

DoD 7000.14 - R



DEPARTMENT OF DEFENSE
FINANCIAL MANAGEMENT REGULATION

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

**UNDER SECRETARY OF DEFENSE
(COMPTROLLER)**

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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 [December 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates to include clarifying language in accordance with Department of Defense Financial Management Regulation (FMR) Revision Standard Operating Procedures.	Revision
7.1	The Office of Deputy Comptroller (Program/Budget) reorganized the Directorate for Integration from a directorate to an office.	Revision
7.2	Added Deputy Comptroller for Enterprise Financial Transformation	Addition
7.3.2	Language for the Focus Leadership Execution Team was incorporated into paragraph 7.3.2.	Revision
Figure 1-1	Updated the Under Secretary of Defense (Comptroller)/CFO Structure.	Revision
1.2.10, 7.3.2	This revision incorporated part of the Deputy Chief Financial Officer memorandum titled, “Department of Defense Component Level Accounts Responsibilities (FPM24-03),” dated April 9, 2024.	Revision

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CHAPTER 1

CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF DEFENSE

1.0 GENERAL

1.1 Purpose

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 responsible for developing and implementing DoD-wide financial management systems and overseeing financial management activities relating to CFO programs and operations.

1.2 Authoritative Guidance

The CFO establishment, roles, responsibilities, and authority prescribed 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. [DoDD 5118.03](#), “Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO)”;

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

* 1.2.10. [DoD Instruction 7000.14](#), “DoD Financial Management Policy”.

2.0 CHIEF FINANCIAL OFFICER APPOINTMENT

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, knowledge of, and extensive practical experience in financial management practices in large governmental or business entities.

3.0 ROLES AND RESPONSIBILITIES

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 to the USD(C)/CFO:

3.1 Financial Management

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

3.1.1. Establish DoD policies including its component parts. Ensure compliance with applicable accounting policy and standards.

3.1.2. Establish, review, and enforce internal controls, standards, and compliance guidelines.

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

3.1.4. Prepare and annually revise the 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. Recruit, select, and train personnel to execute financial management functions.

3.2 Financial Management Systems

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, and property and inventory management. In coordination with the Director of Administration and Management (DA&M), provide for the design, development, and installation of financial systems (as defined in the Glossary) and for management improvement programs, 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 Director of OMB policies and requirements.

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](#); and recorded in general ledgers of the accounting systems of record to produce auditable budgetary, proprietary, and managerial cost accounting reports for external and internal stakeholder use, and which is responsive to DoD management information needs. All such financial management systems **must** establish an [Advancing Analytics \(Advana\)](#) data sharing agreement, see [Chapter 10](#).

3.2.3.2. [Development and reporting of cost information.](#)

3.2.3.3. [Integration of accounting and budgeting information.](#)

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

3.2.3.5. [Adequate controls over real property, equipment, and inventories.](#)

3.2.3.6. [Systematic measurement of performance.](#)

3.3 Agency Financial Report

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 AFR preparation and reporting requirements are identified in Volume 6B.

3.4 Budget Execution

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 DoD Planning, Programming, Budgeting, and Execution process, utilizing advice from the Director, Cost Assessment and Program Evaluation and the [DA&M](#).

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 DoD financial resources. In coordination with the [DA&M](#), conduct analyses [to increase](#) the efficiency of defense spending.

3.5 Biennial Review

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

4.1 Title 10 United States Code

In accordance with 10 U.S.C. § 2222, the USD(C) in conjunction with the DA&M must, in consultation with the Defense Business Council (DBC), 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 defense business systems data as needed for 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. 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 DoD Field Activities, and all other DoD offices, agencies, activities, and commands; and
- 4.1.5. Maintain consistent common enterprise data of their respective organizations.

4.2 Title 31 United States Code

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

- 4.2.1. Access all records, reports, audits, reviews, documents, papers, recommendations, or other material that are DoD property, are available to the DoD, and which relate to programs and operations with respect to DoD CFO responsibilities.
- 4.2.2. Request such information or assistance from any Federal, State, or local governmental entity as may be necessary.
- 4.2.3. To the extent and in such amounts as may be provided in advance by appropriations Acts, the USD(C)/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

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

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

*7.1 Deputy Comptroller (Program/Budget)

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 four 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 Contingency and International programs.

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.

*7.2 Deputy Comptroller for Enterprise Financial Transformation

The Deputy Comptroller for Enterprise Financial Transformation (EFT) is responsible for improving enterprise-wide performance and data-driven decision making by accelerating digital transformation, process improvement, and the use of data and analytics. The Office for EFT is organized into two directorates:

7.2.1. The Directorate for Digital Transformation (DT) is responsible for the oversight and management of DoD's financial management systems environment, including system audit compliance, and other digital transformation efforts which leverage data, data standards, technology, and analytics to automate and improve business processes. In alignment to the National Defense Strategy, DT also leads the development and implementation of DoD CFO's Financial Management Functional Strategy to drive alignment with 21st century mission requirements and re-investment of savings to core DoD missions.

7.2.2. The Directorate for Financial Management Operations and Analysis is responsible for Defense-wide Working Capital Funds, 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. The directorate also supports the migration of all legacy DoD Fund Balance with Treasury (FBwT) reconciliations into the Advana platform, the ongoing development, operation, and maintenance of the Department's FBwT reconciliations with Advana, developing, implementing, and sustaining the Dormant Account Review Quarterly process, producing a supportable Universe of Transactions for financial statement line-item balances, analysis and reporting on budgetary and financial execution data, and executing other Financial Management Analytics missions as needed.

7.3 Deputy Chief Financial Officer

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 **two** directorates:

7.3.1. The Directorate for FIAR is responsible for audit oversight, management, and liaison functions; **supporting** Components **to** remediate findings and achieve post-audit sustainment. FIAR develops and **annually revises** a detailed FIAR Plan that identifies financial process, system, and statement deficiencies and provides detailed corrective actions to address those deficiencies. Additionally, FIAR manages 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; and advocating for the USD(C)/CFO on various interagency forums and internal DoD councils, boards, committees, and external organizations as required.

* 7.3.2. The Directorate for Financial Management Policy and Reporting (FMPR) is responsible for developing, promulgating, implementing, and interpreting DoD-wide accounting and finance policies; supporting 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 provides oversight of and liaisons with DoD Components on financial management operations, systems, responses to audit reports, policy clarifications, and other financial matters; and administers this Regulation. The Directorate develops and issues the DoD AFR (see Volume 6B), oversees the DoD-wide consolidated financial statements and notes—to include Component Level Account transactions—and manages the DoD Payment Integrity and Antideficiency Act programs, and other external financial reporting. Additionally, the Directorate supports the CFO and DCFO’s strategic vision for a strong internal control environment by facilitating DoD implementation of large-scale, end-to-end financial and business process and/or system adoption, and removing barriers from DoD, other federal, and industry stakeholders for more efficient interoperable systems, data standards, and Government-wide accounting best practices.

7.4 Director, Defense Finance and Accounting Service

The Director of DFAS is the principal DoD executive for finance and accounting requirements, systems, and functions under the authority and direction of the USD(C). DFAS:

7.4.1. Directs and oversees finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

7.4.2. Establishes and enforces requirements, principles, standards, systems, procedures, processes, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the DoD.

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

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

7.4.5. Executes statutory and regulatory financial reporting requirements and provides financial statements, pursuant to 31 U.S.C. § 3515, to include supporting customers’ audit assertions and audit execution.

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

7.4.7. Coordinates on the establishment of all DoD finance and accounting activities independent of the DFAS and supports 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.

7.5 Director, Defense Contract Audit Agency

The Director of Defense Contract Audit Agency (DCAA) is under the authority, direction, and control of the USD(C)/CFO, pursuant to 10 U.S.C. § 192, DoDD 5118.03, and DoDD 5105.36. The Director exercises authority, direction, and control over DCAA and all assigned resources. DCAA performs all necessary DoD contract audits and provides accounting and financial advisory services regarding contracts and subcontracts. DCAA executes the following:

7.5.1. Assists procurement and contract administration officials in achieving the objective of prudent contracting by providing financial information and advice on proposed or existing contracts and contractors, as appropriate.

