements, and related supporting notes and other schedules, must ensure the total figures [disclosed in the supporting notes and other schedules conform to](#) the amounts presented in the body of the financial statements. The chosen rounding level must be maintained consistently throughout the principal statements and notes. In addition, rounded totals must agree between the principal statements as applicable (e.g., ending balances from the SCNP equal the Total Net Position line on the Balance Sheet). Individual line items must sum to the totals (this may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals).

6.4 Comparative Data (020604)

Comparative financial statements are required. Data presented in the fiscal year-end prior year column must be identical with the amounts reported on the financial statements of the prior year. Information for the current and preceding years must be presented, regardless of the type of audit opinion rendered by the auditor. The notes must contain the information that is necessary for full disclosure of both years. Refer to Chapter 10 for additional policy regarding the notes required for the financial statements.

*6.5 Variance Analysis/Fluctuations (020605)

A comprehensive financial statement variance analysis report is prepared each quarter solely for the Agency-wide financial statements, addressing material fluctuations between comparative periods on report lines of the Balance Sheet, SNC, and selected lines of the SCNP,

SBR, and supporting note schedules. Only Components materially contributing to the Agency-wide variances must explain significant variances when requested by DFAS Financial Reporting. A significant variance is a fluctuation from the same quarter in the prior year to the current year that exceeds \$1 billion and 10 percent of the prior year amount, or a lower threshold defined by management. The detailed explanations for the significant variances must provide concise answers to the following questions pertaining to the comparative periods.

6.5.1. What is the dollar amount of the fluctuation?

6.5.2. Which activity caused the fluctuation?

6.5.3. What business event caused the fluctuation?

6.5.4. Why did the fluctuation occur?

6.5.5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

6.6 Statement Consolidation (020606)

User judgment must be exercised to determine if it is appropriate to exclude some statement line items, notes, and lines or columns in notes from the final published statements, if those lines do not apply to the reporting entity. In order to ensure consistent and accurate aggregation of amounts from suborganizations, however, such lines must not be excluded prior to the submission of the final published version. Due to the short timeframes available for statement consolidation at the agency level, preparers are not authorized to combine lines for which the referenced account balances are immaterial.

6.7 Disclose Material Balances (020607)

Do not designate in the notes as “other” any discrete balances of a material amount. Material balances must be separately disclosed and designated by name. Material is defined for this purpose as any component of a line item that represents 10 percent or more of the value of the line in the principal statement.

6.8 Notes to the Financial Statements (020608)

The note numbering sequence contained in Chapter 10 must be maintained in all versions of the notes in order to ensure consistent and accurate aggregation to the DoD Agency-wide level. For notes that are not applicable to the reporting entity, indicate the note is not applicable after the note number and title. Entities must retain this determination of nonapplicability in the working versions of the notes to document to outside auditors that an overt decision was made regarding the note disclosure applicability. The notes identified as nonapplicable will be excluded in preparation of the final statements. If additional notes are necessary to provide other required disclosures, then number them as explained in Chapter 10. Refer to Chapter 10 for more detailed

guidance on the preparation, presentation, and numbering of notes to the principal financial statements.

6.9 Consistency in Reporting (020609)

Accounting policies and procedures must be applied consistently throughout the financial statements. Ensure amounts are consistently reported throughout the financial statements, notes, supplemental information, and the Management's Discussion and Analysis (MD&A) section. Also ensure that schedules presented in the notes, in support of amounts presented on financial statements, have total figures that agree with the amounts presented in the financial statements. Financial information reported in multiple notes, or other sections, must be reported in a consistent manner. To the extent that information is not available for the accelerated reports, a reliable, alternative method of estimating amounts and balances must be developed and adequately disclosed.

6.10 Consolidated or Combined Statements (020610)

The Balance Sheet, SNC, and the SCNP principal statements must be prepared as consolidated statements, net of intra-entity transactions. The SBR must be prepared as a combined statement.

6.11 Rounding (020611)

DoD Agency-wide final published financial statements and notes must display dollars rounded to millions with one decimal point. All Component statements must display dollar amounts rounded to the nearest whole thousand on the final published principal statements and in the tables/schedules contained in the notes to the principal statements. Dollar amounts in note narratives must be reported with a maximum of three position integers and a single decimal value followed by an identifier, such as millions or billions (e.g., \$324.1 million; not \$324,100 thousand). To improve communication among preparers, reviewers, and auditors during the preparation process, and to avoid excessive workload associated with the resolution of rounding errors, all accounting activities must report amounts as dollars and cents on all draft/working versions of the principal statements and note schedules prior to submission by the reporting entity of the final audited financial statements.

6.12 Additional Information (020612)

Reporting entities that choose to present additional financial statements or information must include these in the "Other Information" section (see Chapter 3).

6.13 Organization of the Financial Statements (020613)

The financial statements of the reporting entities will be organized as outlined in Chapter 1, Table 1-1.

6.14 Requirements for Audited Financial Statements (020614)

Reporting entity managers are responsible for the preparation and printing of the final, complete annual audited version of their financial statements. These specific requirements are outlined in DFAS Financial Reporting Guidance.

6.15 Posting the Financial Statements (020615)

DoD's Agency-wide financial statements and the AFR are posted on the public website of the [USD\(C\)](#). Reporting entity managers must post their individual financial statements on their public website and provide the ODCFO with electronic links to these reports by the due date specified in the financial statement reporting schedule. The files must be prepared in the Portable Document Format (PDF) type. If the reporting entity includes a large number of digital images, then the PDF can be very slow for users to access on the website. In those cases, it is beneficial, and encouraged, to prepare separate files for each section of the financial report. For additional posting guidance, refer to OMB Circular A-136, Section I.5.

6.16 Responsibility for Sections of DoD Agency-wide Financial Statements (020616)

DFAS, the USD (Acquisition and Sustainment) (USD(A&S)), and the USD(C) have responsibility for various sections of DoD Agency-wide financial statements and for providing information to Fiscal Service for inclusion in the FR of the U.S. Government.

* 6.16.1. [The USD\(C\) and DFAS](#) are responsible for preparing the draft/working versions and final version of the Financial section of the AFR that includes the Agency-wide financial statements and notes, the Required Supplementary Information (RSI) section (except for the deferred maintenance and repairs information), and the Other Information section of the DoD Agency-wide financial statements. In addition, DFAS must ensure that the GTAS adjusted trial balances are transmitted to Fiscal Service for inclusion in the FR of the U.S. Government [with a notification to the USD\(C\)](#). Refer to Volume 6A, Chapter 3 for guidance on GTAS reporting.

6.16.2. [The USD\(A&S\)](#) is responsible for compiling the complete Required Supplementary Stewardship Information section and the deferred maintenance and repairs information for the RSI section of DoD's Agency-wide financial statements. [The USD\(A&S\)](#) must provide this information, electronically, to DFAS for inclusion in the working and final version of DoD Agency-wide financial reports per the due dates in the financial statement reporting schedule.

6.16.3. [The USD\(C\)](#) is responsible for preparing the Agency Head Transmittal Letter required by OMB Circular A-136, Section II.1.1 and the MD&A section of the Agency-wide financial statements, and for submitting the DoD Agency-wide financial statements to OMB and the Congress.