

**DoD 7000.14 - R**



**DEPARTMENT OF DEFENSE**  
**FINANCIAL MANAGEMENT REGULATION**

**VOLUME 1: “GENERAL FINANCIAL MANAGEMENT  
INFORMATION, SYSTEMS AND REQUIREMENTS”**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**

**VOLUME 1, CHAPTER 1: “CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE”**

**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 2020](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Reformatted chapter and updated hyperlinks to comply with current administrative instruction.	Revision
3.2.3.1 (010302.C.1)	Added guidance requiring all budgetary and proprietary transactions be in compliance with the Standard Financial Information Structure, and are readily available for audit purposes.	Addition
3.4 (010304)	Added guidance related to the roles and responsibilities of the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) pertaining to budget execution in accordance with DoD Directive 5118.03.	Addition
4.0 (0104)	Added guidance from Title 10, United States Code, section 2222 to inform readers of the responsibilities shared by the CFO and the Chief Management Officer surrounding Financial Management Defense business systems.	Addition
7.0 (0107)	Added information pertaining to a new Directorate within the Deputy Comptroller (Program/Budget).	Addition
	Deleted the information pertaining to the Business Processes and Systems Modernization Directorate, and added the Focus Leadership Execution Team information.	Revision
	Added the role of the Director, Defense Contract Audit Agency along with agencies responsibilities and functions.	Addition
Figure 1-1	Updated the Under Secretary of Defense (Comptroller)/CFO Structure.	Revision

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## CHAPTER 1

**CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE**

## 1.0 GENERAL (0101)

## 1.1 Purpose (010101)

This chapter describes the establishment, roles, responsibilities, and authority of the Department of Defense (DoD) Chief Financial Officer (CFO) as established by the [CFO Act of 1990](#). The DoD CFO is also the Under Secretary of Defense (Comptroller) (USD(C)). The USD(C)/CFO is charged with the responsibility of developing and implementing DoD-wide financial management systems and overseeing financial management activities relating to the CFO programs and operations of the DoD.

## 1.2 Authoritative Guidance (010102)

The CFO establishment, roles, responsibilities, and authority prescribed in this chapter are in accordance with [the applicable provisions of the following sources](#):

1.2.1. Title 10, United States Code, section 192 ([10 U.S.C. § 192](#)), “Defense Agencies and Department of Defense Field Activities: oversight by the Secretary of Defense”;

1.2.2. [10 U.S.C. § 2222](#), “Defense business systems: business process reengineering; enterprise architecture; management”;

1.2.3. [31 U.S.C. § 3515](#), “Financial statements of agencies”;

1.2.4. [31 U.S.C. § 901](#), “Establishment of agency Chief Financial Officers”;

1.2.5. [31 U.S.C. § 902](#), “Authority and functions of agency Chief Financial Officers”;

1.2.6. [31 U.S.C. § 903](#), “Establishment of agency Deputy Chief Financial Officers”;

1.2.7. DoD Directive ([DoDD](#)) [5105.36](#), “Defense Contract Audit Agency”;

1.2.8. [DoDC 5118.03](#), “Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO)”;

1.2.9. [DoDD DoDD 5118.05](#), “Defense Finance and Accounting Service (DFAS)”.

## 2.0 CHIEF FINANCIAL OFFICER APPOINTMENT (0102)

The CFO Act designates DoD as an agency whose CFO is either appointed by the President, by and with the advice and consent of the U.S. Senate; or designated by the President, in consultation with the head of the agency, from among officials of the agency who are required by law to be so

appointed. The USD(C), who is appointed by the President and confirmed by the U.S. Senate, is also the DoD CFO. [The USD\(C\)/CFO must be appointed or designated, as applicable, from among individuals who possess demonstrated ability in general management of, and knowledge of and extensive practical experience in financial management practices in large governmental or business entities.](#)

### 3.0 ROLES AND RESPONSIBILITIES (0103)

The USD(C)/CFO is the Principal Staff Assistant and advisor to the Secretary of Defense for budgetary and fiscal matters including financial management, accounting policy and systems, managers' internal control systems, budget formulation and execution, contract audit administration and organization, and general management improvement programs. See Figure 1-1 for the DoD Chief Financial Officer Structure. Consistent with the CFO Act, the following roles and responsibilities are assigned USD(C)/CFO:

#### 3.1 Financial Management (010301)

Direct, manage and provide policy guidance and oversight of DoD financial management activities, personnel, and operations, including:

3.1.1. Establish financial management policies for the DoD including its component parts. Ensure compliance throughout the DoD with applicable accounting policy and standards.

3.1.2. Establish, review and enforce internal control policies, standards and compliance guidelines involving financial management.

3.1.3. Provide oversight of financial management activities and operations including: (a) preparation and annual revision of the Financial Improvement and Audit Remediation plan and (b) development of financial management budgets.

3.1.4. The preparation and annual revision of a DoD plan to implement the 5-year financial management plan prepared by the Director of the Office of Management and Budget (OMB) and to comply with the audited financial statements provisions of the CFO Act.

3.1.5. The recruitment, selection and training of personnel to carry out DoD financial management functions.

#### 3.2 Financial Management Systems (010302)

Develop and maintain an integrated agency accounting and financial management system, including but not limited to financial reporting, internal controls, cash management, credit management, debt collection, property management, and inventory management. In coordination with the Chief Management Officer (CMO), provide for the design, development, and installation of financial systems ([as defined in the Glossary](#)) and for management improvement programs throughout the DoD, especially those related to financial management. Ensure system:

3.2.1. Compliance with applicable accounting principles, standards and requirements, and internal control standards.

3.2.2. Compliance with such policies and requirements as may be prescribed by the Director of OMB.

3.2.3. Provides for:

\* 3.2.3.1. Complete, reliable, consistent and timely budgetary and proprietary transaction-level information in accordance with the Standard Financial Information Structure (*SFIS*); and recorded in general ledgers of the accounting systems of record to produce auditable budgetary, proprietary, and managerial cost accounting reports for use by external and internal stakeholders, and which is responsive to the financial information needs of DoD management. All such financial management systems are required to establish a data sharing agreement with Advana.

3.2.3.2. The development and reporting of cost information.

3.2.3.3. The integration of accounting and budgeting information.

3.2.3.4. Financial and/or program performance data used in budget development and financial statements preparation.

3.2.3.5. The adequate controls over real property, equipment and inventories.

3.2.3.6. The systematic measurement of performance.

3.3 Agency Financial Report (010303)

As required by *OMB Circular A-136*, DoD must prepare and transmit an Agency Financial Report (AFR) to the Secretary of Defense, OMB, U.S. Department of the Treasury (Treasury), the Government Accountability Office, and the Congress. The Department's financial reporting requirements and related information on the preparation of the AFR are identified in Volume 6B, Chapter 3.

\*3.4 Budget Execution (010304)

3.4.1. Monitor the financial execution of the DoD budget in relation to actual expenditures, and prepare and submit to the Secretary of Defense timely performance reports.

3.4.2. Administer and provide analysis and recommendations for the budgeting and execution phases of the Planning, Programming, Budgeting, and Execution (PPBE) process of the DoD, utilizing advice from the Director, Cost Assessment and Program Evaluation and the CMO.

3.4.3. Direct the formulation and presentation of DoD budgets, the interactions with the OMB and Congress on budgetary and fiscal matters, and the execution and control of approved budgets. Maintain effective control and accountability over the use of all financial resources of the

DoD. In coordination with the CMO, conduct analyses aimed at increasing the efficiency of defense spending.

### 3.5 Biennial Review (010305)

Review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the Department for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred in providing those services and things of value.

### \*4.0 CHIEF FINANCIAL OFFICER AUTHORITY (0104)

#### 4.1 Title 10 United States Code (010401)

In accordance with 10 U.S.C. § 2222, the USD(C) in conjunction with the CMO must, in consultation with the Defense Business Council, document and maintain any common enterprise data for their respective areas of authority. Under this authority, they may also:

4.1.1. Participate in any related data governance process,

4.1.2. Extract data from defense business systems as needed to support priority activities and analyses,

4.1.3. When appropriate, ensure the source data is the same as that used to produce the financial statements subject to annual audit,

4.1.4. In consultation with the Defense Business Council, provide access, except as otherwise provided by law or regulation, to such data to the Office of the Secretary of Defense, the Joint Staff, the military departments, the combatant commands, the Defense Agencies, the Department of Defense Field Activities, and all other offices, agencies, activities, and commands of the Department of Defense; and

4.1.5. Ensure consistency of the common enterprise data maintained by their respective organizations.

#### 4.2 Title 31 United States Code (010402)

To enable the USD(C)/CFO, for carrying out the duties and responsibilities, the USD(C)/CFO, has authority to:

4.2.1. Access all records, reports, audits, reviews, documents, papers, recommendations, or other material which are the property of the DoD or which are available to the DoD, and which relate to programs and operations with respect to which DoD CFO has responsibilities.

4.2.2. Request such information or assistance as may be necessary for carrying out the duties and responsibilities of the DoD CFO from any Federal, State, or local governmental entity.

4.2.3. To the extent and in such amounts as may be provided in advance by appropriations Acts, the CFO may enter into contracts and other arrangements with public agencies and with private persons for the preparation of financial statements, studies, analyses, and other services; and make such payments as may be necessary.

## 5.0 CHIEF FINANCIAL OFFICERS COUNCIL (0105)

The DoD CFO is a member of the Chief Financial Officers Council (CFOC) consisting of the Deputy Director for Management of OMB, the Controller of the Office of Federal Financial Management of OMB, the Fiscal Assistant Secretary of the Treasury and agency CFOs. The CFOC meets periodically to advise and coordinate the activities of its agency members on such matters as consolidation and modernization of financial systems, improved quality of financial information, financial data and information standards, internal controls, legislation affecting financial operations and organizations, and other financial management matters.

## 6.0 ESTABLISHMENT OF THE DEPUTY CHIEF FINANCIAL OFFICER (0106)

The CFO Act requires the establishment of DoD Deputy Chief Financial Officer (DCFO), who must report directly to the DoD CFO on financial management matters. The position of DCFO must be a career-reserved position in the Senior Executive Service. Consistent with qualification standards developed by, and in consultation with, the DoD CFO and the Director of OMB, the Secretary of Defense must appoint as DoD DCFO an individual with demonstrated ability and experience in accounting, budget execution, financial and management analysis, systems development, and not less than 6 years practical experience in financial management at large governmental entities.

## \*7.0 DEPARTMENT OF DEFENSE STAFF ORGANIZATIONS (0107)

### 7.1 Deputy Comptroller (Program/Budget) (010701)

The Deputy Comptroller (Program/Budget) is responsible for overseeing and implementing budgetary functions within the DoD on a day-to-day basis. The Office of the Deputy Comptroller (Program/Budget) is organized into [five](#) directorates:

7.1.1. The Directorate for Investment is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to: Procurement; Research, Development, Test, and Evaluation; the [National Intelligence Program](#); and for the Defense Acquisition Board program.

7.1.2. The Directorate for Military Personnel and Construction is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to operating and maintaining the U.S. military force structure to include active, reserve, and retired military; Defense Health Program; military construction; family housing; homeowners assistance; North Atlantic Treaty Organization infrastructure; Base Realignment and Closure; and Real Property Maintenance.

7.1.3. The Directorate for Operations is responsible for advising the Deputy Comptroller (Program/Budget) on all matters pertaining to operating and maintaining the U.S. military force



structure to include active and reserve military personnel and civilian personnel. This directorate is also responsible for advising on all matters pertaining to Defense-wide Working Capital Funds, [Contingency and International programs](#), the Pentagon Reservation Maintenance Revolving Fund, the Building Maintenance Fund, the Conventional Ammunition Working Capital Fund, the National Defense Stockpile Transaction Fund, and the Military Services' Management and Trust Funds.

7.1.4. The Directorate for Program and Financial Control is responsible for budget review tracking, the submission of the automated defense budget for the President's budget, maintenance of the budget databases, apportionment of funds, reprogramming and transfer of funds, obligation and outlay forecasting and tracking, budget concepts and scorekeeping, and information system support.

7.1.5. The Directorate for Integration is responsible for developing and managing President's Budget rollout material to include the Defense Overview Book, Weapons Book, Black Book, and Budget Rollout Slides. Responsibilities also include analyzing raw technical data and using special data analytics techniques to assist Program/Budget staff in linking information throughout the PPBE cycle; performing ad hoc tasks and special analysis; and functioning as a knowledge repository and fact-checking clearinghouse. The Directorate is also responsible for integrating Program/Budget products and directing traffic to achieve continuity and consistency in messaging with a focus on streamlining and improving processes to inform senior leaders faster with minimal errors.

## 7.2 Deputy Chief Financial Officer (010702)

The DCFO is responsible for overseeing and implementing accounting policy, improvements in financial management, as well as other financial management functions for the DoD on a day-to-day basis. The Office of the DCFO is organized into [three](#) directorates, [and one additional team responsible for ad hoc tasks assigned by leadership](#):

7.2.1. The Directorate for Chief Financial Officer Data Transformation Office (CDTO) is responsible for advancing National Defense Strategy by making [common enterprise business](#) data widely accessible, understandable and usable across the Defense enterprise; helping the DoD translate common enterprise data into actionable insights, decisions, and action; and advancing analytics to support complex National Defense challenges. CDTO is [specifically responsible for Advana](#) (derived from the term "Advancing Analytics"), the common enterprise data repository for the DoD, as required by the National Defense Authorization Act ([NDAA](#)) for Fiscal Year 2018. Advana, as described in [Chapter 10](#), is a centralized data and analytics platform that provides DoD users with common business data, decision support analytics, and data tools. [CDTO is responsible for DoD enterprise data housed in Advana](#); developing, implementing, and sustaining the financial management data strategy; and managing the Universe of Transactions for the 4th Estate, Army, and Navy. CDTO is also responsible for sustaining cost management for financial management, human resources, information technology, real property, medical, acquisition, supply chain and maintenance; reconciling Fund Balance with Treasury for the 4th Estate; managing the performance measures for financial management; developing, implementing, and sustaining the Dormant Account Review Quarterly Process for the 4th Estate, Army, and Navy; and maintaining the [Notice of Findings and Recommendations / Corrective Action Plans](#) database.

7.2.2. The Directorate for Financial Improvement and Audit Remediation (FIAR) is responsible for oversight, management, performing liaison functions and helping DoD Components be audit ready; remediating findings, achieving post-audit sustainment, and developing and issuing a detailed Financial Improvement and Audit Remediation Plan that identifies financial process, system, and statement deficiencies and provides detailed corrective actions to address those deficiencies. Additional FIAR responsibilities include managing the Defense-wide Statement of Assurance process by monitoring and reporting the status of auditor and manager identified material weaknesses and corrective action plans; implementing the Federal Manager's Financial Integrity Act program for DoD to include [OMB Circular A-123, Appendix A](#), "Management of Reporting and Data Integrity Risk;" managing the Improving Financial Performance Initiative of the President's Management Agenda; advocating for the USD(C)/CFO on various interagency forums and internal DoD councils, boards, committees, and external organizations as required, pertaining to audit readiness.

7.2.3. The Directorate for Financial Management Policy and Reporting (FMPR) is responsible for developing, promulgating, implementing, and interpreting DoD-wide accounting and finance policies; providing direct support to the USD(C)/CFO and DCFO on various interagency forums; advocating for the USD(C)/CFO on various interagency organizations, and representing the USD(C)/CFO on various internal DoD councils, boards and committees pertaining to financial management policy. In addition, FMPR is responsible for providing oversight of, and performing liaison functions with, the DoD Components with respect to financial management operations, systems, responses to audit reports, policy clarifications, and other matters related to financial management; and administering this Regulation. The FMPR Directorate is also responsible for developing and issuing the DoD AFR (see paragraph [010303](#)), oversight of the DoD-wide consolidated financial statements and notes, management of the DoD [Payment Integrity](#) Program, and other external financial management reporting.