7.5.2. In accordance with Government Auditing Standards, the Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement (DFARS), and other applicable laws and regulations, to the extent and manner considered necessary, to permit proper performance of the other functions; DCAA audits, examines, and reviews:

7.5.2.1. Contractors' and subcontractors' records, documents, and other evidence;

7.5.2.2. Systems of internal control;

7.5.2.3. Compliance with regulations; and

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

7.5.3. Audits compliance with DFARS Contractor Business Systems Clauses for contractors' accounting, material management and accounting, and estimating systems.

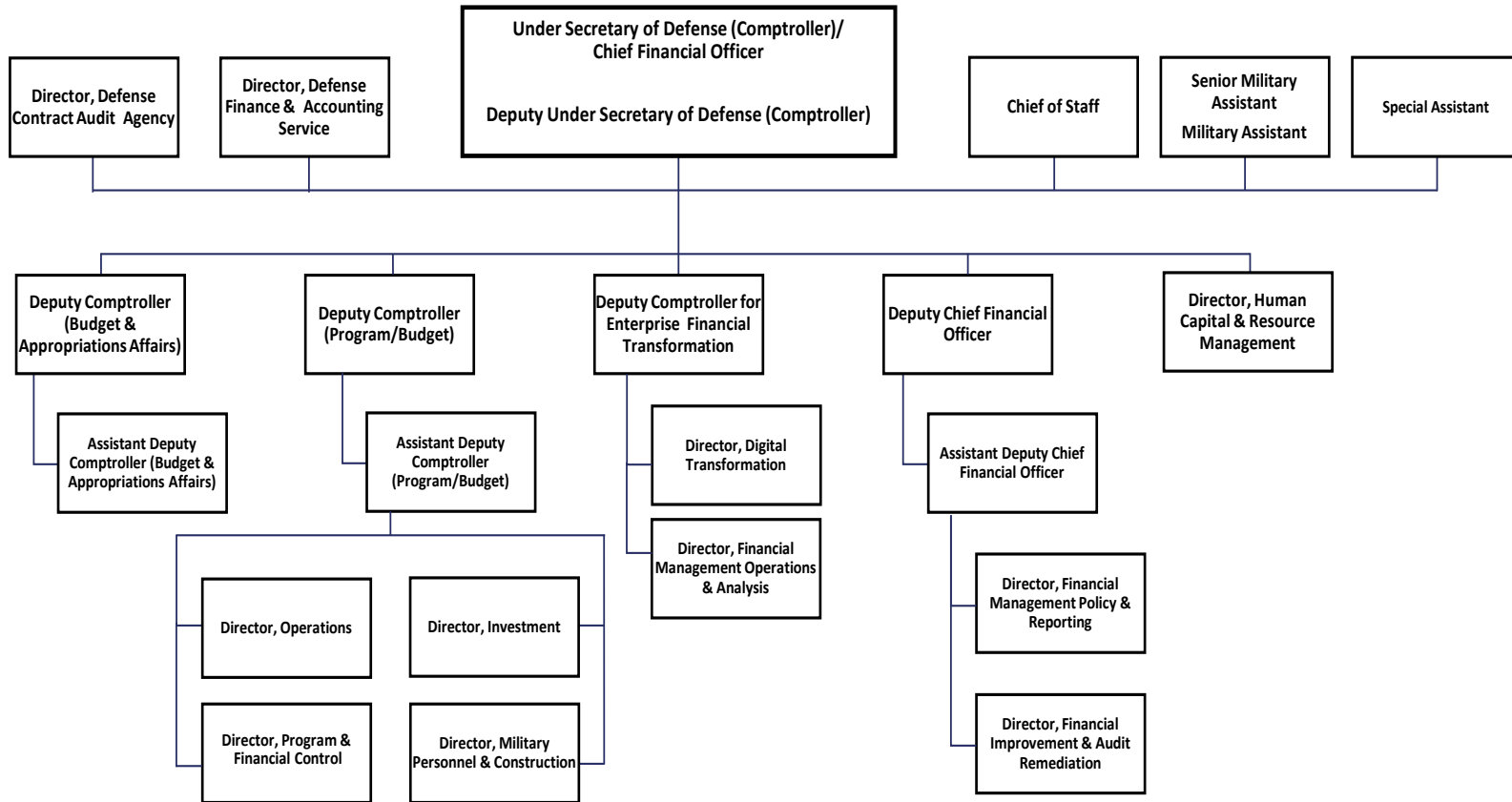
7.5.4. Directs audit reports to the Government management level having authority and responsibility to act on the audit findings and recommendations.

7.5.5. As an advisor, attends and participates, as appropriate, in contract negotiation and other meetings where contract costs, audit reports, or related financial matters are under consideration.

8.0 DEPARTMENT OF DEFENSE COMPONENTS

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 other internal 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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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) (OUSDC) through various memoranda can be found on the OUSDC 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”**

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

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

The previous version dated [September 2023](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Streamlined chapter to remove instructional language.	Revision
1.1	Added interdependencies between Federal Financial Management Improvement Act (FFMIA) and other compliance requirements.	Addition
1.3	Added the following to the Authoritative Guidance section: Title 10, United States Code, Section 2222; Government Accountability Office, Financial Audit Manual, Volumes 1, 2, and 3; and the Department of Defense (DoD) Instruction 5000.75.	Addition
2.0	Added and revised definitions.	Revision
3.0	Added and revised FFMIA compliance requirements.	Revision
4.0	Added and revised responsible entities.	Revision
Table 4-1	Added table for the DoD Information Technology Investment Portal (DITIP) DoD Auditability Requirements Compliance assertion criteria.	Addition

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CHAPTER 3

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT COMPLIANCE

1.0 GENERAL

*1.1 Overview

1.1.1. The Federal Financial Management Improvement Act of 1996 (***FFMIA***) is intended to ensure Federal financial systems provide reliable, consistent, and uniform disclosure of financial data using accounting standards. FFMIA requires the **Department of Defense (DoD)** to implement and maintain financial management (FM) systems that substantially comply with Federal Financial Management System Requirements (FFMSR), applicable Federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. FFMIA requires DoD management to annually assess and **document** the Department's compliance **with FFMIA and report the results to the Office of Management and Budget (OMB), accomplished through the annual Statement of Assurance (SOA) processes.** Generally Accepted Government Auditing Standards (GAGAS), the Financial Audit Manual (FAM), and OMB Bulletin 24-02 require the Department's financial statement auditors **to evaluate and report on whether the agency's financial management systems comply with FFMIA requirements, accomplished through the Agency Financial Report (AFR) process.** Financial statement auditors use the results of DoD management's internal control assessments, including FFMIA and other compliance assessments, **to inform the scope and rigor of their testing.** The results of management's own assessment and **the auditors' independent evaluation determine** whether the Department's financial management systems substantially comply with FFMIA. If not, **management is responsible for developing and implementing remediation and risk management plans as applicable.**

1.1.2. While FFMIA compliance centers on these three **requirements,** it is not limited to them. Other **relevant** standards and requirements **include** the Federal Managers' Financial Integrity Act, the Agency Chief Financial Officers Act, the Federal Information Security Management Act of 2002 (FISMA), and OMB Circular A-123 requirements.

1.2 Purpose

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

*1.3 Authoritative Guidance

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

1.3.1. Title 10, United States Code, section 2222 ([10 U.S.C. § 2222](#)), “Defense business systems: business process reengineering; enterprise architecture; management.”

1.3.2. [10 U.S.C. § 2223 \(a\) & \(b\)](#), “Information technology: additional responsibilities of Chief Information Officers.”

1.3.3. [31 U.S.C. § 1115](#), “Federal Government and agency performance plans.”

1.3.4. [31 U.S.C. § 3512](#), “Executive agency accounting and other financial management reports and plans”; with emphasis on sections 801 – 807 (FFMIA).”

1.3.5. [31 U.S.C. Chapter 9](#), “Agency Chief Financial Officers.”

1.3.6. [44 U.S.C. Chapter 35, Subchapter III](#), “Confidential Information Protection and Statistical Efficiency.”