7.2.4. The Focus Leadership Execution Team (FLEX) is responsible for supporting the CFO and DCFO's strategic vision for a strong internal control environment, and leads DoD implementation efforts for large-scale financial end-to-end business process and/or system adoption within the Department. In addition, FLEX is responsible for acting as the liaison for CMO reform efforts, and leading the development and implementation of DoD CFO's Financial Management Functional Strategy to drive alignment to meet the 21st century mission requirements and re-investment of savings to the core mission of the DoD, aligned to the National Defense Strategy. The team is also responsible for collaborating with and removing barriers from DoD, other federal, and industry stakeholders to develop more efficient interoperable systems, business processes, data standards, Government-wide Accounting best practices; and advocating for the USD(C)/CFO role for initiatives amongst relevant boards and committees.

### 7.3 Director, Defense Finance and Accounting Service (010703)

The Director of Defense Finance and Accounting Service (DFAS) is the principal DoD executive for finance and accounting requirements, systems, and functions under the authority and direction of the USD(C). In accordance with DoDD 5118.03 and DoDD 5118.05, DFAS must:

7.3.1. Direct and oversee finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

7.3.2. Establish and enforce requirements, principles, standards, systems, procedures, processes, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the DoD.

7.3.3. Provide professional finance and accounting services for DoD Components and other Federal agencies, as designated by the USD(C)/CFO.

7.3.4. Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems and ensure their proper relationship with other DoD functional areas (e.g., budget, personnel, logistics, acquisition, and civil engineering).

7.3.5. Execute statutory and regulatory financial reporting requirements and provide financial statements, pursuant to 31 U.S.C. § 3515, to include supporting customers' audit assertions and audit execution.

7.3.6. Provide advice and recommendations to the USD(C)/CFO on finance and accounting matters and provide documentation that discloses the internal controls within DFAS-assigned systems that may impact customers' control environment in supporting auditability.

7.3.7. Coordinate on the establishment of all DoD finance and accounting activities independent of the DFAS and support the development and implementation of a compliant business solution with common business processes and data standards for horizontal end-to-end processes in the Business Enterprise Architecture.

#### 7.4 Director, Defense Contract Audit Agency (010704)

The Director of Defense Contract Audit Agency (DCAA) is under the authority, direction, and control of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO), pursuant to 10 U.S.C. § 192, DoDD 5118.03, and DoDD 5105.36. The Director, DCAA, exercises authority, direction, and control over DCAA and all assigned resources. The mission of DCAA is to perform all necessary contract audits for the DoD, and to provide accounting and financial advisory services regarding contracts and subcontracts. DCAA achieves their mission by executing the following duties:

7.4.1. Assist in achieving the objective of prudent contracting, by providing DoD officials responsible for procurement and contract administration with financial information and advice on proposed or existing contracts and contractors, as appropriate.

7.4.2. In accordance with Government Auditing Standards, the Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement, and other applicable laws

and regulations to the extent and in whatever manner is considered necessary to permit proper performance of the other functions, DCAA audits, examines, and reviews:

7.4.2.1. Contractors' and subcontractors' accounts records, documents, and other evidence;

7.4.2.2. Systems of internal control;

7.4.2.3. Compliance with regulations; and

7.4.2.4. Accounting, costing and general business practices and procedures.

7.4.3. Audits compliance with Defense Federal Acquisition Regulation Supplement Contractor Business Systems Clauses for contractors' accounting, material management and accounting, and estimating systems.

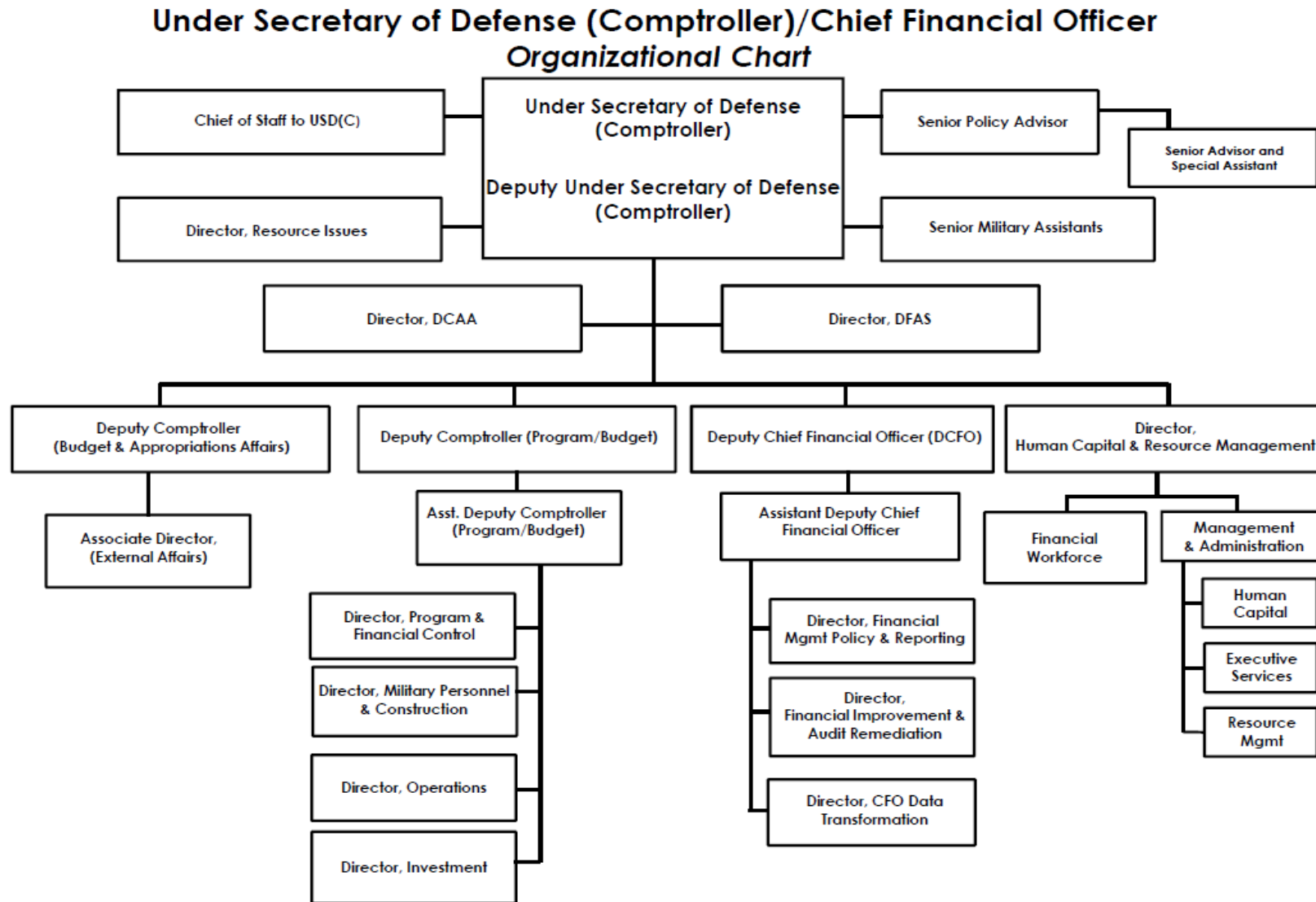
7.4.4. Direct audit reports to the Government management level having authority and responsibility to act on the audit findings and recommendations.

7.4.5. In an advisory capacity, attend and participate, as appropriate, in contract negotiation and other meetings where contract cost matters, audit reports, or related financial matters are under consideration.

## 8.0 DEPARTMENT OF DEFENSE COMPONENTS (0108)

The Heads of the DoD Components must direct and manage financial management activities within their respective Components, consistent with the policies, requirements, principles, standards, procedures, and practices prescribed by the USD(C)/CFO and DFAS, and other policies as prescribed by the Heads of the other DoD Components.

\*Figure 1-1: UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER STRUCTURE



**VOLUME 1, CHAPTER 2: “FEDERAL ACCOUNTING STANDARDS HIERARCHY”**

**SUMMARY OF MAJOR CHANGES**

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	This chapter is certified as current. No revision necessary.	Current

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## CHAPTER 2

**FEDERAL ACCOUNTING STANDARDS HIERARCHY**

## 1.0 GENERAL

## 1.1 Overview

The Federal Accounting Standards Advisory Board (FASAB) is the body designated by the American Institute of Certified Public Accountants (AICPA) as the source of generally accepted accounting principles (GAAP) for federal reporting entities. As such, the FASAB is responsible for identifying the sources of accounting principles and providing federal entities with a framework for selecting the principles used in the preparation of general purpose financial reports that are presented in conformity with GAAP. FASAB promulgates accounting standards for U.S. government agencies after considering financial and budgetary information needs of Congress, executive agencies, and other users of federal financial information. FASAB considers comments from the public on its proposed Statements, which are widely distributed as “exposure drafts.” FASAB publishes adopted statements as Statement of Federal Financial Accounting Standards (SFFAS) that become GAAP for federal government entities. FASAB Standards and other FASAB authoritative publications, including FASAB Interpretations, Technical Bulletins, and Technical Releases are published on the [FASAB](#) website. Documents recently issued and not yet codified are also presented at this location.

## 1.2 Purpose

1.2.1. This chapter includes the FASAB hierarchy of accounting principles and standards. These standards are used to promulgate accounting and financial reporting policy within the Department of Defense (DoD) Financial Management Regulation (FMR). The purpose of these principles and standards is to improve the usefulness of federal financial reports.

1.2.2. The provisions of this chapter apply to all DoD Components, including the Defense Working Capital Fund activities. However, this chapter does not apply to Nonappropriated Fund (NAF) accounting. NAF accounting policies are in Volume 13.

1.2.3. Interim policies and guidance issued by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) through various memoranda can be found on the OUSD(C) DoD FMR website. Such interim guidance will be incorporated into the DoD FMR once it is finalized.

## 1.3 Authoritative Guidance

1.3.1. The [Chief Financial Officers \(CFO\) Act of 1990](#), as amended, requires federal financial managers, accountants and auditors to apply appropriate accounting principles and standards.



1.3.2. FASAB develops accounting standards and principles for the United States Government.

1.3.3. The [AICPA Code of Professional Conduct](#), Part 1.320.020 recognized FASAB as the board that promulgates GAAP for federal entities.

1.3.4. [SFFAS 34](#) “The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board” identifies the GAAP hierarchy for federal reporting entities.

1.3.5. The [Government Management Reform Act of 1994 \(GMRA\)](#) mandates executive agencies prepare their financial statement in accordance with GAAP.

## 2.0 HIERARCHY

### 2.1 Hierarchy of Accounting Standards

2.1.1. The SFFASs are GAAP applicable to the federal government and must be followed by all federal agencies in reporting under the GMRA. DoD Components must adhere to the GAAP hierarchy prescribed in SFFAS 34. The sources of accounting principles that are generally accepted are categorized in descending order of authority as follows:

2.1.1.1. FASAB SFFAS and Interpretations;

2.1.1.2. FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides. Such pronouncements specifically made applicable to federal reporting entities are presumed to have been cleared by FASAB, unless the pronouncement indicates otherwise;

2.1.1.3. Technical Releases of the Accounting and Auditing Policy Committee (AAPC) of the FASAB; and

2.1.1.4. Implementation guides published by FASAB staff, as well as practices that are widely recognized and prevalent in the federal government.

2.1.2. If the accounting treatment for a transaction or event is not specified by a pronouncement or established in practice as described in subparagraph 2.1.1., a federal reporting entity should first consider accounting principles for similar transactions or events within categories in subparagraphs 2.1.1 before considering Other Accounting Literature discussed in paragraph 2.2.

2.1.3. A federal reporting entity should not follow the accounting treatment specified in accounting principles for similar transactions or events in cases in which those accounting principles either, (a) specifically prohibit the application of the accounting treatment to the particular transaction or event or (b) indicate that the accounting treatment should not be applied to other transactions or events by analogy.

## 2.2 Other Pronouncements and Practices

### 2.2.1. Other Accounting Literature includes

2.2.1.1. FASAB Concepts Statements;

2.2.1.2. AICPA Industry Audit and Accounting Guides that have not specifically been made applicable to federal reporting entities by FASAB;

2.2.1.3. Pronouncements of other accounting and financial reporting standards-setting bodies, such as Financial Accounting Standards Board, Governmental Accounting Standards Board, the International Accounting Standards Board, and the International Public Sector Accounting Standards Board;

2.2.1.4. Publications of professional associations or regulatory agencies; and

2.2.1.5. Accounting textbooks, handbooks, and articles.

2.2.2. The appropriateness of other accounting literature depends on its relevance to particular circumstances, the specificity of the guidance, and the general recognition of the issuer or author as an authority. FASAB Concepts Statements would normally be more influential than other sources in this category.

## 3.0 COMMUNICATION AND COORDINATION

### 3.1 Guidance and Clarification

To ensure the consistent application of SFFAS throughout DoD, the OUSD(C), Office of the Deputy Chief Financial Officer (ODCFO), Financial Management Policy and Reporting (FMPR) Directorate must be contacted when clarification, technical guidance, implementation guidance or other information regarding federal accounting standards is needed.

### 3.2 Correspondence

3.2.1. Formal and informal requests addressed to FASAB or the AAPC for an interpretation, clarification, technical guidance, implementation guidance or other information regarding SFFAS must be submitted through the OUSD(C), ODCFO, FMPR Directorate.

3.2.2. All correspondence presenting a DoD position on FASAB Exposure Drafts and on any other matters before FASAB or the AAPC will be signed by either the DoD CFO, DCFO or ADCFO.

3.2.3. Individuals submitting responses to exposure drafts will clearly indicate in the correspondence that the opinions expressed are those of the individual and do not represent the official position of DoD.

3.2.4. The Office of the Director of National Intelligence (ODNI) is not a component of DoD and, accordingly, may communicate with accounting standards-setting bodies in the same manner as other federal agencies. DoD components, including the Defense Intelligence Agency, the National Geospatial-Intelligence Agency, and the National Security Agency, provide input into ODNI correspondence with accounting standards-setting bodies. DoD Components should ensure that ODNI communications are not presented as official DoD positions. Further, to ensure the completeness of DoD communications, any DoD component input into ODNI correspondence with accounting standards-setting bodies should be coordinated with the ODCFO.

### 3.3 Task Force Participation

3.3.1. Full participation by DoD in Task Forces sponsored by FASAB and the AAPC is critical to ensuring that DoD's views are considered as accounting standards and guidance are formulated. This participation includes Task Force membership, meeting attendance, participation in group discussions, preparing draft documents, and commenting on draft Task Force documents.

3.3.2. To ensure complete coverage by DoD, Task Force participants should notify the OUSD(C), ODCFO, Financial Improvement and Audit Remediation, and FMPR Directorates of membership in FASAB and AAPC Task Forces. Task Force participants should also remain alert to the fact that many issues will impact multiple DoD Components. Coordination with the FMPR Directorate and other DoD components will ensure that DoD is properly represented as government-wide accounting standards are formulated.

**VOLUME 1, CHAPTER 3: “FEDERAL FINANCIAL MANAGEMENT  
IMPROVEMENT ACT COMPLIANCE”**

**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 [April 2019](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
1.0 (0301)	Added overview paragraph of the Federal Financial Management Improvement Act of 1996 (FFMIA) and enhanced the definitions of financial and mixed systems.	Revision / Addition
3.0 (0303)	Revised to reflect Office of Management and Budget (OMB) Implementation Guidance and Circular A-123, Appendix D.	Revision
4.0 (0304)	Revised to consolidate FFMIA compliance responsibilities in one section and include the Chief Financial Officer Data Transformation Office.	Revision

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## CHAPTER 3

**FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT COMPLIANCE**

## \*1.0 GENERAL (0301)

## 1.1 Overview (030101)

The Federal Financial Management Improvement Act of 1996 (FFMIA) is intended to advance Federal financial management and ensure Federal systems provide reliable, consistent and uniformed disclosure of financial data using professionally-accepted accounting standards. FFMIA requires the Department of Defense (DoD or Department) to implement and maintain systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. FFMIA requires DoD auditors to report on the Department's compliance as part of financial statement audit reports; and determine, based on the audit report and other information, whether the Department's financial management systems comply with FFMIA and, if not, to develop remediation plans as applicable.

## 1.2 Purpose (030102)

This chapter prescribes the Department's policy for achieving compliance with FFMIA. It provides the basis for the implementation of FFMIA in order for the Department to generate timely, accurate, and useful information with which the Department leadership can make informed decisions and to ensure accountability on an ongoing basis.

## 1.3 Authoritative Guidance (030103)

The requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.3.1. Title 10, United States Code, section 2223(a)(5) ([10 U.S.C. § 2223\(a\)\(5\)](#)) "Information technology: additional responsibilities of Chief Information Officers"

1.3.2. [31 U.S.C § 1115](#) "Federal Government and agency performance plans."

1.3.3. [31 U.S.C. § 3512](#), "Executive agency accounting and other financial management reports and plans"; with emphasis on sections 801 – 807 (FFMIA).

1.3.4. [31 U.S.C. Chapter 9](#) "Agency Chief Financial Officers (CFO)."

1.3.5. [44 U.S.C. Chapter 35, Subchapter III](#) "Confidential Information Protection and Statistical Efficiency.

1.3.6. [44 U.S.C. §3601](#), "Definition."

1.3.7. Office of Management and Budget ([OMB Bulletin No. 19-01](#)), “Audit Requirements for Federal Financial Statements.”

1.3.8. [OMB Circular A-123, Appendix D](#), “Compliance with the Federal Financial Management Improvement Act of 1996.”

1.3.9. [OMB Circular A-130, Appendix I](#), “Responsibilities for Protecting and Managing Federal Information Resources.

1.3.10. Statement on Standards for Attestation Engagements No. 18, ([SSAE 18, AT-C Section 320](#)) “Reporting on an Examination of Controls at a Service Organization Relevant to User Entities’ Internal Control Over Financial Reporting.”

1.3.11. National Institute of Standards and Technology (NIST) [Special Publication 800-53 Revision 4](#) “Assessing Security and Privacy Controls for Federal Information Systems and Organizations.

1.3.12. U.S. Department of Treasury Financial Manual, Volume 1, Part 6, Chapter 9500 ([1 TFM 6-9500](#)), “Revised Federal Financial Management System Requirements for Fiscal Reporting”

1.3.13. [DoD Instruction \(DoDI\) 8510.01](#),”Risk Management Framework (RMF) for DoD Information Technology (IT)”

## 2.0 DEFINITIONS (0302)

### 2.1 Financial System (030201)

A financial system is an information system or set of applications that comprise the accounting portion of the financial management system that maintains all summary or detailed transactions resulting from budgetary and proprietary financial activity. The financial system encompasses processes and records that:

2.1.1. [Collect, process, maintain, transmit, and report financial events for all valid budgetary and proprietary transactions;](#)

2.1.2. Provide sufficient, timely detail to permit proper classification of all [budgetary and proprietary transactions to support the Department’s financial planning and budgeting activities;](#)

2.1.3. [Accumulate and measure the value of budgetary and proprietary transactions in a manner that permits consistent disclosure and reporting of financial information;](#) and

2.1.4. Determine the period in which transactions occurred to permit the recording of transactions in the proper accounting period [to support the preparation of financial statements.](#)

## 2.2 Mixed System (030202)

A mixed system is an information system that supports both the financial and non-financial functions of the Department.

## \*3.0 ACCOUNTING STANDARDS (0303)

### 3.1 System Transactions (030301)

3.1.1. The Department's financial management systems must maintain accounting data at the transaction level. Financial management systems include both financial and mixed systems. All DoD financial events (budgetary and proprietary) must be recorded applying the requirements of the USSGL guidance in the TFM, and DoD USSGL transaction library (See Chapters 4 and 7 for additional guidance).

3.1.2. Application of the USSGL at the transaction level means that each time an approved transaction is recorded in DoD's financial management system; it will generate appropriate general ledger accounts for posting the transaction according to the rules defined in the DoD USSGL transaction library guidance.

### 3.2 FFMIA Compliance (030302)

In determining whether the Department's financial management systems substantially comply with FFMIA, management and auditors must consider whether a system's performance prevents the Department from meeting the specific requirements of FFMIA as listed in paragraph 030101. Identified deficiencies that do not prevent the Department from meeting the requirements listed in paragraph 030101 generally should not be considered as part of a FFMIA compliance determination. Auditors then need to use judgment in assessing whether the adverse impacts caused by identified deficiencies are instances of substantial noncompliance with FFMIA.

3.2.1. The DoD strategy for FFMIA compliance is integrated with related efforts to achieve auditability and maintain effective Internal Control over Reporting (ICOR) including Internal Control over Financial Reporting (ICOFR). Documentation that supports these related requirements also support FFMIA compliance and may be used to avoid duplication of efforts.

3.2.2. The DoD ICOFR Guide serves as a standard reference for users involved in financial reporting internal control activities within the DoD. This includes the annual requirements prescribed in the OMB Circular A-123, the FFMIA, and other applicable laws, regulations, and guidance. Its companion, the DoD Financial Statement Audit Guide is a reference for the Department's personnel to use while supporting internal controls based financial statement audits.

3.2.3. The DoD ICOFR Guide identifies the specific Federal Information System Controls Audit Manual (FISCAM) control activities and techniques needed to address the key ICOR risk areas most likely to impact financial reporting based on the DoD's experience. The remaining FISCAM control activities (identified as "Other Control Techniques for Consideration in a Financial Statement Audit") should be considered by Components when evaluating federal



financial systems' compliance with laws and regulations, such as FFMIA and [the Federal Information Security Management Act of 2002 \(FISMA\)](#).

3.2.4. In addition, the system assessment and authorization requirements set forth in DoDI 8510.01, for DoD Information Technology" were developed to meet FISMA requirements but did not meet system audit requirements as defined in the DoD ICOFR Guide. To maximize testing efficiency, [the Office of the Under Secretary of Defense \(Comptroller\) \(OUSD\(C\)\)/CFO](#) developed the Financial Management Overlay that maps select FISCAM controls to their RMF counterparts as defined in NIST Special Publication 800-53, Version 4, to allow entities to test controls once and meet multiple compliance requirements. Any applicable FISCAM controls not covered by the Financial Management Overlay must be included in separate internal controls testing under the Manager's Internal Control Program.

### 3.3 Compliance Determination Framework (030303)

As an agency covered by the CFO Agency Act of 1990, the Department must determine whether financial management systems comply with Section 803(a) of the FFMIA. DoD Components and OUSD(C)/CFO must utilize OMB's "FFMIA Compliance Determination Framework" (see Table 3-1) to assist the OUSD(C)/CFO in determining whether the Department is compliant with FFMIA. The FFMIA Compliance Determination Framework includes performance results based on annual financial statements, the "Federal Financial Management System Requirements" contained in 1 TFM 6-9500, and other information considered relevant and appropriate. [The FFMIA Compliance Determination Framework goals and compliance indicators must to be used during the ongoing operation of the Department's financial management systems. \(See OMB Circular A-123, Appendix D, Attachment 1 for additional guidance\).](#)

### 3.4 Maintaining Compliance (030304)

To maintain compliance with FFMIA, DoD Components must acquire, implement, and maintain financial management systems following the policies prescribed in Circular A-130, as well as associated financial management system guidance (see paragraph [030103](#)). The DoD ICOFR Guide defines mandatory practices for maintaining auditability subsequent to assertion and validation. These same practices must be applied to maintain compliance with FFMIA requirements.

## \*4.0 RESPONSIBILITIES (0304)

The responsibilities identified in this section are limited to those specific to FFMIA compliance and are not meant to be an exhaustive list of all of the responsibilities of these entities. This includes the authorities and framework that the Department employs to monitor, analyze, validate, integrate, and control FFMIA compliance requirements.

### 4.1 OUSD(C)/CFO (030401)

4.1.1. OUSD(C)/CFO is supported by [the CFO Data Transformation Office \(CDTO\) Directorate](#), the Financial Improvement and Audit Remediation (FIAR) Directorate, and [the](#)

Financial Management Policy and Reporting (FMPR) Directorate. OUSD(C) is responsible for providing a Department-wide assessment of compliance with the requirements of FFMIA.

4.1.1.1. If the Component financial management systems do not substantially comply with the requirements, Section 803(c)(3) of the FFMIA requires that a remediation plan be developed, in consultation with OMB, that describes the resources, remedies, and milestones for achieving substantial compliance.

4.1.1.2. OUSD(C)/CFO must provide OMB progress towards resolving identified deficiencies and such progress must be discussed in the Components remediation plan, capital planning and investment control plans, and other planning documents, when applicable. When discussing resolution of deficiencies in such reports, the findings or analysis of noncompliance must be included with a discussion of ongoing remediation activities. Progress towards resolving the deficiencies must not be construed as compliance with FFMIA.

4.1.1.3. Remediation plans are expected to bring the Department's financial management systems into substantial compliance no later than three years after the date a determination is made by OUSD(C)/CFO. However, if OUSD(C)/CFO, in concurrence with OMB, determines that the Department's financial management systems cannot be brought into substantial compliance within 3 years, the Component (in concurrence with OUSD(C)/CFO) may specify a longer period. In this case, the Component must designate a Component official responsible for bringing the Components financial management systems into substantial compliance by the date specified.

#### 4.1.2. The CDTO Directorate:

4.1.2.1. Governs the DoD Advancing Analytics (Advana) repository of common enterprise data. See Chapter 10 for additional information.

4.1.2.2. Maintains alignment of Advana capabilities and products with the functional requirements.

4.1.2.3. Acquires, incorporates, and standardizes data to support the business domain areas that align with the organizational structure of the Department.

4.1.2.4. Provides reasonable assurance to data consumers that data controls are clearly defined and executed in accordance FFMIA.

#### 4.1.3. The FIAR Directorate:

4.1.3.1. Develops, publishes, and issues detailed financial improvement audit strategies, methodologies, and implementation guidance.

4.1.3.2. Manages the overall Office of the Deputy Chief Financial Officer Notice of Findings and Recommendations Database functional requirements and critical audit capabilities.

4.1.3.3. Monitors reporting entity FFMIA assertions made and provides internal control training to reporting entities on improving compliance with FFMIA.

4.1.3.4. Supports and monitors the progress of reporting entity testing and remediation plans; and develops metrics for monitoring and reporting progress.

4.1.3.5. Defines practices for maintaining auditability subsequent to FFMIA compliance assertion and validation.

4.1.3.6. Prepares and distributes to DoD Components instructions for the preparation of the Annual Statement of Assurance (SOA), including reporting the results of the most recent FFMIA assessments.

#### 4.1.4. The FMPR Directorate:

4.1.4.1. Interprets applicable accounting principles, standards and requirements to issue updates to FFMIA compliance policy.

4.1.4.2. Develops and issues the DoD Agency Financial Report and other financial information and external financial management reports.

4.1.4.3. Maintains and publishes the DoD Financial Management Regulation (DoD 7000.14-R) to ensure it remains consistent with laws and other applicable guidance.

#### 4.2 Office of the Chief Management Officer (030402)

The Office of the Chief Management Officer (CMO) is the principal management office for the Secretary of Defense responsible for optimizing the business environment across the DoD enterprise. The Office of the CMO:

4.2.1. Oversees development, modernization, and sustainment of the Department's portfolio of business systems through the Defense Business Council.

4.2.2. Develops and issues the Integrated Business Framework, the Business Enterprise Architecture requirements, and investment review process compliance guidance.

#### 4.3 DoD Components (030403)

4.3.1. Components must establish and maintain financial management systems that substantially comply with FFMIA Section 803(a) requirements. Component systems must be developed to generate reliable, timely and consistent information necessary for the Department to comply with FFMIA requirements. DoD systems must have the ability to:

4.3.1.1. Prepare financial statements and other required financial and budget reports using information generated by the financial management system(s);

4.3.1.2. Provide reliable and timely financial information for managing current operations;

4.3.1.3. Reliably account for assets to properly protect from loss, misappropriation, or destruction; and

4.3.1.4. Be consistent with Federal accounting standards and the Standard General Ledger.

4.3.2. Components must maintain records of systems and transactional data to comply with FFMIA, financial statement audits, ICOFR, and Internal Control over Financial Systems in:

4.3.2.1. DoD Information Technology Portfolio Repository (DITPR). Components must ensure their system portfolio is consistent with the systems reported in DITPR. DoD financial systems and mixed systems must be identified in DITPR as part of the annual review process for Defense business systems in accordance with 10 U.S.C. § 2223(a)(5).

4.3.2.2. FIAR Systems Database (FSD). Components must utilize FSD to identify, capture, and report on the universe of financially-relevant systems for audits, executive leadership, and Congressional reporting requirements. Owners of each system must maintain the current status of FFMIA compliance in FSD to support annual FFMIA compliance and Department's Annual SOA reporting. This information includes the System Name, Date Validated, Validating Organization, a Material Weakness Indicator (as a result of the FFMIA assessment), and rationale for excluding a system from FFMIA compliance requirements.

4.3.2.3. Advana Database. Components must provide CDTO with periodic (minimum quarterly) budgetary and proprietary transactional data for uploading to the Advana database. See Chapter 10 for additional information.

4.3.3. Components must use 1 TFM 6-9500 in the pre-acquisition, acquisition, and implementation of new financial management solutions (manual or automated). These federal financial management system requirements establish uniform financial systems, standards, and reporting that support the achievement of the DoD financial reporting objectives. In addition, Components must use the Federal Financial Management System Requirements in accordance with OMB Circular A-123.

4.3.3.1. Develop a plan in accordance with OMB Circular A-130, Appendix I.

4.3.3.2. Ensure the system portfolio and remediation plans are consistent with modernization priorities identified in 44 U.S.C. §3601.

4.3.4. Assess internal controls over business processes as well as Information Technology General Controls (ITGC) and IT Application Controls.

4.3.5. Address FFMIA compliance status and remediation plan in the Annual SOA.

4.3.6. Conduct FFMIA certification testing using the [Government Accountability Office \(GAO\) Financial Audit Manual](#), [DoD ICOFR Guide](#), [1 TFM 6-9500](#) and [DoD Financial Statement Audit Guide](#), leveraging existing system development life-cycle activities where appropriate.

4.3.7. Maintains risk assessments and ensures testing of internal controls are performed, and SOA supporting documentation (e.g., control evaluation matrix, detailed Corrective Action Plans (CAP), risk assessment) including evidence of management's evaluation of existing internal controls and conclusions of material weaknesses reported in support of DoD-wide SOA reporting.

4.3.8. Maintains an itemization and characterization of the system of internal controls, Significant Deficiencies (Internal Control over Operations only), and Material Weaknesses and includes them in their SOA.

4.3.9. Ensures CAPs are established, internal control deficiencies remediated, and status reported to DoD leadership as specified in the DoD Guide.

#### 4.4 Defense Finance and Accounting Service (030404)

The Defense Finance and Accounting Service (DFAS) must develop and maintain a DFAS system FFMIA compliance remediation plan in coordination with DoD Components. For each financial system and mixed system managed by DFAS, this includes:

4.4.1. Establishment of a Memorandum of Agreement (MOA) with each DoD reporting entity supported by each DFAS system.

4.4.2. Conducting compliance testing, as required per the MOA.

4.4.3. Supporting reporting entity end-to-end business process testing (in accordance with the MOA).

4.4.4. [Provide Components with a Report on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting](#) and also known as a [System and Organizational Controls 1 \(SOC 1\)](#). The SOC 1 is an important tool for Component management and auditors as they evaluate the effect of the controls at the service organization on the user entities' controls for financial reporting.

#### 4.5 DoD Inspector General (030405)

The Office of the Inspector General is responsible for:

4.5.1. Performing system audits (e.g., general and application control and FFMIA) based on the [DoD Internal Control Guide](#) and [DoD Audit Guide](#).

4.5.2. Performing FFMIA compliance evaluations as part of financial statement audits and/or oversees evaluations performed by independent public accounting firms during financial

statement audits. This includes identifying in writing the nature and extent of non-compliance when appropriate.

4.5.3. Report to Congress instances and reasons when the Department has not met the intermediate target dates established in the remediation plan required under FFMIA Section 803(c). Specifically, the report must include:

4.5.3.1. The Component responsible for the non-compliance;

4.5.3.2. The facts pertaining to the failure to comply with the requirements of subsection (a), including the nature and extent of the non-compliance, the primary reason or cause for the failure to comply, and any extenuating circumstances; and

4.5.3.3. A statement of the remedial actions is needed to comply.

#### 4.6 Defense Information Systems Agency (030406)

The Defense Information Systems Agency (DISA) provides application hosting services for the DoDs service providers. As a result, DISA is responsible for most of the ITGC over the computing environment in which many financial, personnel, and logistics applications reside. In order for service providers and components to rely on automated controls and documentation within these applications, controls must be appropriately and effectively designed.