1.3.7. [44 U.S.C. § 3601](#), “Definition.”

1.3.8. [OMB Bulletin No. 24-02](#), “Audit Requirements for Federal Financial Statements.”

1.3.9. [OMB Circular A-123, Memorandum M-23-06, Appendix D](#), “Management of Financial Management Systems – Risk and Compliance.”

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

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

1.3.12. National Institute of Standards and Technology ([NIST Special Publication 800-53](#), Revision 5, “Security and Privacy Controls for Information Systems and Organizations.”

1.3.13. U.S. Department of Treasury Financial Manual (TFM), Volume 1, Part 6, Chapter 9500 ([1 TFM 6-9500](#)), “Fiscal Year 2024 Revised Federal Financial Management System Requirements for Fiscal Reporting.”

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1.3.14. Government Accountability Office (GAO), Financial Audit Manual (FAM), Volume 1 ([GAO-24-107278](#)), “Audit Methodology”, Section 350 and 360.”

1.3.15. GAO, FAM, Volume 2 ([GAO-24-107279](#)), “Detailed Implementation Guidance”, Section 701 – 710.”

1.3.16. GAO, FAM, Volume 3 ([GAO-24-107280](#)), “Federal Financial Reporting Checklist.”

1.3.17. GAO, Federal Information System Controls Audit Manual (FISCAM), ([GAO-24-107026](#))

1.3.18. [DoD Instruction \(DoDI\) 5000.75](#), “Business Systems Requirements And Acquisition.”

1.3.19. [DoDI 5010.40](#), “DoD Enterprise Risk Management and Risk Management and Internal Control Program”

1.3.20. [DoDI 8510.01](#),”Risk Management Framework (RMF) for DoD Systems.”

1.3.21. DoD Internal Control Over Reporting - Financial Reporting and Financial Systems ([ICOR-FR & FS](#)).

1.3.22. DoD Statement of Assurance Executive Handbook ([SOA Executive Handbook](#))

*2.0 DEFINITIONS

The definitions outlined in this section cover both the Federal and DoD vernaculars. Paragraphs 2.1 through 2.3 are the Federal vernacular contained in OMB Circular A-123, Memorandum M-23-06, Appendix D, while paragraphs 2.4 through 2.6 conform to the vernacular the Department uses to categorize DoD-owned financial management systems based on the functions the system supports. DoD Components should utilize the definitions in 2.4 through 2.6 to meet the requirements of paragraph 4.4.2.1 of this chapter.

2.1 Financial Management Systems

FM systems include the core financial systems and the financial portions of mixed systems necessary to support financial management, including automated and manual processes, procedures, controls, data hardware, software, and support personnel dedicated to the operation and maintenance of system functions. Both financial systems and mixed systems may directly or indirectly trigger a financial event within the system itself or in another system and may be required to comply with some or all FFMIA requirements. The ICOR-FR & FS systems recorded in the FIAR Systems Database (FSD) will be used to identify DoD FM Systems that are subject to FFMIA requirements and compliance reviews.

2.2 Core Financial Systems

2.2.1. Core financial systems and financial systems are synonymous terms and consist of six functional areas: general ledger management, funds management, payment management, receivable management, cost management, and financial reporting.

2.2.2. Core financial systems are comprised of one or more software programs (commonly referred to as applications), that are used for:

2.2.2.1. Collecting, processing, maintaining, transmitting, or reporting data about financial events;

2.2.2.2. Supporting financial planning or budgeting activities;

2.2.2.3. Accumulating and reporting costs information; or

2.2.2.4. Supporting the preparation of financial statements.

2.3 Mixed Systems

Mixed systems are information systems that support both financial and nonfinancial functions of the federal government or components thereof. FFMIA requirements apply only to the financial portion of mixed systems.

2.4 Accounting Systems

Accounting systems are core financial systems configured to post transactions to an internal USSGL-compliant subsidiary or general ledger. Depending on the functions performed, accounting systems may be required to comply with some or all FFMIA requirements.

2.5 Financial Business Feeder Systems

Financial business feeder systems may be core financial or mixed systems. Financial business feeder systems create or process transactions with financial or accounting impacts and exchange financial/accounting data with another business feeder system(s) and/or accounting system(s). The term financial business feeder system is synonymous with feeder systems. Depending on the functions performed, financial feeder systems may be required to comply with some or all FFMIA requirements.

2.6 No (Neither) Systems

No (Neither) systems are FM systems that do not fit into the accounting system or financial business feeder system categories. These systems do not directly handle financial transactions but play significant roles in supporting the overall system functionalities and user interactions. They serve purposes such as access and identity management or data visualizations. Advanced Analytics (ADVANA) is an example of a no (neither) system.

2.7 Service Providers

Service Providers refer to external parties that perform the operational process(es) for an entity. Service Providers providing services to user entities that are likely to be relevant to those user entities' internal control over reporting – financial reporting and financial systems may undergo an SSAE No. 18 Examination covering systems used and common controls performed uniformly for user entities. The results of the examination are captured in a System and Organization Control (SOC 1) Report. The SOC 1 Report is specifically intended to meet the needs of entities that use service organizations (user entities) and the independent public accountants (IPAs) that audit the user entities' financial statements (user auditors). It assists them in understanding the control environment and evaluating the effectiveness of the controls at the service organization and their impact on the user entities' financial statements.

2.8 Hosting Organization

Hosting Organizations provide application hosting services for systems owned by DoD. Examples of hosting organizations include the Defense Information Systems Agency (DISA) and commercial Cloud Service Providers.

*3.0 FFMIA COMPLIANCE REQUIREMENTS

3.1 FFMIA Compliance

3.1.1. In determining whether the Department's financial management systems substantially comply with FFMIA, management and auditors must consider the degree to which a system's performance prevents the Department from meeting the specific requirements of FFMIA as listed in paragraph 1.1.

3.1.1.1. DoD management may use OMB Circular A-123, Appendix D, Attachment 1, "FFMIA Compliance Determination Framework", to determine whether a system is substantially compliant with FFMIA.

3.1.1.2. Financial statement auditors apply OMB Bulletin 24-02 or the latest version and the GAO FAM Volumes 2 and 3 in combination with the results of their own independent testing and documentation provided by DoD management to determine DoD management's overall compliance with FFMIA.

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3.1.2. The DoD strategy for FFMIA compliance is integrated with related efforts to achieve auditability and maintain effective Internal Control over Reporting (ICOR) including [ICOR-FR & FS systems](#). Documentation that supports these related requirements also supports FFMIA compliance and may be used to avoid duplication of efforts.

3.1.3. The [DoD ICOR-FR & FS 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. A system is subject to FFMIA if it is determined to be [ICOR-FR & FS](#) relevant as defined in the DoD [ICOR-FR & FS Guide](#) and performs any business functions with FFMIA compliance controls.

3.1.4. The DoD [ICOR-FR & FS Guide](#) identifies the Federal Information System Controls Audit Manual (FISCAM) as the methodology to be used for performing IT control assessments and audits. It groups IT controls into two categories, General Controls (GC) and Business Process Controls (BP). See section 3.5 for additional details.

3.1.5. The selection of applicable FISCAM controls is governed by the application of the FM Overlay developed by OUSD(C). All DoD Components are required to implement the FM Overlay for each system that is relevant to ICOR-FR & FS. Compliance is enforced in the controls selection phase of assessment and authorization processes in the Enterprise Mission Assurance Support Service (eMASS) system or other software/tools implemented for this purpose. Components must consider the results of control assessments, regardless of who performs them, when evaluating federal financial systems' compliance with laws and regulations, such as FFMIA and FISMA.

3.1.6. The Defense Business Systems (DBS) annual Certification Guidance memorandum identifies the annual FFMIA requirements as DoD Auditability Requirements consistent with 10 U.S.C. § 2222(g) and requires DoD Components with priority or covered ICOR-FR & FS DBS to comply or plan to comply with applicable requirements, to include FFMIA controls in financially relevant business events (operational activities) within the DoD business enterprise architecture (BEA). The [ADVANA FM Functions – Requirements Matrix](#) (requires ADVANA Qlik access) provides the financially relevant business events associated with BEA operational activities.