\* October 2020

Table 3-1. FFMIA Compliance Determination Framework

Goal	Compliance Indicator	Risk (or Performance) Level		
1. Federal Financial Information Management and Reporting		Low Risk	Medium Risk	High Risk
1.1. Consistently, completely, and accurately record and account for Federal funds, assets, liabilities, revenues, expenditures, and costs.	1.1.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses, or significant deficiencies related to accounting for and recording Federal funds, assets, liabilities, revenues, expenditures, and costs.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
1.2. Provide timely and reliable Federal financial management information of appropriate form and content to agency program managers for managing current Government programs and activities.	1.2.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances related to internal reporting of financial management information used for managing current Government programs and activities.	Agency-reported- control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non- conformances.	Agency-reported material weaknesses.

\* October 2020

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
		Low Risk	Medium Risk	High Risk
<b>1. Federal Financial Information Management and Reporting</b>				
1.3. Provide timely and reliable Federal financial management information of appropriate form and content for continuing use by stakeholders external to the agency, including the President, Congress, and the public.	1.3.a. Audit opinion on agency financial statements.	Unmodified (Unqualified).	N/A	Modified (Qualified), Disclaimer, or Adverse.
	1.3.b. Unaudited interim agency financial statements submitted to OMB within 21 calendar days after the end of the first three quarters of the fiscal year.	On time.	Not on time for current quarter.	Not on time for current and prior quarter(s).
	1.3.c. Agency financial reports submitted to OMB, GAO, and Congress by November 15th.	On time.	Not on time for current year.	Not on time for current and prior year(s).
1.4. Provide timely and reliable Federal financial management information of appropriate form and content that can be linked to strategic goals and performance information.	1.4.a. Agency costs, as presented in the Statement of Net Cost, in accordance with OMB Circular A-136, are clearly linked to agency strategic goals and are free from agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
	1.4.b. Financial and performance information, as presented in the performance section of the Agency Financial Report or Performance & Accountability report, is free from agency-reported material weaknesses, reportable conditions, or non-conformances.	Agency-reported-control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.	Agency-reported material weaknesses.



\* October 2020

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
1. Federal Financial Information Management and Reporting		Low Risk	Medium Risk	High Risk
1.5. Provide timely and reliable Federal financial management information of appropriate form and content that can be linked to strategic goals and performance information.	1.4.c. Agency costs, as presented in the Statement of Net Cost, in accordance with OMB Circular A-136, are clearly linked to agency strategic goals and are free from agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
	1.4.d. Financial and performance information, as presented in the performance section of the Agency Financial Report or Performance & Accountability report, is free from agency-reported material weaknesses, reportable conditions, or non-conformances.	Agency-reported-control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.	Agency-reported material weaknesses.

\* October 2020

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
2. Financial Management and Internal Controls		Low Risk	Medium Risk	High Risk
2.1. Provide internal control to restrict Federal obligations and outlays to those authorized by law and within the amount available.	2.1.a. Current / prior year’s agency-reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies related to restricting agency obligations and outlays to those authorized by law and within the amount available.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
	2.1.b. Antideficiency Act violation report required to be submitted.	None required within the last 2 fiscal years preceding the current fiscal year.	Required within the last 2 fiscal years preceding the current fiscal year.	Required for the current fiscal year.
2.2. Perform Federal financial management operations effectively within resources available.	2.2.a. Current / prior year's instances of non-compliance with laws and regulations related to prompt payments or debts owed to the Federal Government.	No reported instances.	Instances reported in current year.	Instances reported in current and prior year(s).

\* October 2020

Table 3-1. FFMIA Compliance Determination Framework (Continued)

Goal	Compliance Indicator	Risk (or Performance) Level		
2. Financial Management and Internal Controls		Low Risk	Medium Risk	High Risk
2.3. Minimize waste, loss, unauthorized use, or misappropriation of Federal funds, property and other assets within resources available.	2.3.a. Current / prior year's agency- reported material weaknesses, reportable conditions, or non-conformances, or auditor-reported material weaknesses or significant deficiencies related to minimizing waste, loss, unauthorized use, or misappropriation of Federal funds, property and other assets.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.
2.4. Minimize Federal financial management system security risks to an acceptable level.	2.4.a. FISMA or other (for example, National Institute of Standards and Technology-related) significant deficiencies <sup>1</sup> impacting financial management systems in the agency Security Certification and Accreditation of Federal Information Systems.	Agency- or auditor-reported control deficiencies that individually or collectively are not considered significant.	Agency-reported reportable conditions or non-conformances.  OR  Auditor-reported significant deficiencies.	Agency- or auditor-reported material weaknesses.  Agency-reported non-conformances, reportable conditions, or material weaknesses  OR  Auditor-reported significant deficiencies or material weaknesses

<sup>1</sup> OMB Memorandum 12-20 defines a significant deficiency as "a weakness in an agency's overall information systems security program or management control structure, or within one or more information systems that significantly restricts the capability of the agency to carry out its mission or compromises the security of its information, information systems, personnel, or other resources, operations, or assets. In this context, the risk is great enough that the agency head and other agencies must be notified and immediate or near-immediate corrective action must be taken.

**VOLUME 1, CHAPTER 4: “STANDARD FINANCIAL INFORMATION  
STRUCTURE”**

**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 [March 2019](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated missing and incorrect hyperlinks.	Revision
1.3 (040103)	Revised the Authoritative Guidance paragraph to include titles of the United States Code (U.S.C.) being referenced.	Revision
2.1 (040201)	Referenced U.S.C. to enhance the definition of the Business Enterprise Architecture.	Revision
2.6 (040206)	Updated the paragraph title to be consistent with the Office of the Deputy Chief Financial Officer Standard Financial Information Structure website.	Revision
4.3 (040403)	Updated the Department of Defense Component responsibilities.	Revision

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## CHAPTER 4

**STANDARD FINANCIAL INFORMATION STRUCTURE**

## 1.0 GENERAL (0401)

## 1.1 Overview (040101)

The [\*Standard Financial Information Structure\*](#) (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, interoperability, and external reporting needs across the Department of Defense (DoD) enterprise. It is a common business language that enables budgeting, performance-based management, and the generation of financial statements. SFIS standardizes financial reporting across DoD and allows revenues and expenses to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories. It also enables decision-makers to efficiently compare programs and their associated activities and costs across DoD and provides a basis for common valuation of DoD programs, assets, and liabilities. The SFIS matrix that defines each data element is available on the SFIS resources web page.

## 1.2 Purpose (040102)

This chapter prescribes the requirements for SFIS and Standard Line of Accounting (SLOA)/Accounting Classification compliance for DoD business systems. SFIS and SLOA/Accounting Classification compliance provides a means for DoD business systems to meet statutory requirements and additional requirements implemented by the Office of Management and Budget (OMB), and the United States Department of the Treasury (Treasury).

## \*1.3 Authoritative Guidance (040103)

1.3.1. Title 10, United States Code (U.S.C.), section 2222(e)(3) ([\*10 U.S.C. § 2222\(e\)\(3\)\*](#)), *Defense business systems: business process reengineering; enterprise architecture; management*, requires that the DoD [\*Business Enterprise Architecture \(BEA\)\*](#) include an information infrastructure that, at a minimum, enables DoD to:

1.3.1.1. Comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

1.3.1.2. Routinely produce verifiable, timely, accurate, and reliable business and financial information for management purposes;

1.3.1.3. Integrate budget, accounting, and program information and systems; and

1.3.1.4. Identify whether each existing business system is a part of the business system environment outlined by the Defense BEA, will become a part of that environment with appropriate modification, or is not a part of that environment.

1.3.2. 10 U.S.C. § 2222(e)(3)(A) requires establishment of policies, procedures, **business** data standards, **business** performance measures, and **business** system interface requirements that are applied uniformly throughout DoD.

1.3.3. [31 U.S.C. § 902\(a\)\(3\)](#), *Authority and functions of agency Chief Financial Officer*, requires agencies to develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls that:

1.3.3.1. Complies with applicable accounting principles standards and requirements, and internal control standards;

1.3.3.2. Complies with such policies and requirements as may be prescribed by the Director of OMB;

1.3.3.3. Complies with any other requirements applicable to such systems; and

1.3.3.4. Provides for:

1.3.3.4.1. Complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;

1.3.3.4.2. The development and reporting of cost information;

1.3.3.4.3. The integration of accounting and budgeting information; and

1.3.3.4.4. The systematic measurement of performance.

1.3.4. The [Federal Financial Management Improvement Act of 1996](#) (FFMIA) requires agencies to incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

1.3.5. The [Government Performance and Results Act of 1993](#) (GPRA), as amended by the [GPRA Modernization Act of 2010](#), requires annual performance reporting that links performance planned to performance achieved.

1.3.6. The [OMB Circular A-123, Appendix D](#), provides FFMIA compliance guidance including the requirement for agencies' financial management systems to reflect an agency-wide financial information classification structure that is consistent with the United States Standard General Ledger (USSGL). Application of the USSGL at the transaction level means that each time an approved transaction is recorded in a financial management system, it must generate the appropriate general ledger accounts for posting the transaction according to the rules defined in the USSGL guidance. OMB Circular 123, Appendix D was incorporated into Chapter 3.

1.3.7. The OMB, [Office of Federal Financial Management](#) requires, within each department or agency, accounting classification elements and definitions to be standardized to ensure uniform and efficient accounting treatment, classification, and reporting.

1.3.8. The Treasury Bureau of the Fiscal Service publishes the USSGL which is updated annually in the [Treasury Financial Manual](#) (TFM). The TFM Volume 1, Supplements includes the latest USSGL Bulletin and seven major sections that comprise the Treasury USSGL guidance: (I) Chart of Accounts, (II) Accounts and Definitions, (III) Account Transactions, (IV) Account Attributes for USSGL Proprietary Account and Budgetary Account Reporting, (V) Crosswalks to Standard External Reports for Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Reporting, (VI) Crosswalks to Reclassified Statements for Reporting, and (VII) GTAS Validations and Edits for Reporting. The USSGL standardizes federal agency accounting and supports the preparation of standard external reports required by the OMB and Treasury.

## 2.0 DEFINITIONS (0402)

### \*2.1 Business Enterprise Architecture (040201)

The BEA is the enterprise architecture for the DoD business mission area [that guides and constrains implementation of interoperable Defense business system solutions as required by 10 U.S.C. § 2222](#). The BEA defines the DoD business transformation priorities, the business capabilities required to support those priorities, and the combinations of enterprise systems and initiatives that enable those capabilities. It is used to determine compliance for systems reviewed by the Defense Business Council (DBC) and includes the SFIS requirements. The BEA structure/framework was developed using a set of integrated DoD Architecture Framework products to include the All View, Operational View, Systems and Services View, and Technical Standards View. It includes activities, processes, data, information exchanges, business rules, system functions, system data exchanges, terms, and linkages to laws, regulations, and policies.

### 2.2 Financial Management System Types (040202)

This paragraph defines DoD financial management system types in the current environment for purposes of SFIS and SLOA/Accounting Classification compliance. See [the Glossary](#) for a complete definition of a financial management system [and Chapter 3 for definitions of a financial system and a mixed system](#).

2.2.1. [Target Accounting System](#). A target accounting system is configured to post transactions to an internal USSGL compliant subsidiary or general ledger and does not have a system retirement plan and date.

2.2.2. [Target Financial Business Feeder System](#). A target financial business feeder system does not qualify as a target accounting system and does not have a retirement plan and date. The system creates or processes transactions with financial impacts and exchanges accounting data with another business feeder system(s) and/or accounting system(s).



2.2.3. Legacy Accounting System. A legacy accounting system is configured to post transactions to an internal subsidiary or general ledger and has a retirement plan and date.

2.2.4. Legacy Financial Business Feeder System. A legacy financial business feeder system does not qualify as an accounting system and has a retirement plan and date. The system creates or processes transactions with financial impacts and exchanges accounting data with another business feeder system(s) and/or accounting system(s).

### 2.3 Investment Review Process (040203)

DoD implemented a business systems investment review process through the DBC. The Chief Management Officer (CMO) established the DBC as the principal subsidiary governance body to the Deputy's Management Action Group (DMAG) for defense business operations. The DBC also assumes the role of the Department's Investment Review Board (IRB) for Defense Business Systems investments. A primary goal of the IRB process is to facilitate development and implementation of integrated business systems across DoD business functions and capabilities; thereby providing a framework for effective investment decision-making and enabling the Department's senior leadership to guide investments to maximize the impact to the warfighter. SFIS/SLOA is a critical part of this process.

### 2.4 SFIS Business Rules (040204)

The SFIS business rules specify how SFIS data elements must be implemented and are the primary mechanism that drives SFIS compliance. The SFIS business rules dictate compliance requirements such as syntax, storage, derivation and usage.

### 2.5 SFIS Compliance Checklist (040205)

The SFIS Compliance Checklist is based on the SFIS business rules and is used to document compliance with the SFIS business rules. The Checklist provides the Office of the Secretary of Defense leadership, DoD Component program managers, and other financial and operations managers with a means for determining whether their accounting and financial business feeder systems comply with SFIS requirements. DoD Components use the Checklist as a tool to assess and gauge the level of a financial system's compliance with SFIS requirements.

### \*2.6 SFIS Values Library [Service](#) (040206)

The SFIS Values Library [Service](#) houses allowable SFIS values for specific SFIS data elements. Systems must be compliant with the value lists as outlined in the data elements authoritative source. The SFIS Values Library [Service](#) can be located on the [OUSD\(C\)/Chief Financial Officer SFIS webpage](#).

## 2.7 Standard Data (040207)

Standard data relates to information that is transmitted, processed, maintained, and/or accessed in a standard format. It is a structured communication medium that is exchanged within and between entities and other groups for business transactions. The standards describe structures that emulate documents; e.g., purchase orders to automate purchasing. The standard data is also used to refer to the implementation and operation of systems and processes for creating, transmitting, and receiving information. It simplifies the aggregation of data, limiting crosswalks and mapping procedures.

## 2.8 SLOA/Accounting Classification (040208)

The DoD SLOA/Accounting Classification is a subset of the SFIS data standard elements. The SLOA/Accounting Classification is comprised of the minimum SFIS data elements that must be exchanged for business events that have an accounting impact at any point from the initial commitment to the final posting in the appropriate general ledger. This includes commitments, obligations, expenditures, and disbursements. The SLOA accommodates Treasury reporting requirements for daily cash reporting.

## 3.0 COMPLIANCE REQUIREMENTS (0403)

### 3.1 SFIS (040301)

3.1.1. SFIS compliance is required for all target accounting systems and target financial business feeder systems that comprise the target environment, as identified in the [Component's Functional Strategy and Organization Execution Plan](#) that support financial transactions. SFIS is also considered for legacy accounting systems and legacy financial business feeder systems on a case-by-case basis. SFIS provides an enterprise-wide standard for categorizing financial information along several dimensions to support financial management and financial reporting functions; enable decision-makers to efficiently compare similar programs and activities across DoD; and provide a level of detail required for information retrieval and auditability. SFIS is aligned to federal-wide standards, at summary levels, for federal-level financial statements.

3.1.2. [Systems](#) must meet all applicable SFIS Business Rules. SFIS data element transactions are required to be posted to the financial accounting system using the required USSGL accounts and accounting standards. DoD Component program managers are required to use the SFIS checklist to determine SFIS compliance and to guide implementation and configuration efforts.

### 3.2 SLOA/Accounting Classification (040302)

3.2.1. The DoD SLOA/Accounting Classification is a subset of SFIS data elements that is used to ensure accurate accounting transactions and interoperability between systems. The SLOA/Accounting Classification requirement is applicable for all systems that process business events with accounting impacts between the time of commitment through disbursement. This includes, but is not limited to, accounting, contract writing, logistics, civilian pay, military pay,

travel, medical, and transportation. Target systems must send, receive, capture, store, and maintain the SLOA/Accounting Classification data constructed as discrete data. Further, systems must meet all applicable SFIS Business Rules.

3.2.2. For legacy accounting systems and legacy financial business feeder systems that have a retirement plan and date, the implementation of SFIS and SLOA/Accounting Classification is considered on a case-by-case basis depending upon its impact on audit readiness.

### 3.3 Interoperability of Data between Systems (040303)

Systems that support the financial management purchasing process such as contracts, intergovernmental orders, and payroll for audit readiness purposes must be interoperable with SLOA/Accounting Classification data elements. Supporting transactions are required to be posted to the target accounting system using proper USSGL accounts and accounting standards. A transaction broker and translation service may be used for legacy systems with a retirement plan and date to translate non-SFIS data elements to SFIS data elements. A transaction broker may be used to reduce the number of interfaces, thereby reducing the cost to maintain the interfaces and minimizing the number of interfaces subject to changes in interface controls to support auditability.

### 3.4 Defense Departmental Reporting System SFIS Trial Balance (040304)

Target accounting systems must interface with the Defense Departmental Reporting System using an SFIS Compliant Trial Balance. The SFIS Compliant Trial Balance must meet all necessary USSGL and DoD financial reporting requirements.

## 4.0 ROLES AND RESPONSIBILITIES (0404)

### 4.1 Office of the Under Secretary of Defense (Comptroller) (040401)

The Office of the [Under](#) Secretary of Defense (Comptroller) (OUSD(C)):

4.1.1. Serves in a leadership role and establishes policy for the development of DoD enterprise business and financial systems to include SFIS implementation across DoD.

4.1.2. Is responsible for providing stewardship for SFIS financial data elements, and serves as a primary representative on the DMAG and DBC (reference paragraph [040203](#)).

4.1.3. Provides business and financial system insight on all issues presented at committee/board meetings and serves as the primary office of responsibility for actions stemming from the DMAG and the IRB.

4.1.4. Is responsible for publishing and maintaining the SFIS resources repository.

4.1.5. Works with DoD Components and Enterprise Resource Planning (ERP) integration teams to properly implement SFIS.

#### 4.2 Office of the Chief Management Officer (040402)

The [Office of the Chief Management Officer \(OCMO\)](#) established the new role of the DoD Chief Data Officer [within the Office of the Chief Information Officer](#) to lead the extraction and analysis of data to support business reform as well as lead the operation of a DoD-wide data governance body to oversee the preparation, extraction, and provision of common, transparent enterprise data throughout the business enterprise, including coordination on all data standards, to include SFIS, cost management, and overall data management.

#### \*4.3 DoD Components (040403)

DoD Components are responsible for:

[4.3.1. Implementing SFIS for all applicable systems and ensuring interoperability between systems that have a financial impact. This includes asserting compliance with SFIS by using the Compliance Checklist for SFIS and maintaining their systems consistent with SFIS requirements.](#)

[4.3.2. Ensuring that all financial management systems \(as defined in the Glossary\) provide complete, reliable, consistent and timely budgetary and proprietary transaction-level information in accordance with SFIS; and are recorded in general ledgers of the accounting systems of record to produce auditable budgetary, proprietary, and managerial cost accounting reports for use by external and internal stakeholders.](#)

#### 4.4 Defense Finance and Accounting Service (040404)

The Defense Finance and Accounting Service is responsible for maintaining the SFIS values library and ensuring all service provider applications and enterprise systems are compliant with SFIS.

#### 5.0 SFIS RESOURCES (0405)

The SFIS web page contains several resources that define the SFIS requirements and provides tools to assist with compliance including the following:

[5.0.1. SFIS Matrix \(SFIS data elements, definitions, examples, business rules, syntaxes, primary stewards, authoritative sources, required reports, and Extensible Markup Language Schemas\).](#)

[5.0.2. SFIS Compliance Checklist.](#)

[5.0.3. SFIS/Standard Line of Account/Accounting Classification.](#)

[5.0.4. SFIS Values Library Service.](#)

[5.0.5. SFIS Enterprise Resource Planning Standard Configurations.](#)

5.0.6. DoD USSGL Transaction Library.

5.0.7. DoD Standard Chart of Accounts Implementation Guidance.

5.0.8. DoD Chart of Accounts Tie-Points Standard.

5.0.9. Defense Departmental Reporting System Chart of Account Guidance and Account Attribute Alignment Guidance

5.0.10. Archived DoD Chart of Account Guidance.

5.0.11. Authoritative Guidance Pertaining to SFIS (External Links).

Table 4-1. SFIS Compliance Summary

<b>Financial Management System Type</b>	<b>SFIS Compliance Requirement</b>
Target Accounting System	SFIS DoD SLOA/Accounting Classification DoD USSGL Transaction Library DoD Standard Chart of Accounts
Target Financial Business Feeder System (processes business events with accounting impacts between the time of commitment through disbursement)	SFIS DoD SLOA/Accounting Classification
Legacy Accounting System	SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis
Legacy Financial Business Feeder System (creates or processes transactions with financial impacts and exchanges accounting data with other business feeder systems or accounting systems)	SFIS and DoD SLOA/Accounting Classification are considered on a case-by-case basis

**DoD 7000.14 - R**



**DEPARTMENT OF DEFENSE**

**FINANCIAL MANAGEMENT REGULATION**

**CHAPTER 5: "ARCHIVED"**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**

**VOLUME 1, CHAPTER 6: “UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
FINANCIAL MANAGEMENT AWARDS PROGRAM”**

**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 [November 2018](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
2.3 (060203)	Added Award Level Matrix examples.	Addition

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## CHAPTER 6

**UNDER SECRETARY OF DEFENSE (COMPTROLLER) FINANCIAL  
MANAGEMENT AWARDS PROGRAM**

## 1.0 GENERAL (0601)

## 1.1 Overview (060101)

It is DoD policy that:

1.1.1. Military and civilian members who make outstanding contributions to the improvement of Department of Defense (DoD) financial management should be recognized.

1.1.2. Recognition for their significant contribution(s) during the preceding calendar year, in the form of an engraved plaque, shall be presented to, and retained by, the individual and team within each of the five award categories. Fifteen awards are conferred in the following areas:

## 1.1.2.1. Contributions in budget formulation or execution:

1.1.2.1.1. Individual at Headquarters and Major Command Level

1.1.2.1.2. Individual below Headquarters and Major Command Level

1.1.2.1.3. Team at Headquarters and Major Command Level

1.1.2.1.4. Team below Headquarters and Major Command Level

## 1.1.2.2. Contributions in financial management (excluding budget):

1.1.2.2.1. Individual at Headquarters and Major Command Level

1.1.2.2.2. Individual below Headquarters and Major Command Level

1.1.2.2.3. Team at Headquarters and Major Command Level

1.1.2.2.4. Team below Headquarters and Major Command Level

## 1.1.2.3. Contributions in financial management in a Contingency Operation:

1.1.2.3.1. Individual at any level

1.1.2.3.2. Team at any level

1.1.2.4. Contributions to DoD Audit and Remediation:

1.1.2.4.1. Individual at Headquarters and Major Command Level

1.1.2.4.2. Individual below Headquarters and Major Command Level

1.1.2.4.3. Team at Headquarters and Major Command Level

1.1.2.4.4. Team below Headquarters and Major Command Level

1.1.2.5. Under Secretary of Defense Comptroller (USD(C)) Salute to Savings.

1.1.3. The Program applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities, and all other organizational entities within the DoD (hereafter referred to collectively as “the DoD Components”). The individual or team’s accomplishment must have occurred within the preceding calendar year.

1.1.4. Any military member or DoD civilian employee (to include Reserve Components) is eligible for nomination. General/Flag Officers, Senior Executive Service, and contractors cannot be nominated for individual awards, but can be named and recognized as members of team awards.

1.2 Purpose (060102)

The purpose of the Under Secretary of Defense Comptroller (USD(C)) Financial Management Awards Program is to recognize significant contributions of individuals or teams to financial management improvement.

1.3. Authoritative Guidance (060103)

The Government Employees Incentive Awards Act at 5 USC § 4503 authorizes agency heads to award an honorary recognition to an employee who contributes to the efficiency, economy, or other improvement of government operations or achieves a significant reduction in paperwork, or performs a special act or service in the public interest in connection with or related to his official employment. 10 USC § 1125 authorizes the Secretary of Defense to award medals, trophies, badges, and similar devices to members, units, or agencies of an armed force under his jurisdiction for excellence in accomplishments.

2.0 AWARD CATEGORIES, TYPES, AND LEVELS (0602)

2.1 Award Categories (060201)

The award categories in the USD(C) Financial Management Awards Program are:

2.1.1. Contributions in Budget Formulation or Execution. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions in successfully building, defending, or executing DoD budgets. Improved budget building and successfully defending the budget serve to ensure the Department is adequately funded to complete its mission. Improved execution of budgets serves to minimize Anti-Deficiency Act violations and ensures protection of Departmental assets. Examples of appropriate efforts include:

2.1.1.1. Identifying and correcting deficiencies in administrative control of funds.

2.1.1.2. Enhancing the methodology and processes resulting in more accurate budget formulation estimates.

2.1.1.3. Information Technology System improvements that support reliable cost projections for building budgets.

2.1.1.4. Successfully defending crucial budget submissions or reprogramming requests.

2.1.2. Contributions to Financial Management (excluding Budget). This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to modernize and improve financial management in areas other than budget. Improvements may be in areas such as finance, auditing, accounting, cost analysis, payroll, workforce development, or other fields outside of budgeting. Nominating Officials should consider performance, attestation, and operational audits for this category. Examples of appropriate efforts include:

2.1.2.1. Changing or improving an accounting process to eliminate or reduce improper payments.

2.1.2.2. Developing a validated and verified cost or life cycle to model use in economic, cost benefit, or cost effective analysis.

2.1.2.3. Establishing a training program to improve workforce proficiency in a key area of deficiency.

2.1.3. Contributions in Financial Management in a Contingency Operation. This category recognizes one individual and one team who have made significant contributions to modernize and improve financial management while in support of a contingency operation. Improvements can be in auditing, accounting, budget, cost analysis, workforce development, and other Financial Management fields. Examples of appropriate efforts include:

2.1.3.1. Implementing controls that improve auditability of funds managed in a contingency operation.

2.1.3.2. Changing and/or reengineering a process or steps of a process to make the process better, faster, and/or less expensive by using technology as an enabler in a contingency operation.

2.1.3.3. Identifying, proposing, and implementing an improvement to a problem, project, or effort using analysis to better utilize resources and improve mission effectiveness in a contingency operation.

2.1.4. Contributions to DoD Audit and Remediation. This category recognizes one individual and one team, at each of the two award levels, who have made significant achievements to improve Audit efforts. Audit efforts help the Department achieve its goal of unmodified financial statement audits by (1) improving the Department's financial management operations, (2) providing our service members with the resources essential for mission success, (3) and improving taxpayer trust in our stewardship of resources. Examples of appropriate efforts include:

2.1.4.1. Implementing end-to-end business process reengineering efforts leading to improved auditability.

2.1.4.2. Executing action plans to correct internal controls deficiencies at a local or command level that are consistent with laws, regulations, and administrative policy.

2.1.4.3. Implementing effective improvements to controls over financial reporting in financial systems at the service or enterprise level.

2.1.5. USD(C) Salute to Savings Award. This category recognizes either an individual or team whose actions have resulted in a significant savings to the taxpayer. The USD(C) will select the winner of this award from among the nominations submitted in the categories in paragraphs **060201.A through D.**

## 2.2. Award Types (060202)

The two award types in the USD(C) Financial Management Awards Program are:

2.2.1. Individual awards may be given to one person at the Headquarters and Major Command level and Below Major Command level in the four award categories.

2.2.2. One team award may be given to teams at the Headquarters and Major Command level and the Below Major Command level in each of the four award categories. Teams are made up of two to twenty individuals brought together to perform a specific task within a specific time frame. Teams of greater than twenty individuals are not eligible for these awards. The team lead must be one of the twenty members of the team. Contractors cannot comprise more than 20 percent of the team. Contractors cannot use these awards as support for performance clauses in contracts.

## \*2.3. Award Levels (060203)

The two award levels in the USD(C) Financial Management Awards Program are:

## 2.3.1. Headquarters level and Major Command level.

2.3.1.1. Headquarters level is defined as the headquarters of a Military Service Department, Defense Agency, or Field Activity.

2.3.1.2. Major Command Level is defined as the highest level of command below headquarters level within the Military Department. For the Defense Agencies and Field Activities, Major Command level is based on the organization's structure, not the nature of the work covered by the award. Major Command level refers to the next level of subordinate organizations to the Headquarters location.

2.3.2. Below Major Command level includes any organization not meeting the requirements to be considered Headquarters and Major Command level. For Defense Agencies and Field Activities, this includes regional offices or other organizations subordinate to the Headquarters or Major Command level.

<b>Award Level Matrix</b>	
<b>Organizational Level Performing the Work</b>	<b>Award Level</b>
Headquarters	Headquarters and Major Command
Military Department Major Command	Headquarters and Major Command
Combatant Command Headquarters	Headquarters and Major Command
Brigade/Afloat Command/Group	Below Major Command
Regional Office	Below Major Command
<b>Examples</b>	
DFAS Headquarters	Headquarters and Major Command
DFAS Major Center (Cleveland, Columbus, Indianapolis)	Headquarters and Major Command
DFAS Other (Rome, Limestone, Japan, Europe, Non-Appropriated Funds, <a href="#">to include Support Offices</a> )	Below Major Command
DCAA (HQ, Regional and Corporate Offices)	Headquarters and Major Command
DCAA (Field Offices and Sub Offices)	Below Major Command
DLA (Headquarters)	Headquarters and Major Command
DLA (Major Subordinate Command and Below)	Below Major Command

### 3.0 RESPONSIBILITIES (0603)

#### 3.1 The USD(C) (060301)

3.1.1. Will select awards recipients for each award category, type, and level.

3.1.2. May select one or more recipients for the USD(C) Salute to Savings Award from among the pool of nominations submitted in the other four categories.

3.1.3. Will present awards to each recipient.

3.1.4. Will release an annual memorandum announcing any changes to this regulation, call for the submission of nominations for this awards program, and delineate the nomination and review timeline.

#### 3.2 The OUSD(C) Human Capital Resource Management Director (060302)

3.2.1. Will annually convene a Financial Management Awards Program Board to review nominations from the DoD Components.

3.2.2. Will make award recommendations to the USD(C).

3.2.3. Will appoint a representative from among the Defense Agencies and DoD Field Activities (other than the Defense Finance and Accounting Service (DFAS)) to the FM Awards Program Board.

#### 3.3 Heads of the Military Departments and DFAS (060303)

3.3.1. Will each select a representative to the Financial Management Awards Program Board and notify the Director, Human Capital Resource Management (HCRM) in accordance with the annual USD(C) memorandum, of the representative selected from their Component.

#### 3.4 DoD Component Heads (060304)

3.4.1. Will encourage the nomination of individuals and teams for the Financial Management Awards in accordance with the procedures and criteria in section 0604.

3.4.2. Will appoint a Final Reviewer for all nominations submitted by members of their component in accordance with the memorandum.

#### 3.5 The Financial Management Awards Program Board (060305)

3.5.1. Is chaired by the OUSD(C) HCRM Director, or designee.

3.5.2. Is comprised of one voting representative from each of the Military Departments, DFAS, and one from the Defense-wide community, which encompasses all other Defense Agencies and DoD Field Activities. Members may not delegate attendance of the Board Member meeting, and may not serve more than two consecutive terms.

3.5.3. Is comprised of members of the Senior Executive Service, general/flag officers, and/or E-9s.

3.5.4. Members must not be the Nominating Officials for any of the award nominations submitted.

3.5.5. Is convened annually to evaluate nominations and make recommendations for winners in each award category based on the criteria in paragraph 060401.

### 3.6 Final Reviewers (060306)

3.6.1. Are responsible for vetting the nominations prior to submission to the Board. Nominations should be examined for duplications, incomplete submissions, and noncompliance with instructions.

3.6.2. May not be Nominating Officials.

3.6.3. Are responsible for approving or denying each nomination submitted for their particular component, before all nominations are due to OUSD(C). Only approved nominations will go before the Board.

### 3.7 Nominating Official (060307)

3.7.1. Will review each one of their nominations ensuring nominee names and contact information are correct and accurate.