3.1.7. The GAO FAM Volumes 1 and 2 and OMB Bulletin 24-02 provide guidance to auditors for the assessment of FFMIA compliance and state the requirements for auditors to report whether an agency's financial management systems comply substantially with FFMIA requirements. The auditor's report should include the nature and extent of the noncompliance, including areas in which there is substantial but not full compliance; the primary reason or cause of noncompliance; the entity or organization responsible for the noncompliance, any relevant comments from any responsible officer or employee, and a statement with respect to the recommended remedial actions and the time frames for implementing those actions.

3.2 USSGL at the Transaction Level

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

3.2.2. Every financial relevant business event that results in an automated or manual transaction in a core financial system must generate accurate and compliant postings to all relevant budgetary and proprietary general ledger accounts according to the rules defined in the DoD USSGL transaction library guidance and website. The GAO FAM provides procedural guidance for testing compliance with USSGL.

3.3 Federal Accounting Standards

DoD financial events (budgetary and proprietary) must be recorded by applying the requirements of the Federal accounting standards governed by the Federal Accounting Standards Advisory Board. (See Chapter 2 for additional guidance). Applicable Standard Federal Financial Accounting Standard (SFFAS) requirements have been integrated into the DoD BEA operational activities. The GAO FAM provides procedural guidance for testing compliance with federal accounting standards.

3.4 Federal Financial Management System Requirements

3.4.1. The FFMSRs were originally developed to support the adoption of uniform financial systems, standards, and reporting required by the FFMIA. Subsequently, the FFMSRs were incorporated into the Federal Financial Management (FFM) Federal Integrated Business Framework (FIBF) Business Capabilities and their use was expanded beyond compliance with FFMIA.

3.4.2. The FFM FIBF Business Capabilities are a component of the Financial Management Capability Framework, which provides a common set of standards and capabilities that are the foundation for all offerings in the Financial Management Quality Service Management Office Marketplace. The FFMSRs are maintained by the U.S. Department of the Treasury in the TFM, Volume 1, Part 6, Chapter 9500. The GAO FAM provides procedural guidance for testing compliance with FFMSRs.

3.5 Information System Controls

3.5.1. GC are policies, procedures, and controls that apply to all or large segments of an entity's information systems and to individual systems and applications. General control categories include security management, access control, segregation of duties, configuration management, and contingency planning. The Financial Management Overlay leverages the audit methodology and criteria found in the GAO FISCAM and NIST SP 800-53 respectively to provide

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the NIST-to-FISCAM control mapping used during controls selection and hybrid assessment procedures that help to ensure that controls are tested to the same rigor as is used by auditors.

3.5.1.1. Security Management provides the foundation of a security-control structure and reflects senior management's commitment to addressing security and privacy risks and provides a framework and continuous cycle of activity for managing risk, developing and implementing effective security policies, assigning and communicating responsibilities, and monitoring the adequacy of the entity's IS controls over the infrastructure, data processing environment and applications.

3.5.1.2. Access Control limits access or detects inappropriate logical access to information resources (e.g., data, systems, files, and other resources), thereby protecting these resources against unauthorized modification, loss, and disclosure, and restricting physical access to information resources and facilities.

3.5.1.3. Segregation of Duties relates to the policies, procedures, and organizational structure for managing who can control key aspects of computer-related operations and thereby prevent unauthorized actions or unauthorized access to assets or records.

3.5.1.4. Configuration Management relates to identifying and managing security features for information technology (e.g., hardware, software, firmware, equipment, media, and services) at a given point and systematically controlling changes to that configuration during the system's life cycle.

3.5.1.5. Contingency Planning provides for the continuation of critical or essential mission and business functions in the event of a system disruption, compromise, or failure and the restoration of the information system following a system disruption.

3.5.2. Business Process Controls include the structure, policies, and procedures for the input, processing, storage, retrieval, and output of data that operate over individual transactions; activities across business processes; and events between business process applications, their components, and other systems. They relate to the completeness, accuracy, validity, and confidentiality of transactions and data during application processing. The Financial Management Overlay leverages the audit methodology and criteria found in the GAO FISCAM and NIST SP 800-53 respectively to provide the NIST-to-FISCAM control mapping used during controls selection and hybrid assessment procedures that help to ensure that controls are tested to the same rigor as is used by auditors. Specific control areas of business process controls are:

3.5.2.1. Input: relates to controls over data that is entered into the application (e.g., data validation and edit checks).

3.5.2.2. Processing: relates to controls over data integrity within the application (e.g., review of transaction processing logs).

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3.5.2.3. Output: relates to controls over data output and distribution (e.g., output reconciliation and review).

3.5.2.4. Master Data Setup and Maintenance relates to controls over master data, the key information that is relatively constant and shared between multiple functions or applications (e.g., vendor file).

3.6 Compliance Determination Framework

The FFMIA Compliance Determination Framework (Framework) assists in determining whether the Section 803(c) requirements of FFMIA are followed. The Framework is a risk and evidence-based assessment model that leverages existing audit tests, evaluations, and reviews that auditors, agency management, and others already perform. This work may include the external audit report and internal reports prepared by the agency in providing any assurances over the financial statements. Consistent with OMB Circular A-123, Appendix D, Attachment 1, the Department has developed an auditor perspective within the FM Systems – FFMIA Scorecard within ADVANA to identify systems associated with internal and external auditor evaluations and other findings.

*4.0 RESPONSIBILITIES

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 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 Office of the Under Secretary of Defense (Comptroller)

4.1.1. The Office of the Under Secretary of Defense (Comptroller) (OUSDC) is supported by the Deputy Comptroller for Enterprise Financial Transformation (EFT) and Deputy Chief Financial Officer (DCFO), through its subordinate organizations (the Financial Improvement and Audit Remediation (FIAR) Directorate and the Financial Management Policy and Reporting (FMPR) Directorate). OUSDC is responsible for providing Department-wide oversight of substantial compliance with the FFMIA requirements.

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

4.1.1.2. OUSDC must annually report to OMB the progress made towards resolving identified deficiencies and such progress must be discussed in the DoD Components remediation plan, capital planning and investment control plans, risk management plan, and other

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planning documents, when applicable. 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 substantial 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 noncompliance determination is made by OUSD(C) or its auditors. However, if OUSD(C), with the concurrence of OMB, determines that the Department's financial management systems cannot be brought into substantial compliance within three years, the DoD Component (in consultation with OUSD(C)) may specify a longer period. In either case, the DoD Component must designate a DoD Component official responsible for bringing the DoD Component's financial management systems into substantial compliance by the date specified in the DoD Information Technology Portfolio Repository (DITPR) and for reporting progress to EFT (acting on behalf of the Defense Business Council) on a scheduled basis.

4.1.2. The EFT governs the enterprise FFMIA oversight program. Annually, EFT will publish the oversight schedule and other FFMIA substantially compliance details, consistent with OMB Circular 123, Appendix D, and the DoD SOA Execution Handbook. for DoD Components to execute in support of FFMIA compliance. EFT utilizes the ICOR-FR & FS system inventory established by the FIAR Directorate to identify systems that are required to comply with FFMIA. EFT uses transaction-level data from ICOR-FR & FS systems ingested into ADVANA to support oversight of FFMIA compliance. EFT develops and utilizes ADVANA tools to enable governance and oversight of the DoD-owned financial management system environment. These tools and governance capabilities inform the Department's annual business system investment decisions and other management actions. EFT is responsible for reporting the progress of the DoD financial management information technology roadmap and overall FFMIA compliance progress within the SOA section of the DoD AFR.

4.1.3. The Office of the DCFO (ODCFO) is responsible for developing and implementing financial improvement audit strategies, monitoring auditors' findings, and providing internal control training to improve the quality and security of financial information. Additionally, the ODCFO develops and interprets DoD-wide accounting and finance policies, ensuring consistency with laws and regulations, and oversees financial integrity initiatives such as the Standard Financial Information Structure (SFIS) USSGL program. Ultimately, both FIAR and FMPR Directorates work to support the DoD's financial management and audit requirements, with the goal of achieving accurate and reliable financial information and unmodified audit opinions.