3.7.2. Will sign to certify compliance with nomination submission instructions in section 0605.

### 3.8 Supervisor (060308)

3.8.1. Will consider members of their workforce whose achievements merit recognition in the USD(C) FM Awards Program.

3.8.2. Will serve as the Nominating Official for appropriate nominations.

### 3.9 Submitter (060309)

3.9.1. Will input all data into the nomination template for the appropriate nomination in accordance with the procedures and criteria in section 0605 as directed by the Nominating Official.

3.9.2. May be the same person as the Nominating Official.

#### 4.0 AWARD CRITERIA AND NOMINATION INFORMATION (0604)

The criteria and nomination information for the DoD Financial Management Awards are:

##### 4.1 Award Criteria (060401)

Nominations for DoD Financial Management Awards shall be based on individual or team achievements during the preceding calendar year. Board Members will evaluate nominations, assigning a numeric score, after considering the following criteria:

###### 4.1.1. Scope and Significance, examples include:

4.1.1.1. Cost and/or manpower savings

4.1.1.2. Cost avoidances

4.1.1.3. Magnitude of Impact

###### 4.1.2. Improving and standardizing policies, procedures, and systems

##### 4.2 Nomination Information (060402)

Refer to section 0605 for specifics on procedures for submitting nominations. Figures 1-1 and 2-1 are examples of individual and team nominations, respectively. Information included in the nominations is used for plaque development. All information must be accurate to ensure plaques properly display nominee information. All acronyms must be spelled out the first time.

4.2.1. The first section includes the calendar year of the accomplishment, award category, nominee(s) data, and Nominating Official data.

4.2.2. The second section includes the nominee or team name, a brief description of the problem, project, or effort, a summary of the actions performed, and results achieved by the individual or team to warrant consideration for a Financial Management Award.

4.2.3. Nominations should be written to a broad and diverse audience. Limit the use of acronyms and excessive superlatives.

4.2.4. Nominations should be written in a clear and concise manner.

4.2.5. DoD Components may not submit more than one nomination for the same achievements. For example:

4.2.5.1. A DoD Component may not submit a team nomination and an individual nomination for the same achievements.



4.2.5.2. A DoD Component may not submit a nomination, either team or individual, with the same achievements, for different award categories, types, or levels.

4.2.6. For Team awards, DoD Components may identify additional personnel from other DoD Components who participated in the actions leading to the recognized achievements. The addition of other DoD Components to an award does not affect the nomination restrictions set in **060403.D**.

#### 4.3 Submission of Nominations (060403)

4.3.1. Heads of DoD Components must submit nominations to the OUSD(C) HCRM Director via the OUSD(C) awards nomination site at <https://fmonline.ousdc.osd.mil/Professional/Awards-Program/Awards.aspx>. Specific details are contained in section **0605**.

4.3.2. OUSD(C) must receive nominations by the date designated in the memorandum sent to the Components. OUSD(C) will not accept nominations after the end of the nomination period.

4.3.3. Final Reviewers must review nominations by the date designated in the memorandum sent to the Components. OUSD(C) will not accept nominations edits after the end of the review period.

4.3.4. Heads of DoD Components are restricted in the number of nominations they can submit for consideration in each Category, Type, and Level:

4.3.4.1. DoD Components with an FM workforce of at least 1,000 personnel can submit up to two nominations per Category, Type, and Level; allowing a maximum of 28 nominations.

4.3.4.2. DoD Components with an FM workforce of fewer than 1,000 personnel can submit up to one nomination per Category, Type, and Level; allowing a maximum of 14 nominations.

4.3.4.3. Combatant Command Support Agents may submit up to one additional nomination per Category, Type, and Level for personnel serving in the Headquarters of a Unified Combatant Command. These nominations will compete as Combatant Command nominations.

4.3.5. Components will not submit nominations for the USD(C) Salute to Savings award category. The USD(C) will select winners for this category from among the pool of nominations submitted in the other four award categories.

#### 4.4 Nomination Responsibilities (060404)

4.4.1. Responsibility for individual award nominations is vested with the DoD Component owning the position of the person being nominated.

4.4.2. Responsibility for team award nominations is vested with the DoD Component owning the position of the team lead.

#### 4.5 Individual and Team Awards (060405)

Each individual award recipient shall receive an engraved plaque. Each team shall receive a single engraved plaque while team members shall each receive a certificate.

#### 5.0 FM AWARDS WEBSITE INSTRUCTIONS (0605)

Utilize the OUSD(C) awards nomination site for all nominating, reviewing, or scoring.

#### 5.1 Nominating an Individual (060501)

5.1.1. To nominate an individual, click the Nominate Individual tab on the right side of the home page. Acknowledge you have read and will comply with this regulation to continue. Select the Award Category that best fits the actions of the individual being nominated by clicking on the radio button next to the appropriate category:

5.1.1.1. Contributions in budget formulation or execution.

5.1.1.2. Contributions in financial management (excluding budget).

5.1.1.3. Contributions in financial management in a contingency operation.

5.1.1.4. Contributions to DoD Audit and Remediation.

5.1.2. Select the Award Level that corresponds to the level of the organization the nominee worked at by clicking on the radio button next to the appropriate level, either Headquarters and Major Command or Below Major Command:

5.1.2.1. Enter the Organization and Component of the Nominee. The Organization should reflect the entity subordinate to the DoD Component to which the nominee was assigned while the nominee completed the actions for which the nominee is being nominated.

5.1.2.2. Acronyms must be spelled out.

5.1.2.3. If the individual was assigned to the Headquarters of a Combatant Command, select “yes,” next to the Combatant Command question, and identify the Combatant Command from the drop-down menu. If the individual was not assigned to the Headquarters of a Combatant Command, select “no.”

5.1.3. Fill out the Individual Nominee Data and the Nominating Official Data:

5.1.3.1. Write the nomination in a way best portraying the individual and their contributions in the specific effort.

5.1.3.2. Nominations should not be written like personnel evaluations.

5.1.4. Input the name of the problem, project, or effort the individual participated in, concisely providing details about the:

5.1.4.1. Problem the Nominee solved.

5.1.4.2. Actions the Nominee took to solve the problem.

5.1.4.3. Results of the Nominee's actions to solve the problem.

5.1.5. To complete the nomination:

5.1.5.1. Acknowledge the nomination has been submitted in compliance with this regulation.

5.1.5.2. Click the save button at the bottom of the form.

5.1.5.3. After clicking the save button, the application will save your nomination. You must next click the submit button to send the nomination to the Nominating Official for review. Failure to click the submit button will halt progress on the nomination.

5.1.5.4. Click the close form button at the bottom of the screen.

## 5.2 Nominating a Team (060502)

5.2.1. To nominate a Team, click the Nominate Team tab on the right-side of the home page. Acknowledge you have read and will comply with this regulation to continue. Select the Award Category that best fits the actions of the team being nominated by clicking on the radio button next to the appropriate category:

5.2.1.1. Contributions in budget formulation or execution.

5.2.1.2. Contributions in financial management (excluding budget).

5.2.1.3. Contributions in financial management in a contingency operation.

5.2.1.4. Contributions to DoD Audit and Remediation.

5.2.2. Select the Award Level that corresponds to the level of the organization the nominated team worked at by clicking on the radio button next to the appropriate level: Headquarters and Major Command, or Below Major Command.

5.2.2.1. Enter the Team Name, Organization, and Component of the Nominee. The Organization should reflect the entity subordinate to the DoD Component to which the team lead was assigned while the team completed the actions for which the team is being nominated.

5.2.2.1.1. Acronyms must be spelled out.

5.2.2.1.2. If the team lead was assigned to the Headquarters of a Combatant Command, select “yes,” next to the Combatant Command question, and identify the Combatant Command from the drop-down menu. If the team lead was not assigned to the Headquarters of a Combatant Command, select “no.”

5.2.2.1.3. If any members of the team were assigned to a DoD Component other than the DoD Component the team lead was assigned to, the Nominating Official may recognize the other DoD Components by selecting “yes” to the additional DoD Component question and identify up to three additional DoD Components from the drop down menus.

5.2.2.2. Input the Team’s Nominee Data. There can be from 2 to 20 individuals per team, including the team lead.

5.2.2.2.1. No more than 20 percent of the team can be composed of contractors.

5.2.2.2.2. Fill in the information of team leader in the Individual Nominee Data Portion.

5.2.2.2.3. Contractors are not eligible for the team lead position.

5.2.3. Fill out the Team Nominee Data and the Nominating Official Data:

5.2.3.1. Write the nomination in a way best portraying the team and its contributions in the specific effort.

5.2.3.2. Nominations should not be written like personnel evaluations.

5.2.4. Input the name of the problem, project, or effort the individual participated in, concisely providing details about the:

5.2.4.1. Problem the Team solved.

5.2.4.2. Actions the Team took to solve the problem.

5.2.4.3. Results of the Team’s actions to solve the problem.

5.2.5. To complete the nomination:

5.2.5.1. Acknowledge the nomination has been submitted in compliance with this regulation.

5.2.5.2. Click the save button at the bottom of the form.

5.2.5.3. After clicking the save button, the application will save your nomination. You must next click the submit button to send the nomination to the Nominating Official for review. Failure to click the submit button will halt progress on the nomination.

5.2.5.4. Click the close form button at the bottom of the screen.

### 5.3 Final Reviewers (060503)

5.3.1. Click the Final Reviewer Tab to see each individual and team nomination for your DoD Component.

5.3.2. Individual nominations will be listed at the top of the page and Team nominations will be listed at the bottom of the page.

5.3.3. Final Reviewers must approve or decline nominations before they go to the Board. Refer to the annual USD(C) memorandum for the timeline:

5.3.3.1. Click on the document button in between the name of the Individual or the Team and the Organization of the specific nomination to view the nomination.

5.3.3.2. Ensure the nomination has been submitted in accordance with this regulation.

5.3.3.3. Ensure Nominating Official digital signature belongs to listed nominating official.

5.3.3.4. To approve or decline a nomination, click the approve or decline button.

5.3.4. To view a report of all nominations within a certain category, click on the category you are trying to view.

5.3.5. To view nominations previously approved or declined:

5.3.5.1. Click the view approved/declined nominations button (in blue) at the top of the screen.

5.3.5.2. Click on the document button in between the name of the Individual or the Team and the Organization of the specific nomination.

5.3.5.3. To change the status of a nomination, click the approve or decline button.

5.3.6. Return to nominations that have not been approved or declined yet by clicking the view undecided documents button on the top of the screen.

5.3.7. Final Reviewers will be restricted in the number of nominations they can approve to go to the Board as set in 060403.D.

#### 5.4 Board Members (060504)

Board Members will independently score individual and team nominations based on the established criteria and collectively evaluate and recommend winners in each award category in accordance with this regulation.

5.4.1. Click the Board Tab to enter the Board Member Section. The three buttons that Board Members will use throughout the scoring process are:

5.4.1.1. Nominations: produces a printable report with all nominations submitted to the board.

5.4.1.2. Board Detail Report: produces a printable report showing detailed scores for each nomination by criteria.

5.4.1.3. Board Summary Report: produces a printable reporting showing the total score for each nomination.

#### 5.4.2. To score nominations:

5.4.2.1. Click the nominations button found on the Board Members site.

5.4.2.2. The nomination list contains four sections, one for each nomination category, each of which has four tabs. Each of these tabs represents the four different types and levels of nominations.

5.4.2.3. Click on the tab to open it. Each row will show the same information (from left to right): Name of Individual or Team, Organization, and Component. Next to each line, Board Members will be able to score nominations and input remarks.

5.4.2.4. Board Members will be able to see the nomination by clicking on the individual or team name for the nomination.

5.4.2.5. After considering the strength of the write-up and how it meets the scoring criteria, indicate a score of 1 to 5 points based on the scoring criteria with 5 being the highest.

5.4.2.6. Click the save button at the top of each tab to save scores for that tab. While working through nominations, save frequently to prevent loss of scoring.

5.4.2.7. There will be a green checkmark next to the row of any scored nomination.

5.4.2.8. Click on the scores report button on the top right-side of the screen to view a compiled report of all scoring you have completed.

5.4.3. To view a Board Detail Report, return to the Board Welcome page, click the board detail report button at the bottom of the Board Member welcome screen.

5.4.4. To view a Board Summary Report, return to the Board Welcome page:

5.4.4.1. Click the board summary report button at the bottom of the Board Member welcome screen.

5.4.4.2. This report includes sections by Award Category, Type, and Level and provides the summary total of each Board Member's scoring of the established criteria for each nominee.

Figure 1-1: Nomination Form for Individual Awards

<b>UNDER SECRETARY OF DEFENSE (COMPTROLLER) FINANCIAL MANAGEMENT AWARDS PROGRAM Nomination Form for INDIVIDUAL Awards</b>	
Award Category:	<input type="checkbox"/> Contributions in Budget Formulation or Execution <input type="checkbox"/> Contributions in Financial Management (excluding Budget) <input type="checkbox"/> Contributions in Financial Management in a Contingency Operation <input type="checkbox"/> Contributions to DoD Audit and Remediation
Award Level:	<input type="checkbox"/> Headquarters and Major Command <input type="checkbox"/> Below Major Command
Organization:	
Component:	<input type="text" value="[DROP DOWN]"/>
Was the Individual in this award assigned to a COCOM? Yes <input type="checkbox"/> No <input type="checkbox"/>	
If so, which COCOM? <input type="text" value="[DROP DOWN]"/>	
Individual Nominee Data (contractors are not eligible for individual awards):	
Rank/Grade:	<input type="text"/>
Name:	<input type="text"/>
Duty Title:	<input type="text"/>
E-Mail:	<input type="text"/>
Office Mailing Address:	<input type="text"/>
Commercial Phone:	<input type="text"/>
Nominating Official Data:	
Rank/Grade:	<input type="text"/>
Name:	<input type="text"/>
Duty Title:	<input type="text"/>
E-Mail:	<input type="text"/>
Office Mailing Address:	<input type="text"/>
Commercial Phone:	<input type="text"/>



Figure 1-1: Nomination Form for Individual Awards (cont'd)

<p>UNDER SECRETARY OF DEFENSE (COMPTROLLER) FINANCIAL MANAGEMENT AWARDS PROGRAM Nomination Form for INDIVIDUAL Awards</p>
<p>* There is a maximum of 700 characters with spaces allowed in the PROBLEM/PROJECT/EFFORT box and 3,300 characters with spaces allowed in the ACTIONS and RESULTS box.</p> <p>Your nomination will be scored against the following criteria:</p> <ul style="list-style-type: none"><li>A. Scope and Significance, examples include:<ul style="list-style-type: none"><li>1. Cost and/or manpower savings</li><li>2. Cost avoidances</li><li>3. Magnitude of Impact</li></ul></li><li>B. Improving and standardizing policies, procedures, and systems.</li></ul> <p>The criteria can be found in the FMR on page 6-9, section 060401.</p> <p><b>Describe the PROBLEM/PROJECT/EFFORT</b> (summarize the project in 2-3 sentences):</p>
<p><b>Summarize the ACTIONS and RESULTS of the individual's activities that warrant an award</b> (What did the individual do to earn this award? What analytics were involved? What benefits or results were realized? Why or how did these benefits significantly improve financial management? Please be specific in terms of cost or time savings and please provide concrete examples):</p>
<p><input type="checkbox"/> I have submitted this nomination in accordance with the DoD FMR Volume 1, Chapter 6, "Under Secretary of Defense (Comptroller) Financial Management Awards Program."</p>

Figure 2-1: Nomination Form for Team Awards

**UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
FINANCIAL MANAGEMENT AWARDS PROGRAM  
Nomination Form for TEAM Awards**

Award Category:  Contributions in Budget Formulation or Execution  
 Contributions in Financial Management (excluding Budget)  
 Contributions in Financial Management in a Contingency Operation  
 Contributions to DoD Audit and Remediation

Award Level:  Headquarters and Major Command  
 Below Major Command

Team Name: \_\_\_\_\_  
 Organization: \_\_\_\_\_  
 Component:

Were the personnel in this award assigned to a COCOM? Yes  No   
 If so, which COCOM?

Were the personnel in this award from additional Components? Yes  No   
 If so, with which Components?

Team Nominee Data (2 to 20 individuals, with no more than 20% contractors)				
Grade/Rank	Name	Title	E-mail	Component
				<input type="text" value="[DROP DOWN]"/>
				<input type="text" value="[DROP DOWN]"/>
				<input type="text" value="[DROP DOWN]"/>
				<input type="text" value="[DROP DOWN]"/>
				<input type="text" value="[DROP DOWN]"/>

Individual Nominee Data (contractors are not eligible for individual awards):  
 Rank/Grade: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Duty Title: \_\_\_\_\_  
 E-Mail: \_\_\_\_\_  
 Office Mailing Address: \_\_\_\_\_  
 Commercial Phone: \_\_\_\_\_

Nominating Official Data:  
 Rank/Grade: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Duty Title: \_\_\_\_\_  
 E-Mail: \_\_\_\_\_  
 Office Mailing Address: \_\_\_\_\_  
 Commercial Phone: \_\_\_\_\_

Figure 2-1: Nomination Form for Team Awards (cont'd)

<p><b>UNDER SECRETARY OF DEFENSE (COMPTROLLER)</b>  <b>FINANCIAL MANAGEMENT AWARDS PROGRAM</b>  <b>Nomination Form for TEAM Awards</b></p>
<p>* There is a maximum of 700 characters with spaces allowed in the PROBLEM/PROJECT/EFFORT box and 3,300 characters with spaces allowed in the ACTIONS and RESULTS box.                  Your nomination will be scored against the following criteria:                  A. Scope and Significance, examples include:                      1. Cost and/or manpower savings                      2. Cost avoidances                      3. Magnitude of Impact                  B. Improving and standardizing policies, procedures, and systems.                  The criteria can be found in the FMR on page 6-9, section 060401.  <b>Describe the PROBLEM/PROJECT/EFFORT</b> (summarize the project in 2-3 sentences):</p>
<p><b>Summarize the ACTIONS and RESULTS of the team's activities that warrant an award</b> (What did the team do to earn this award? What analytics were involved? What benefits or results were realized? Why or how did these benefits significantly improve financial management? Please be specific in terms of cost or time savings and please provide concrete examples):</p>
<p><input type="checkbox"/> I have submitted this nomination in accordance with the DoD FMR Volume 1, Chapter 6, "Under Secretary of Defense (Comptroller) Financial Management Awards Program."</p>

**VOLUME 1, CHAPTER 7: “DEPARTMENT OF DEFENSE STANDARD CHART OF ACCOUNTS”**

**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 [March 2018](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
1.2 (070102)	Added information for clarity.	Revision
2.0 (0702)	Added information to the existing definitions that impact proper posting of budgetary and proprietary transactions to the DoD Standard General Ledgers.	Revision
3.4.3. (070304.C)	Added a new subparagraph to emphasize Components' responsibility for recording budgetary and proprietary transactions.	Addition

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## CHAPTER 7

**DEPARTMENT OF DEFENSE STANDARD CHART OF ACCOUNTS**

## 1.0 GENERAL (0701)

## 1.1 Purpose (070101)

This chapter prescribes the requirements of the Department of Defense (DoD) Standard Chart of Accounts (SCOA) [that is based on the](#) general requirements of the United States Standard General Ledger ([USSGL](#)). The DoD SCOA [prescribes](#) the mandatory general ledger accounts that must be implemented in all DoD accounting systems for all [budgetary and proprietary transactions](#).

## \*1.2 Authoritative Guidance (070102)

1.2.1. [The Federal Financial Management Improvement Act of 1996 \(FFMIA\)](#) requires agencies to implement and maintain [financial management](#) systems that comply with the USSGL at the transaction-level. [See Chapter 3 for FFMIA compliance information.](#)

1.2.2. The United States Department of the Treasury (Treasury) Financial Manual (TFM) prescribes the USSGL requirements. The USSGL is a TFM Supplement that [prescribes the structure for budgetary and proprietary accounts at the 6-digit USSGL account level](#). Because central agency reporting requires a lower level of detail, the USSGL Board developed attributes containing domain values that, when added to a basic 6-digit USSGL account, provide the appropriate level of detail needed for central agency reporting. Treasury issues bulletins at least annually notifying agencies of changes to the USSGL Supplements that are effective immediately and later codified in the TFM. As part of the overall Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting requirements, the USSGL guidance contains seven major sections:

- I. Chart of Accounts,
- II. Accounts and Definitions,
- III. Account Transactions,
- IV. Account Attributes for USSGL Proprietary Account and Budgetary Account Reporting,
- V. Crosswalks to Standard External Reports for FY 20XX<sup>1</sup> GTAS Reporting,
- VI. Crosswalks to Reclassified Statements for FY 20XX Reporting, and
- VII. GTAS Validations and Edits for FY 20XX Reporting.

1.2.3. Office of Management and Budget ([OMB Circular A-123 Appendix D](#)), “Compliance with the Federal Financial Management Improvement Act,” requires that agencies record financial events in the core accounting systems, applying the requirements of the USSGL.

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<sup>1</sup> “XX” represents the applicable fiscal year.

## \*2.0 DEFINITIONS (0702)

### 2.1 Standard Financial Information Structure (070201)

2.1.1. The [Standard Financial Information Structure](#) (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs. The DoD SCOA is a key element in the SFIS data structure. The DoD SCOA and other SFIS products are published on the DoD Chief Management Officer's SFIS web page. For detailed SFIS information, see Chapter 4.

### 2.2 DoD Chart of Accounts SFIS Attribute Alignment File (070202)

The DoD Chart of Accounts (COA) SFIS Attribute Alignment File (“FY20XX DoD COA Account Attribute Alignment File”) is a file that identifies standard interface file format requirements for the Defense Departmental Reporting System. It provides DoD with a means to determine which SFIS data element and value combinations are necessary for consistent financial reporting. For each DoD Standard General Ledger (SGL) account, the DoD Account Attribute Alignment File identifies additional SFIS data elements that are required for financial reporting. This file identifies which value combinations are permissible for SFIS attributes. The DoD Account Attribute Alignment File and corresponding instructions are available on the SFIS web page.

### 2.3 Tie-Point Reconciliations (070203)

Tie-Point Reconciliations, also referred to as “Tie-Points,” are a series of standard USSGL accounting relationships, i.e., financial management equations that facilitates the validation of trial balance data. The DoD Chart of Accounts Tie-Point standards are revised annually and published on the SFIS web page. [Tie-points](#) indicate whether certain account balances within a general ledger trial balance are consistent with other account balances. [DoD Components and accounting service providers must combine budgetary and proprietary general ledgers to a self-balancing trial balance and conduct edits and tie-point validations prior to reporting data in the Defense Departmental Reporting System \(DDRS\).](#) Tie-Points that do not reconcile must be resolved to support the DoD submission of accurate and reliable agency-wide trial balances to Treasury via GTAS for consolidation into the Governmentwide financial statements.

### 2.4 Financial Accounting System (070204)

[OMB Circular A-123, Appendix D, defines a financial system as an information system or set of applications that comprise the accounting portion of the financial management system that maintains all summary and detailed transactions resulting from budgetary and proprietary financial activity. In order to comply with section 803\(a\) of the FFMIA, financial management systems must record financial events at the transaction-level to the appropriate general ledger accounts according to USSGL guidance in the TFM, see Chapter 3.](#)

### 3.0 ACCOUNT DESIGN (0703)

#### 3.1 DoD SCOA (070301)

The DoD SCOA consolidates the Component level posting and reporting requirements of Treasury and OMB at the DoD enterprise level. The DoD SCOA is comprised of [budgetary and proprietary](#) USSGL accounts and related DoD standard account extensions required to [facilitate consistent implementation of the USSGL, consolidate Component trial balances, and comply with the budgetary and financial reporting requirements established by the OMB and Treasury](#). The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer (OUSDC)/CFO issues guidance on implementation of the enterprise-wide DoD SCOA to:

3.1.1. Reduce customization of accounting systems,

3.1.2. Eliminate translation and crosswalks of account values in the departmental reporting system,

3.1.3. Improve comparability of data across accounting systems, and

3.1.4. Improve consolidation of data across accounting systems for DoD-wide reporting.

#### 3.2 Account Structure (070302)

The basic structure of the DoD SCOA consists of a 6-digit USSGL account number followed by a 4-digit DoD account extension. DoD SGL accounts with an extension of “.9000” (e.g., 101000.9000, 211000.9000) are identified as Treasury level USSGL accounts. DoD SGL accounts with extensions other than .9000 are DoD specified accounts. The basic structure of the DoD SCOA follows that of the USSGL. The basic 6-digit structure of the USSGL consists of:

100000	Assets
200000	Liabilities
300000	Net Position
400000	Budgetary
500000	Revenue and Other Financing Sources
600000	Expenses
700000	Gains/Losses/Miscellaneous Items
800000	Memorandum

#### 3.3 DoD USSGL Transaction Library (070303)

**3.3.1.** The DoD USSGL Transaction Library establishes the enterprise-wide requirement for the implementation of the USSGL and DoD SCOA. It provides a framework for updating existing financial systems and deploying new DoD accounting systems using detailed general ledger transactions and posting business rules for accounting standardization that supports the preparation of financial statements and external reports required by Treasury and OMB.



3.3.2. The DoD USSGL Transaction Library is a decomposition of the accounting transactions from [the TFM, Part 1, Section III USSGL Supplement that provides both budgetary and proprietary accounting entries for events occurring throughout the federal government](#). The DoD USSGL Transaction Library organizes generalized Treasury USSGL business event transactions into appropriate pairings of budgetary, proprietary, and memorandum accounts uniquely identified by DoD Transaction Codes (DTCs).

3.3.3. Financial systems are required to process transactions using the DoD SCOA and attributes according to the defined uses and posting logic in the DoD USSGL Transaction Library. Every effort **must** be made to not group multiple DTCs into one transactional posting, so that the individual transactions needed to support the business process are not bypassed and each business event posts separately. While Component financial systems are not required to store and maintain the exact DTC reference used in the Library for each posted transaction, Component or agency financial systems must maintain a chart of accounts and utilize general ledger posting logic that **produces** the same results as the DoD USSGL Transaction Library for each business event.

3.3.4. The DoD SCOA, DoD USSGL Transaction Library, DoD Account Attribute Alignment File, and DoD Tie-Points are updated as applicable following each corresponding Treasury update to **ensure that DoD policy** guidance **aligns** with the most current USSGL Supplement.

#### 3.4 Reporting (070304)

3.4.1. DoD SGL accounts consist of a six (dot) four account numbering structure. All DoD accounting systems must report financial transactions to **DDRS** using the account structure of the DoD SCOA. Detailed attribute alignment at the DoD SGL account level is updated concurrently with the DoD SCOA and published on the SFIS web page.

3.4.2. The DoD SCOA must be implemented **by DoD Components** to satisfy both internal and external reporting requirements. For **external financial** reporting, all **budgetary and proprietary financial** reporting data **are summarized in DDRS** into the six-digit USSGL accounts and GTAS standard attributes required by the Treasury Bureau of the Fiscal Service.

\* 3.4.3. **DoD components must ensure their financial management systems provide complete, reliable, consistent and timely budgetary and proprietary transaction-level information in accordance with (SFIS) and are recorded in general ledgers of the accounting systems of record to produce auditable budgetary, proprietary, and managerial cost accounting reports for use by internal and external stakeholders.**

#### 4.0 ACCOUNT RELATIONSHIPS (0704)

##### 4.1 Budgetary and Proprietary **Accounts** (070401)

4.1.1. The DoD SGL account structure provides a self-balancing set of budgetary accounts to record the appropriation, apportionment, allotment, allocation, commitment, obligation, and expenditure process. The DoD SCOA, driven by debit and credit normal balance indicators, debits

should always equal credits. The budgetary total and budgetary resources accounts should always equal the total status of budgetary resources accounts.

4.1.2. The DoD SGL account structure provides a self-balancing set of proprietary accounts to report the results of operations and net position. Proprietary asset and liability accounts cover the collection and disbursement of funds, the proper classification of assets (e.g., Fund Balance with Treasury, receivables, advances and prepayments, inventory and fixed assets), and the recognition and proper classification of liabilities. Revenue and expense accounts measure the realization of revenues from the sale of goods and services, and the recognition of costs, including gains and losses through the use and consumption of assets. Total asset accounts should always equal total liability accounts plus net position.

4.1.3. Accurate posting of budgetary and proprietary transactions to the DoD SGL enable budgetary, proprietary, and managerial cost accounting that are essential for good stewardship and proper financial control over resources and financial reporting.

#### 4.2 Accounts Applicable to Fund Type (070402)

4.2.1. The DoD SCOA identifies DoD SGL accounts applicable to General Fund, Working Capital Fund, and Special and Trust Funds. The DoD SCOA also identifies those USSGL accounts that are not applicable to the DoD.

4.2.2. Component accounting systems must incorporate, at a minimum, those DoD SGL accounts and posting logic for applicable business processes and transactions. For example, Components must ensure that general fund accounting systems include, at a minimum, accounts designated as applicable to general funds, and not those restricted to working capital or special/trust fund systems. Similarly, working capital fund accounting systems must include accounts designated as applicable to working capital funds, but not those accounts restricted to general or special/trust fund systems. Combined systems handling both general and working capital funds must include both general and working capital general ledger accounts, but not those accounts restricted to special/trust fund systems. DoD Components are not required to add accounts designated as not applicable for DoD.

#### 4.3 Account Attributes (070403)

4.3.1. The account attributes required for Treasury reporting of both budgetary and proprietary account information are defined in the TFM USSGL Supplement, Section IV, USSGL Account Attributes.

4.3.2. The data structure for each DoD SGL account attribute is defined in the SFIS Matrix, to include syntax and allowable values. The SFIS Matrix and the SFIS Values Library are located on the SFIS web page. SFIS is discussed further in Chapter 4.

4.3.3. When including specific general ledger accounts in an accounting system, all attributes assigned to the specific general ledger accounts must also be included and correctly aligned to those accounts.

4.3.4. Allowable values for each DoD SGL account attribute are identified and defined at the DoD SGL account level in the DoD [SCOA](#) Attribute Alignment File published on the SFIS web page.

#### 4.4 Request for Account Exemption (070404)

4.4.1. The scope of business processes and transactions associated with a Component's specific mission area may allow for exemptions to certain DoD SGL accounts. Components [must](#) request an exemption from alignment to certain DoD accounts within a Component's accounting system, based on business processes within a specific fund type.

4.4.2. Systems owners should review existing accounts and submit any changes or revisions to the OUSD(C)/CFO within 30 days of the annual update of the DoD SCOA. System owners are encouraged to submit exemption requests early.

4.4.3. With each update and release of the DoD SCOA, Component system owners must review their existing accounts and submit any changes or revisions to the OUSD(C)/CFO within 30 days of the update. Components must utilize the [current](#) DoD SGL Account Exemption Request Form for all exemption requests. An updated exemption request form will be available [on the SFIS web page](#).

#### 4.5 DoD Assigned USSGL Accounts (070405)

The DoD SCOA [includes](#) five DoD [specific](#) accounts for recording internal fund distributions within direct program authority (see Figure 7-1). Refer to Volume 3, Chapters 13, 14, and 15 for implementation guidance on the use and application of these accounts at the Department and execution levels. Funds distribution guidance for the Military Services and [Office of the Secretary of Defense](#) Treasury Index-97 organizations is located on the [SFIS web page](#) under the "DoD Accounting Scenarios" section.

Figure 7-1. DoD Assigned Accounts for Internal Fund Distributions

Account Number: 454000.9000  
Account Title: Internal Fund Distributions Issued  
Normal Balance: Credit

Definition: The amount of direct budgetary authority allotted from department, headquarters, or [Office of the Secretary of Defense \(OSD\)](#) level to intermediate or execution level, as determined by organizational funding structure.

Account Number: 455000.9000  
Account Title: Internal Fund Distributions Received  
Normal Balance: Debit

Definition: The amount of direct budgetary authority received from department, headquarters, or OSD level by an intermediate level component.

Account Number: 456000.9000  
Account Title: Funds Available for Allotment  
Normal Balance: Credit

Definition: The amount of direct budgetary authority available at an intermediate level component for allotment to execution level component(s) or for suballotment to other intermediate level component(s).

Account Number: 457000.9000  
Account Title: Allotments Issued  
Normal Balance: Credit

Definition: The amount of direct budgetary authority either allotted by an intermediate level component to an execution level component(s), or suballotted between two or more intermediate or execution level components.

Account Number: 458000.9000  
Account Title: Allotments Received  
Normal Balance: Debit

Definition: The amount of direct budgetary authority received by an execution level component through either allotment or suballotment of authority.