4.1.3.1. FIAR Directorate. The FIAR Directorate develops, publishes, and issues detailed financial improvement audit strategies, methodologies, and implementation guidance. The FIAR Directorate establishes the ICOR-FR & FS systems inventory subject to FFMIA compliance reporting, monitors auditors' findings and recommendations around FFMIA compliance, provides internal control training to reporting entities on improving the design and operating effectiveness of IT controls, publishes the results of the Department's SOA for FFMIA within the DoD AFR. As a result, the FIAR Directorate, improves the quality and security of the financial information, with an unmodified audit opinion as the desired outcome.

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4.1.3.2. FMPR Directorate. The FMPR Directorate develops, publishes, implements, and interprets DoD-wide accounting and finance policies and ensures the DoD Financial Management Regulation (DoD 7000.14-R) is consistent with laws and other applicable guidance. The FMPR Directorate leads and oversees DoD financial integrity to include the DoD SFIS USSGL program. As a result, FMPR develops, publishes, and interprets DoD-wide financial management improvements and guidance that supports statutory requirements for the Department to audit its full set of financial statements.

4.2 DoD Chief Information Officer

4.2.1. The DoD Chief Information Officer (CIO) executes and governs information technology oversight.

4.2.2. Deputy CIO for Information Enterprise (IE) establishes information technology policy and guidance for the infrastructure components of the DoD IE to include networks, computers, and software. The IE directorate also maintains the DoD BEA and oversees DBS compliance with all applicable laws, including Federal accounting, financial management, and reporting requirements. See 10 U.S.C. § 2222 for additional guidance.

4.2.3. Deputy CIO for Cybersecurity (CS) is responsible for providing expert policy, technical, program, and Defense-wide oversight on all aspects and matters related to DoD CS. The CS Directorate oversees the risk management framework for DoD systems. See DoDI 8501.01 for additional guidance.

4.2.4. Deputy CIO for Resources and Analysis provides guidance on the information technology/cyberspace activities budget submission. See Volume 2B, Chapter 18 for additional guidance.

4.3 Director of Administration and Management

The Director of Administration and Management (DA&M) is the principal management office for the Secretary of Defense responsible for optimizing the business environment across the DoD enterprise. DA&M executes the DoD Enterprise Risk Management and Internal Controls Over Reporting - Operations programs, providing resources and assistance with evaluating and managing risk associated with systems non-compliance with applicable FFMIA requirements. The DA&M delivers program management, oversight, security services, and support functions that enable uninterrupted operations of the Department Headquarters.

4.4 DoD Components

4.4.1. DoD Components must establish and maintain financial management systems that substantially comply with FFMIA Section 803(c) requirements. DoD-owned ICOR-FR & FS relevant systems must be developed and maintained to generate reliable, timely, and consistent information necessary for the Department to comply with FFMIA requirements and enable the

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preparation of accurate, reliable, and timely financial statements and other required financial and budget reports using information generated by the financial management systems. DoD Component management must annually test and report financial management systems for FFMIA compliance.

4.4.2. DoD Components must maintain records of systems and transactional data that substantially comply with applicable FFMIA requirements. Applicable FM systems (see definitions section) must annually assess/test compliance to maintain complete and accurate data in:

4.4.2.1. DoD Information Technology Portfolio Repository (DITPR). DoD Components must ensure their financial system portfolio is accurately reported in DITPR. DoD financial systems must review, report, and update appropriately all applicable DITPR FFMIA reporting requirements and DoD business enterprise architecture operational activity aligned to federal financial management functions (see the FM Functions – Requirements Matrix) on an annual basis in accordance with 10 U.S.C. § 2222(g). DoD Components must ensure their FM systems align to applicable financial events represented in the DoD BEA as operational activities, end-to-end processes, and capabilities; and ensure the system complies with the controls associated with the DoD BEA operational activity. DoD Component FFMIA oversight officials and system owners must ensure their FM system’s current level of compliance with each of the applicable FFMIA requirements is recorded in DITPR and consistent with their Annual SOA reporting.

4.4.2.2. FSD. DoD Components must utilize FSD to identify, capture, and report on the universe of financially relevant systems to support internal controls, financial audits, executive leadership, and Congressional reporting requirements. DoD Component FFMIA oversight officials and system owners must ensure their FM system’s current overall compliance with FFMIA is recorded in the FSD and asserted in their Annual SOA reporting.

4.4.2.3. ADVANA. DoD Components must provide budgetary and proprietary transactional data to ADVANA from FM systems and ensure their ADVANA common data models remain complete and accurate. See Chapter 10 for additional guidance.

4.4.2.4. DoD Information Technology Investment Portal (DITIP). DoD Components must report compliance with the DoD Auditability Requirements in the investment certification module of DITIP as required by 10 U.S.C. § 2222 and consistent with the DBS Annual Certification Guidance memorandum. For ICOR-FR & FS DBS, Table 4-1 provides the applicable reporting criteria.

4.4.2.5. Notice of Findings and Recommendations (NFR) Database. DoD Components must ensure complete, accurate, and timely CAPs are established and recorded in the NFR Database. This includes IT and non-IT NFRs from stand-alone financial statement audits and SSAE No. 18 Examinations. Intelligence community DoD Components with stand-alone financial statement audits are exempted from this requirement. DoD Component officials must ensure their IT budget reflects the funding needed to complete all milestones identified in the CAP to address/close potential vulnerabilities identified by the open IT NFRs.

4.4.2.6. eMASS and FM Overlay. eMASS is a comprehensive solution used to support FISMA compliance and cybersecurity oversight and management. Features include dashboard reporting, control scorecard measurement, and the generation of a system security authorization package to support system authorization decisions. The FM Overlay helps DoD Components to efficiently and consistently meet the RMF and controls-based financial statement audit expectations for ICOR-FR & FS-relevant systems. DoD Components that use eMASS are required to apply the FM Overlay to all ICOR-FR & FS systems eMASS records. DoD Components that use other software or tools to support FISMA compliance and cybersecurity oversight and management are likewise required to implement and apply the reporting requirements of the FM Overlay to all ICOR-FR & FS relevant systems.

4.4.3. DoD Components must ensure the applicable FFMIA requirements are included in their pre-acquisition requirements documentation, and applicable FFMIA requirements are implemented with the deployment of new financial management solutions (manual or automated) as well as included in acquisition strategies for commercial off-the-shelf and software-as-a-service solutions consistent with DoDI 5000.75.

4.4.4. DoD Component must ensure the system portfolio and remediation plans are consistent with modernization priorities identified in 44 U.S.C. §3601.

4.4.5. DoD Components are required to perform an assessment to identify all Service Providers that are relevant to their internal control over financial reporting and obtain copies of the applicable SOC 1 Reports. DoD Components are also required to design, document, and implement effective controls to address the applicable Complementary User Entity Controls and when relevant, the applicable Complementary Subservice Organization Controls in the applicable SOC 1 Reports. This includes reviewing the Service Providers' and Hosting Organizations' FFMIA assessment results and addressing any deficiencies identified by the Service Providers / Hosting Organizations that may impact the DoD Component's internal controls.

4.4.6. DoD Component oversight officials must ensure all DBS, both priority/non-priority and covered/non-covered that are not substantially compliant with FFMIA are conditioned and remediated consistent with 10 U.S.C. § 2222, and/or have substantiated compensating controls for areas of non-compliance.

4.5 Service Providers

Service Providers must develop and maintain FFMIA compliance assessment and remediation plans in coordination with using DoD Components (user entities). For each financial system and mixed system managed by a Service Provider, a Memorandum of Agreement (MOA) or other suitable agreement, must be established with each using DoD Component. As part of the MOA, compliance testing must be conducted to support DoD Component (user entity) end-to-end business process testing. For systems covered by an SSAE No. 18 Examinations, Service Providers must provide DoD Components (user entities) with a Report on Controls at a Service

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Providers Relevant to User Entity's ICOR-FR & FS also known as a Service SOC 1 Report. The SOC 1 Report documents management's description of the control environment and the design and operating effectiveness of the controls in place at the service organization and/or subservice organizations. It describes the user entities' responsibilities for certain controls, known as Complementary User Entity Controls and Complementary Subservice Organization Controls.