**DoD 7000.14 - R**



**DEPARTMENT OF DEFENSE**

**FINANCIAL MANAGEMENT REGULATION**

**CHAPTER 8: "ARCHIVED"**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**

**VOLUME 1, CHAPTER 9: “FINANCIAL RECORDS RETENTION”**

**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 [February 2016](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Multiple	Updated hyperlinks throughout the document.	Revision
2.1.2. (090201.B)	Revised paragraph to provide more detail on National Archives and Record Administration (NARA) General Records Schedule (GRS) 1.1	Revision
2.1.3. (090201.C)	Revised wording for clarity related to Figure 9.1	Revision

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## CHAPTER 9

**FINANCIAL RECORDS RETENTION**

## 1.0 GENERAL (0901)

## 1.1 Purpose (090101)

This chapter provides guidance on the proper retention period for financial records. This policy applies only to the records necessary to support financial transactions and financial statement balances or necessary to document evidence of effective internal controls over financial reporting (e.g., reviews and approvals). This policy does not apply to related management records, such as maintenance logs, and other documents important for proper management of Department of Defense (DoD) operations but incidental to the support of financial transactions and balances, unless they are being used as secondary evidence to support financial transactions and balances.

## 1.2 Authoritative Guidance (090102)

1.2.1. Within the federal government, the National Archives and Records Administration (NARA) is responsible for promulgating procedures for the disposal of all United States (U.S.) Government records. The NARA Records Management Program provides guidance and assistance for the management and disposition of federal records.

1.2.1.1. NARA general policies for the management and disposal of records are located at Title 36 of the Code of Federal Regulations (CFR), [Chapter XII, Subchapter B, "Records Management,"](#) Parts 1220-1239 ([36 CFR §§ 1220 – 1239](#)).

1.2.1.2. NARA's disposal authorization guidance for administrative records is located in the [General Records Schedules \(GRS\)](#).

1.2.2. [Federal Acquisition Regulations \(FAR\), Part 4.805](#) provides procedures and schedules for storage, handling, and disposal of contract files.

1.2.3. The DoD records management policy and responsibilities are outlined in DoD [Instruction 5015.02 DoDI 5015.02](#), entitled "DoD Records Management Program."

1.2.3.1. Within DoD, there are [several](#) Records Management Programs, each with an appointed [Federal Agency Records Officer](#) Records Management Manual, Instruction, or Regulation; and Records Disposition Schedules (RDS). NARA approves all records identified in DoD's RDS, which can contain additional financial records used in DoD business operations that are not listed in the NARA GRS.

1.2.3.2. The [DoD Directive 3210.06 \(DoDD 3210.06\)](#), entitled "Defense Grant and Agreement Regulatory System," provides for the collection, retention, and dissemination of management and fiscal data related to grants activities.



1.2.3.3. The [DoD Guidebook for Miscellaneous Payments](#) provides guidance on supporting financial documentation for miscellaneous transactions.

## 2.0 RETENTION REQUIREMENTS (0902)

### 2.1 Record Retention Requirements (090201)

2.1.1. [Title 44 United States Code Section 3301](#) defines the term “records” to include all recorded information, regardless of form or characteristics, made or received by a Federal agency under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the U.S. Government or because of the informational value of data in them. [Records do not include library and museum material made or acquired and preserved solely for reference or exhibition purposes; or duplicate copies of records preserved only for convenience.](#)

#### \* 2.1.2. NARA GRS 1.1, “[Financial Management and Reporting Records](#),”

2.1.2.1. [GRS 1.1](#) provides disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities. [Financial management includes procuring goods and services, paying bills, collecting debts, accounting for all financial transactions, and monitoring net worth.](#)

2.1.2.1.1. [GRS 1.1](#) covers financial management records of grants and cooperative agreements but does not cover administrative records of such grants and agreements; these administrative records are covered in [GRS 1.2](#).

2.1.2.1.2. [GRS 1.1](#) covers financial transactions and reporting but not overall planning for finance; these records are covered under [GRS 1.3](#).

2.1.2.1.3. [GRS 1.1](#) covers contract records maintained by Federal agencies but not records maintained by contractors, these records are governed by [FAR, Part 4, Subpart 4.7](#).

2.1.2.1.4. [GRS 1.1](#) covers financial transactions as an administrative function common to all agencies, but not administrative records documenting unique agency missions, such as student loan collection or seeking reimbursement for Superfund cleanups.

2.1.2.2. Each record noted within [the GRS](#) includes an item number, the records description, disposition instructions describing the point at which an item can be destroyed “[unless longer retention is authorized and required for “business use,” and the disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities.](#)”

\* 2.1.3. Figure 9-1 provides general guidelines for minimum retention periods by assessable unit in support of the DoD-wide financial statement audit. Supporting a financial statement audit is an example of “business use” where documentation must be retained for a longer period of time than required by NARA in order to preclude a scope limitation. During an audit, management must furnish a written representation as to the availability of all financial records and related data and the auditors must obtain a reasonable basis for an opinion. These guidelines must be supplemented by professional judgment that considers the specific circumstances related to each financial transaction. For records supporting financial statement audits and held for purposes other than a financial statement audit that require a longer retention period, continue to follow appropriate document retention guidance. At a minimum, Components must comply with NARA and the DoD Records Management Program requirements.

2.1.4. Consult your DoD appointed Federal Records Officer for additional guidance regarding record retention.

## 2.2 Documentation Requirements (090202)

Documentation of financial transactions must be prepared, maintained, and, at a minimum, support the following aspects of a transaction:

2.2.1. Authority. Components must retain evidence that the transaction was approved and/or certified in accordance with established requirements.

2.2.2. Amount. Components must retain evidence of the dollar value of the transaction.

2.2.3. Date. Components must retain evidence of the date of the transaction, to ensure that the transaction is recorded in the proper accounting period.

FIGURE 9-1. MINIMUM RETENTION PERIODS

Assessable Unit(s)	Type of Documentation	Minimum Retention Period
Contract / Vendor Pay / Interfund / Intragovernmental	<p>Financial transaction records related to procuring goods and services, paying bills, collecting debts, and accounting</p> <p>Retain key supporting documents (KSDs) for the following financial statement line items (FSLIs):</p> <ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Uncollected payments, federal sources, brought forward</li> <li>• Unpaid obligations, brought forward</li> <li>• Unobligated balance, brought forward</li> <li>• Other liabilities</li> <li>• Revenue</li> <li>• Gross Cost</li> </ul>	<p>Ten years after the final invoice or Intra-Government Payment and Collection or other similar documentation.</p> <p>Note: This is an increase over the NARA six-year minimum retention standards for these record types. To support the beginning balances in the Department's Fiscal Year 2018 financial audit, documentation from greater than six years prior will be required. Thus, documentation must be retained for 10 years, the life of our longest lived (non no-year) funding.</p>
Financial Reporting / Accounting	<p>Records supporting compilation of agency financial statements and related audit, and all records of all other reports.</p> <p>Retain KSDs for the following FSLIs:</p> <ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Other Adjustments</li> </ul>	<p>Two years after completion of financial statement audit for which the records were initially prepared.</p> <p>Note: The remaining categories are consistent with the NARA minimums. As these documents will not be required to support more than the year under, and subsequent year audit(s), no more than a two-year retention period is necessary.</p>

FIGURE 9-1. MINIMUM RETENTION PERIODS (Continued)

Assessable Unit(s)	Type of Documentation	Minimum Retention Period
Property, Plant and Equipment / Inventory / Operating Materials and Supplies	<p>Records supporting the book value, ownership, and any modifications to assets.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• General Equipment</li> <li>• Real Property</li> <li>• Internal Use Software</li> <li>• Inventory and Related Property</li> <li>• Other Assets</li> </ul>	Two years after asset is disposed of and/or removed from agency's financial statements.
Civilian Pay / Military Pay	<p>Records documenting payroll and benefit disbursements and liabilities.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• Other Liabilities</li> <li>• Gross Costs</li> <li>• Military Retirement and Other Federal Employment Benefits</li> </ul>	Two years after pay period.
Fund Balance with Treasury (FBWT)	<p>Documentation supporting the reporting and reconciliation of FBWT.</p> <p>Retain KSDs for Fund Balance with Treasury.</p>	Two years after the month of the Reconciliation or Report is prepared.

**VOLUME 1, CHAPTER 10: “ADVANA – COMMON ENTERPRISE DATA  
REPOSITORY FOR THE DEPARTMENT OF DEFENSE”**

**SUMMARY OF MAJOR CHANGES**

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

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This is the initial publication.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	The publication of this chapter establishes Advana as a common enterprise data repository for the Department of Defense.	New Chapter

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**\*CHAPTER 10****ADVANA – COMMON ENTERPRISE DATA REPOSITORY FOR THE  
DEPARTMENT OF DEFENSE**

## 1.0 GENERAL (1001)

## 1.1 Overview (100101)

Advana (derived from the term “Advancing Analytics”) is a common enterprise data repository for the Department of Defense (DoD), required by the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018. Advana is a centralized data and analytics platform that provides DoD users with common business data, decision support analytics, and data tools. It was developed and is maintained by the Office of the Under Secretary of Defense (Comptroller), Chief Financial Officer (OUSD(C)/CFO) through the Directorate for Chief Financial Officer Data Transformation Office (CDTO). The Advana platform and program supports the National Defense Strategy by amassing data that is accessible, understandable, and usable across the Defense enterprise, and by advancing analytic capabilities to address the complex challenges of the Department.

## 1.2 Purpose (100102)

This chapter establishes Advana as an official DoD repository of common enterprise data and the roles and responsibilities of OUSD(C)/CFO and DoD Components in the development, maintenance, and use of Advana within the supported business domain areas. The use of Advana will ensure that any performance measure or data product that relies on DoD data originates from an authoritative source of transaction-level detail.

## 1.3 Authoritative Guidance (100103)

The policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.3.1. Title 10, United States Code, sections 135 and 2222 as amended by the NDAA for FY 2018 (sections 911 – 913).

1.3.2. Public Law 113-101, Digital Accountability and Transparency Act of 2014.

1.3.3. Statement of Federal Financial Accounting Standards 4, “Managerial Cost Accounting Standards and Concepts.”

1.3.4. DoD National Defense Strategy, issued by the Secretary of Defense.

1.3.5. DoD Annual Performance Plan, issued by the Office of the Chief Management Officer.

1.3.6. OUSD(C), CDTO, “Advana Strategy and Roadmap.”

## 2.0 ROLES AND RESPONSIBILITIES (1002)

### 2.1 OUSD(C) Responsibilities (100201)

The Department's vision of the "Financial Management (FM) of the Future" outlines the expectations of tomorrow's financial management professionals, leveraging the foundation of auditable data to drive more meaningful, data-informed decisions of the future. Using Advana as an enabler and accelerator for the FM of the Future concept, OUSD(C) will:

2.1.1. Leverage data as a strategic asset, connecting it with advancing technology to continuously advance analytic capabilities across the Department. Any data contained in a Defense business system related to business operations and management is an asset of the Department, and a strategy must be developed for making the data discoverable in Advana.

2.1.2. Maintain alignment of Advana capabilities and products with the functional requirements of its customers by communicating and validating regularly with the user community as continuous development occurs, partnering with the appropriate officials to establish enterprise standards.

2.1.3. Acquire, incorporate, and standardize data to support the business domain areas that align with the organizational structure of the Department and the responsibilities of DoD Components.

2.1.4. Manage data sharing agreements with system owners to ensure data is timely and accurate. Extract data from the relevant systems to facilitate DoD-wide analysis and management of business operations, and execute controls over data management.

2.1.5. Provide reasonable assurance to data consumers that data controls are clearly defined and executed in accordance with control objectives.

2.1.6. Maintain regulated security over the system and its data and ensure compliance with user access security requirements and DoD continuity of operations policy and planning.

2.1.7. Ensure sensitive activity data is secure and comply with DoD security classification guidance.

### 2.2 DoD Component Responsibilities (100202)

DoD Components (i.e., the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Defense Agencies and DoD Field Activities, and all other organizational entities within DoD with the exception of the DoD Office of Inspector General) must:

2.2.1. Provide authoritative source-level transactional data to Advana from all DoD business systems daily, using the most cost effective and secure methods available. The authoritative source-level transactional data must be obtained and imported by Advana from the



business system in which the data originated (i.e., not a separate data warehouse or data lake but the system that originated the transaction). Where a strategy does not exist to provide such data, one must be developed in partnership with OUSD(C) CDTO.

2.2.2. Sign agreements that govern accurate and timely transmission of data. DoD Components are responsible for defining business rules that map source data elements to the Advana common data model. The Advana common data model includes but is not limited to the Standard Financial Information Structure, Procurement Data Standard, and subsequent domain-specific data models under development.

2.2.3. Use Advana for delivery of their Universe of Transactions to any entity that issues an audit request, data call request, or other bona fide requirement for reconciled transaction details.

2.2.4. Use the Advana Dormant Account Review – Quarterly tool to conduct all DoD dormant account reviews by FY 2022 unless otherwise approved by OUSD(C) CDTO.

2.2.5. Provide functional assistance to the Advana program, when necessary, to reconcile DoD Components' general ledger data to outputs from the Defense Departmental Reporting System and other required data reconciliations.

### 3.0 BUSINESS DOMAIN AREAS (1003)

A business domain represents a line of business for DoD and its corresponding business events. Advana will acquire, incorporate, and standardize data to support the various business domain areas across the Department including, but not limited to:

3.0.1. Acquisition Analytics

3.0.2. Budget Analytics

3.0.3. Cost Management Analytics

3.0.4. Executive Analytics

3.0.5. Financial Management, Reporting, and Accounting Analytics

3.0.6. Health Analytics

3.0.7. Information Technology Analytics

3.0.8. Logistics and Supply Chain Analytics

3.0.9. People Analytics

3.0.10. Policy Analytics

3.0.11. Procurement Analytics

3.0.12. Readiness Analytics

3.0.13. Real Property Analytics

**VOLUME 1, APPENDIX A: “OBJECT CLASSIFICATION”****SUMMARY OF MAJOR CHANGES**

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The previous version dated [November 2017](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Revised this appendix format to be consistent with the Department of Defense Financial Management Regulation (FMR) Revision Standard Operating Procedures (SOP).	Revision
All	Updated the hyperlinks.	Revision

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## APPENDIX A

**OBJECT CLASSIFICATION**

## 1.0 GENERAL (A001)

## 1.1 Purpose (A00101)

The purpose of this appendix is to provide necessary information on the object classes that are used as a uniform classification for identifying the transactions of the Federal Government by the nature of the goods or services purchased. Every obligation recorded by the Department of Defense (DoD) must be coded with an object class. Every purchase requisition and commitment recorded by the DoD must be coded with an object class code and product service code.

## 1.2 Basic Concepts (A00102)

1.2.1. Obligations incurred are the 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 have not been previously recorded, along with adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations. The installation-level budgetary account structure requires that the amount of obligations incurred be segregated into undelivered orders and accrued expenditures - unpaid or paid.

1.2.2. Obligations are classified by the initial purpose for which they are incurred, rather than for the end product or service provided. For example, if payments are made directly for personal services or supplies used in the construction of a building, the amounts should be classified as obligations for personnel compensation or supplies rather than for land and structures. Conversely, if contracts are awarded for the construction of a building, the amounts should be classified in the object class for lands and structures rather than in the object class used to report individual types of materials and services required to construct the building.

1.2.3. Object class information is incorporated into DoD accounting systems, or derived from applicable expense and asset accounts, to allow for reporting by object class. Object Class Code is a required data element in the DoD [\*Standard Financial Information Structure\*](#) (SFIS), as defined in Volume 1, Chapter 4. Based on the Office of Management and Budget (OMB) Circular A-11, the specific values for Object Class Code and all other SFIS data elements are documented in the SFIS Values Library Service on the SFIS web page.

## 2.0 MAJOR OBJECT CLASSIFICATION (A002)

All Federal Government object classifications are defined in the [OMB Circular No. A-11](#), Part 2, III, Section 83, Schedule O. The major object classes are:

2.01. 10 Personnel compensation and benefits

2.02. 20 Contractual services and supplies

2.03. 30 Acquisition of assets

2.04. 40 Grants and fixed charges

2.05. 90 Other