4.6 Hosting Organizations

Hosting Organizations, **internal to DoD (e.g., DISA) and external to DoD (e.g., commercial Cloud Service Providers)**, provide application hosting services for systems **owned by DoD**. As a result, hosting organizations are responsible for most of the ITGC over the computing environment in which many financial, personnel, and logistics applications reside **and often provide a SOC 1 Report**. For Service Providers and **DoD Components** to rely on automated controls and documentation within these applications, controls must be appropriately and effectively designed **and operated effectively**.

4.7 Inspector General

4.7.1. The Office of the Inspector General (IG) performs FFMIA compliance evaluations as part of financial statement audits and/or oversees evaluations performed by **IPA** firms during financial statement audits. This includes identifying in writing the nature and extent of non-compliance when appropriate. The IG reports 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).

4.7.2. The IG oversees many of the DoD's financial statement audits performed by the **IPAs**. Oversight includes monitoring the **IPAs'** adherence to the FAM requirements, GAGAS, and OMB Bulletin 24-02.

* January 2025

*Table 4-1 DITIP DoD Auditability Requirements Compliance Reporting Criteria for DoD ICOR-FR & FS systems

Assertion Category	Assertion Criteria
Y-Assessed Compliant	The system does not have open IT NFRs, and the system is substantially compliant with applicable FFMIA requirements: -Applicable SFIS business rules, FFMSR, and/or SFFAS (accounting and feeder systems) -Chart of Accounts; Posting Logic and Trial Balance requirements (accounting systems)
P-Assessed Planned Compliant	DoD Component has reported planned compliance dates for each applicable FFMIA requirement that is not substantially compliant in DITPR and/or validate corrective action plan (CAP) with milestone dates for each open IT and system-impacting BP NFR.
N-Assessed Not Compliant	Non-reporting of levels of compliance and planned compliance dates and/or compliance levels below published substantial compliance thresholds for any of the FFMIA requirements in DITPR and/or system has open GC and BP-impacting NFRs in the NFR Database without a validate CAP.
X-Assessment Not Completed	Not applicable for enduring ICOR-FR & FS systems. All ICOR-FR & FS systems must be assessed and reported annually.
Z-Not Applicable	Not applicable for enduring ICOR-FR & FS systems

**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 [October 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision

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CHAPTER 4

STANDARD FINANCIAL INFORMATION STRUCTURE

1.0 GENERAL

1.1 Overview

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

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

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 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 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 **are** 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, standard accounting classification elements and definitions 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

2.1 Business Enterprise Architecture

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

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 creates or processes transactions with financial impacts and exchanges accounting data with another business feeder system(s) and/or accounting system(s). [This type of](#) system does not qualify as a target accounting system and does not have a retirement plan and date.

2.2.3. Legacy Accounting System. Same definition as paragraph 2.2.1 except it has a retirement plan and date.

2.2.4. Legacy Financial Business Feeder System. Same definition as paragraph 2.2.2 except it has a retirement plan and date.

2.3 Investment Review Process

DoD implemented a business systems investment review process through the DBC. The DBC is 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

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

The SFIS Compliance Checklist is based on the SFIS business rules. DoD Components use the Checklist to document financial system 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.

2.6 SFIS Values Library Service

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 is located on the OUSD(C)/Chief Financial Officer SFIS webpage.

2.7 Standard Data

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

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

3.1 SFIS

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

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

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.

3.4 Defense Departmental Reporting System SFIS Trial Balance

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

4.1 Office of the Under Secretary of Defense (Comptroller)

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 2.3).

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 Information Officer

The Office of the Chief Information Officer leads 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

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

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

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 Accounting Scenarios](#).

5.0.7. DoD USSGL Transaction Library.

5.0.8. DoD Standard Chart of Accounts Implementation Guidance.

5.0.9. DoD Chart of Accounts Tie-Points Standard.

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

5.0.11. Archived DoD Chart of Account Guidance.

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

Table 4-1. SFIS Compliance Summary

Financial Management System Type	SFIS Compliance Requirement
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 denoted by **blue** font.

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
4.4	Added individual and team award nomination responsibilities.	Addition

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CHAPTER 6

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

1.0 GENERAL

1.1 Overview

The Under Secretary of Defense (Comptroller) (USD(C)) Financial Management Awards Program is a respected program that recognizes and acknowledges the significant contributions of both civilian and military members of the financial management (FM) community. This chapter outlines award categories and descriptions, award criteria, and individual responsibilities associated with the program.

1.2 Purpose

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

1.3 Authoritative Guidance

1.3.1. The Government Employees Incentive Awards Act at Title 5, United States Code, section 4503 [5 U.S.C. § 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 U.S.C. § 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.

1.3.2. [10 U.S.C. § 240b](#) (Statutory Notes and Related Subsidiaries) provides that “the Under Secretary of Defense (Comptroller), acting through the Deputy Chief Financial Officer of the Department of Defense, will develop and issue guidance to provide incentives for the achievement by each department, agency, and other Component of the Department of Defense of unqualified audit opinions on their financial statements”.

2.0 POLICY

2.1 Military and Civilian Members

Military and civilian members who make outstanding contributions to the improvement of [Department of Defense \(DoD\)](#) FM may be recognized.

2.2. Awards

Recognition for their significant contribution(s) during the preceding calendar year, in the form of a memento such as an engraved plaque, will be presented to, and retained by, the individual and team within each award category. Awards are conferred in the following categories:

2.2.1. Contributions to Workforce Development:

2.2.1.1. Individual at Headquarters and Major Command Level

2.2.1.2. Individual below Headquarters and Major Command Level

2.2.1.3. Team at Headquarters and Major Command Level

2.2.1.4. Team below Headquarters and Major Command Level

2.2.2. Contributions to Taxpayer Dollar Optimization:

2.2.2.1. Individual at Headquarters and Major Command Level

2.2.2.2. Individual below Headquarters and Major Command Level

2.2.2.3. Team at Headquarters and Major Command Level

2.2.2.4. Team below Headquarters and Major Command Level

2.2.3. Contributions to Financial Integrity and Audit Results:

2.2.3.1. Individual at Headquarters and Major Command Level

2.2.3.2. Individual below Headquarters and Major Command Level

2.2.3.3. Team at Headquarters and Major Command Level

2.2.3.4. Team below Headquarters and Major Command Level

2.2.4. Contributions to End-to-End Business Environment Optimization:

2.2.4.1. Individual at Headquarters and Major Command Level

2.2.4.2. Individual below Headquarters and Major Command Level

2.2.4.3. Team at Headquarters and Major Command Level

2.2.4.4. Team below Headquarters and Major Command Level

2.2.5. Contributions to Data-Driven Decision-Making:

2.2.5.1. Individual at Headquarters and Major Command Level

2.2.5.2. Individual below Headquarters and Major Command Level

2.2.5.3. Team at Headquarters and Major Command Level

2.2.5.4. Team below Headquarters and Major Command Level

2.2.6. Contributions to Financial Management in a Contingency Operation:

2.2.6.1. Individual at any level

2.2.6.2. Team at any level

2.3. USD(C) Salute to Excellence in Government Service

2.3.1. These awards specifically allow the USD(C) to recognize **exceptional contributions made** throughout the past calendar year in Savings and Innovation. The Board members will recommend to USD(C) for selection winners of these awards from among the nominations submitted in the categories in subparagraphs 2.2.1 through 2.2.6.

2.3.2. USD(C) Salute to Excellence in Government Service – Exceptional Savings. This category recognizes actions **which** resulted in a significant savings to the taxpayer.

2.3.3. USD(C) Salute to Excellence in Government Service – Exceptional Innovation. This category recognizes actions **which** resulted in significant innovations in Financial Management.

2.4. Program Applicability

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.

2.5. Nomination Categories

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.

3.0 AWARD LEVELS, TYPES, AND CATEGORIES

3.1. Award Levels

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

3.1.1. Headquarters level and Major Command level.

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

3.1.1.2. 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. Table 6-1 provides examples.

3.1.2. 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. Table 6-1 provides examples.

Table 6-1. Award Level Matrix

Organizational Level Performing the Work	Award Level
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
Examples	
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, to include Support Offices)	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

3.2. Award Types

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

3.2.1. Individual awards [may be rewarded](#) at the Headquarters and Major Command level and Below Major Command level.

3.2.2. Team awards [may be rewarded](#) to teams at the Headquarters and Major Command level and the Below Major Command level. Teams are made up of 2 to 20 individuals brought together to perform a specific task within a specific time frame. Teams of greater than 20 individuals are not eligible for these awards. The team lead must be one of the 20 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.

3.3. Award Categories

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

3.3.1. Contributions to Workforce Development. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to building and maintaining a premier FM workforce; optimizing and evolving FM training solutions; or fostering an FM community of practice. Improvements may be in areas such as workforce development, innovative practices in recruiting and retention, and training and information sharing. Examples of appropriate efforts include:

3.3.1.1. Establishing an innovative training program to improve workforce proficiency in a key area of critical competencies.

3.3.1.2. Establishing a program to improve recruiting, employee engagement, satisfaction, and retention.

3.3.1.3. Establishing forums to implement best practices and accomplishments.

3.3.1.4. Instituting a mentorship or partnership program to help guide the future development of workforce members.

3.3.2. Contributions to Taxpayer Dollar Optimization. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to optimizing support to the budget and execution process; innovating cost, performance, and risk management; or fostering a high integrity funds control environment. Improvements may be in areas such as budget formulation, budget execution, cost management, or accountable financial stewardship. Examples of appropriate efforts include:

3.3.2.1. Refining the budget to execution process to optimize mission capability with agility.

3.3.2.2. Creating efficiencies through new guidance and/or reducing outdated regulations, processes, and policies.

3.3.2.3. Delivering innovative financial cost, performance, and enterprise risk management insights to improve resource budgeting and forecasting activity.

3.3.2.4. Improving fiscal control over assets, dissemination of funds, budget execution tracking, and funds realignment through innovative solutions.

3.3.3. Contributions to Financial Integrity and Audit Results. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions toward remediating material weaknesses aligned with the Department's audit priorities to accelerate its path to an unmodified audit opinion. Improvements may be in areas such as increasing the number of favorable (unmodified or qualified) financial statement or Statement on Standards for Attestation Engagements No. 18 audit opinions, implementing end-to-end business process reengineering efforts leading to improved auditability for a priority area, innovating processes and improving controls to reduce undistributed disbursements and or collections in a timely manner, and developing innovations to achieve unmodified audit opinions. When considering this category, reference 10 U.S.C. § 240b "Incentives for the Achievement by the Components of the Department of Defense of Unqualified Audit Opinions on the Financial Statements." Examples of appropriate efforts include:

3.3.3.1. Developing innovations to support achieving unmodified audit opinions.

3.3.3.2. Closing a notice of finding and recommendation related to a priority area.

3.3.3.3. Closing or downgrading a material weakness related to a priority area.

3.3.3.4. Implementing effective improvements to controls over financial reporting for a priority area.

3.3.4. Contributions to End-to-End Business Environment Optimization. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to automating FM operations and the identification of business processes that will form tomorrow's environment. Improvements may be in areas such as system security, leveraging innovative digital and automation solutions, or simplifying FM regulation and policy. Examples of appropriate efforts include:

3.3.4.1. Retiring legacy systems and accelerating optimization of modern enterprise solutions.

3.3.4.2. Increasing automation of repeatable processes and interfaces between enduring systems.

3.3.4.3. Simplifying regulations or policies that address barriers to fully enable standardization.

3.3.5. Contributions to Data-Driven Decision-Making. This category recognizes one individual and one team, at each of the two award levels, who have made significant contributions to innovating and empowering data-driven, fiscally informed decision-making; driving universal use of secure, single-source reporting; or instilling confidence in FM data for decision-making. Improvements may be in areas such as improving financial data management standards, increasing data analytics capabilities, and enhancing the usage of real-time data to support decision-making through innovative practices. Examples of appropriate efforts include:

3.3.5.1. Improving the quality of data and universal data management and modeling standards.

3.3.5.2. Developing innovative methods to increase access to real-time data.

3.3.5.3. Supporting a Universe of Transaction balance as a percentage of financial statement balances.

3.3.6. Contributions to Financial Management in a Contingency Operation. This category recognizes one individual and one team, at any level, 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:

3.3.6.1. Implementing controls that improve auditability of funds managed in the contingency operation.

3.3.6.2. 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.

3.3.6.3. 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.

3.3.7. USD(C) Salute to Excellence in Government Service. These awards specifically allow the USD(C) to recognize **exceptional contributions** throughout the past calendar year have made exceptional contributions in Savings and Innovation. The Board members will recommend to USD(C) for selection winners of these awards from among the nominations submitted in the categories in paragraph 2.3.

3.3.7.1. USD(C) Salute to Excellence in Government Service - Exceptional Savings. This category recognizes actions **which** resulted in a significant savings to the taxpayer.

3.3.7.2. USD(C) Salute to Excellence in Government Service - Exceptional Innovation. This category recognizes actions **which** resulted in significant innovations in Financial Management.

4.0 RESPONSIBILITIES

4.1 The USD(C)

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

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

4.1.3. Will present awards to each recipient.

4.1.4. 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.

4.2 The OUSD(C) Human Capital Resource Management Director (HCRM)

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

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

4.2.3. 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.

4.2.4. Will ensure OUSD(C) Financial Improvement and Audit Remediation Director (FIAR) is represented on the FM Awards Program Board.

4.3 Heads of the Military Departments and DFAS

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

*4.4 DoD Component Heads

4.4.1. Will encourage the nomination of individuals and teams for the Financial Management Awards in accordance with the procedures and criteria in section 5.0.

4.4.2. Will appoint a Final Reviewer by email for all nominations submitted by members of their Component in accordance with the annual call memorandum.

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

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

4.5 The Financial Management Awards Program Board

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

4.5.2. Is comprised of one voting representative from each of the Military Departments, DFAS, one from the Defense-wide community, which encompasses all other Defense Agencies and DoD Field Activities, and the OUSD(C) FIAR Director. Members will not delegate attendance of the Board Member meeting. Members will not serve more than two consecutive years with exception of the OUSD(C) FIAR Director.

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

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

4.5.5. Is convened annually to evaluate nominations and make recommendations for winners in each award category based on the criteria in paragraph 5.1.

4.6 Final Reviewers

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

4.6.2. May not be a Nominating Official.

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

4.7 The Nominating Official

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

4.7.2. Will certify, by electronic signature, that each submission complies with the nomination submission instructions outlined on [FM Online](#).

4.8 The Supervisor

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

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

4.9 The Submitter

4.9.1. Will input all data into the nomination template for the appropriate nomination in accordance with the procedures and criteria in this chapter and on FM Online as directed by the Nominating Official.

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

5.0 AWARD CRITERIA AND NOMINATION INFORMATION

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

5.1 Award Criteria

5.1.1. Nominations for DoD Financial Management Awards must 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:

5.1.2. Scope and Significance, examples include:

5.1.1.1. DoD Enterprise / Warfighter / Mission Impact

5.1.1.2. Fiscal Stewardship (cost/manpower savings, cost avoidance)

5.1.1.3. Results were Actionable and Repeatable

5.1.1.4. FM Workforce Development and or Strategic Partnering Improvement

5.1.1.5. Focused on Outcomes – maximizing dollars spent and funding priorities

5.1.1.6. Embraced innovation by streamlining automation solutions

5.2 Nomination Information

For specifics on procedures for submitting nominations refer to [FM Online](#). Information included in the nominations is used for formal recognition.

5.2.1. Nominations **should** be written to a broad and diverse audience.

5.2.2. Nominations **should** be written in a concise manner that clearly describes the impact. Limit use of acronyms or superlative wording.

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

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

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

5.2.4. 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 paragraph 5.3.

5.3 Submission of Nominations

5.3.1. Heads of DoD Components must submit nominations to the OUSD(C) HCRM Director via the OUSD(C) awards nomination site.

5.3.2. OUSD(C) HCRM must receive nominations by the date designated in the memorandum sent to the Components.

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

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

5.3.4.1. 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 44 nominations.

5.3.4.2. 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 22 nominations.

5.3.4.3. Combatant Command Support Agents may submit one 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.

5.3.5. Components may 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 six award categories.

5.4 Nomination Responsibilities

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

5.5 Individual and Team Awards

Each individual award recipient will receive a memento such as an engraved plaque. Each team will receive a single memento such as an engraved plaque, while team members will each receive a memento such as a certificate.

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 **October 2020** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
4.4.3	Combined with paragraph 4.4.2.	Deletion
All	Administrative updates in accordance with Department of Defense Financial Management Regulation (FMR) Revision Standard Operating Procedures.	Revision

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CHAPTER 7

DEPARTMENT OF DEFENSE STANDARD CHART OF ACCOUNTS

1.0 GENERAL

1.1 Purpose

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

1.2 Authoritative Guidance

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 20XX¹ 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.

¹ “XX” represents the applicable fiscal year.

2.0 DEFINITIONS

2.1 Standard Financial Information Structure

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 SCOA is a key element in the SFIS data structure. The SCOA and other SFIS products are published on the SFIS web page. Also, see Chapter 4.

2.2 DoD Standard Chart of Accounts SFIS Attribute Alignment File

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

2.3 Tie-Point Reconciliations

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 SCOA Tie-Points 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. 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 DDRS. Components must expeditiously resolve unreconciled Tie-Points in support of accurate and reliable agency-wide trial balances to Treasury via GTAS for consolidation into the Governmentwide financial statements.

2.4 Financial System

A financial system is an information system or set of applications that maintains all summary and detailed financial events resulting from budgetary and proprietary activity. The system must record at the transaction-level to the appropriate general ledger accounts. See FFMIA section 803(a) and OMB Circular A-123, Appendix D.

3.0 ACCOUNT DESIGN

3.1 DoD SCOA

The SCOA is comprised of budgetary and proprietary USSGL accounts and related DoD standard account extensions required for consistent USSGL implementation, Component trial balance consolidation, and compliance with OMB and Treasury budgetary and financial reporting

requirements. The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer (OUS(D)/CFO) issues enterprise-wide implementation guidance to:

- 3.1.1. Reduce customization of accounting systems,
- 3.1.2. Eliminate departmental reporting system translations and account value crosswalks,
- 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

The basic SCOA structure consists of a 6-digit USSGL account number followed by a [period](#) and a 4-digit DoD account extension. SGL accounts with an extension of “.9000” (e.g., 101000.9000, 211000.9000) are identified as Treasury level USSGL accounts. 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

3.3.1. The Library establishes enterprise-wide implementation requirements [and](#) provides a framework with detailed transaction and posting rules for updating existing financial systems and deploying new accounting systems.

3.3.2. The 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 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. [Components](#) must not group multiple DTCs into one transactional posting, so that the individual transaction posts separately and supports each business event and [is uniquely identified in](#) the business process. 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 business event result as the DoD USSGL Transaction Library.

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

3.4 Reporting

3.4.1. All DoD accounting systems must report financial transactions to DDRS using the account structure of the SCOA. Detailed attribute alignment at the SGL account level is updated concurrently with the SCOA.

3.4.2. Components must implement the SCOA to satisfy both internal and external reporting requirements. For external reporting, all budgetary and proprietary financial reporting data are summarized in DDRS into the six-digit USSGL accounts and GTAS standard attributes.

3.4.3. Components must ensure systems provide complete, reliable, consistent, and timely budgetary and proprietary transaction-level information and are recorded in accounting systems of record general ledgers to produce auditable budgetary, proprietary, and managerial cost accounting reports for internal and external stakeholders.

4.0 ACCOUNT RELATIONSHIPS

4.1 Budgetary and Proprietary Accounts

4.1.1. The SGL account structure provides a self-balancing set of budgetary accounts to record the appropriation, apportionment, allotment, allocation, commitment, obligation, and expenditure process. The SCOA is driven by debit and credit normal balance indicators, so 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 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 SGL enables budgetary, proprietary, and managerial cost accounting essential for good stewardship, proper financial control over resources, and financial reporting.

4.2 Accounts Applicable to Fund Type

4.2.1. The SCOA identifies SGL accounts applicable to General Fund, Working Capital Fund (WCF), and Special and Trust Funds. The 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 SGL accounts and posting logic for applicable business processes and transactions. For example, general fund accounting systems must include, at a minimum, accounts designated as applicable to general funds, and not those restricted to working capital or special/trust fund systems. Similarly, WCF accounting systems must include accounts designated as applicable to WCF but not those accounts restricted to general or special/trust fund systems. Combined systems handling both general and WCF must include both general and working capital general ledger accounts, but not those accounts restricted to special/trust fund systems. Components are not required to add accounts designated as not applicable for DoD.

4.3 Account Attributes

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 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.

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 SGL account attribute are identified and defined at the SGL account level in the SCOA Attribute Alignment File published on the SFIS web page.

4.4 Request for Account Exemption

4.4.1. A Component's specific mission area may allow for an accounting system exemption to certain SGL accounts. Components must request an exemption from standard DoD account alignment based on business processes and transactions within a specific fund type.

* 4.4.2. The SCOA is re-published annually with updates. Component system owners must review existing accounts and submit any changes or revisions to the OUSD(C)/CFO within 30 days of the SCOA update.

4.5 DoD Assigned USSGL Accounts

The SCOA includes five 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 policy 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 at SFIS 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 2021 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with Department of Defense Financial Management Regulation (FMR) Revision Standard Operating Procedures.	Revision

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CHAPTER 9

FINANCIAL RECORDS RETENTION

1.0 GENERAL

1.1 Purpose

This chapter [identifies](#) the proper retention period for financial records. This policy applies only to the records supporting 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 the [records](#) are being used as secondary evidence to support financial transactions and balances.

1.2 Authoritative Guidance

1.2.1. [The National Archives and Records Administration \(NARA\) promulgates requirements](#) for the management and disposal of all United States (U.S.) Government records.

1.2.1.1. Title 36, Code of Federal Regulations (CFR), Chapter XII, Subchapter B, Parts 1220-1239 ([36 CFR §§ 1220 – 1239](#)) provides NARA general policies.

1.2.1.2. NARA's disposal guidance for administrative records are outlined in [General Records Schedule \(GRS\) 5.7, "Administrative Management and Oversight Records."](#)

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

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

2.1 Record Retention Requirements

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 records of grants and cooperative agreements. [The administrative records of grants and agreements](#) are covered in GRS 1.2.

2.1.2.1.2. GRS 1.1 covers financial transactions and reporting [records](#). [Records for financial planning \(i.e., budgeting records\)](#) are covered under GRS 1.3.

2.1.2.1.3. GRS 1.1 covers contract records maintained by Federal agencies. [Contractor-maintained contract 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 [the](#) item number, the records description, [the](#) disposition instructions [that describe](#) 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

Component financial transaction **records** must be prepared, retained, and, at a minimum, support the following:

2.2.1. Authority. Evidence the transaction was approved and/or certified in accordance with established requirements.

2.2.2. Amount. Evidence of transactions dollar values.

2.2.3. Date. Evidence of transaction dates to ensure transactions **are** recorded in the proper accounting period.

FIGURE 9-1. MINIMUM RETENTION PERIODS

Assessable Unit(s)	Type of Documentation	Minimum Retention Period
Contract Pay / 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"> • Accounts Payable • Accounts Receivable • Uncollected payments, federal sources, brought forward • Unpaid obligations, brought forward • Unobligated balance, brought forward • Other liabilities • Revenue • Gross Cost 	<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, is applicable to contract payment offices, and includes obligation document records.</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"> • Financial Reporting • Other Adjustments 	<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"> • General Equipment • Real Property • Internal Use Software • Inventory and Related Property • Other Assets 	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"> • Other Liabilities • Gross Costs • Military Retirement and Other Federal Employment Benefits 	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.

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 2020** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
2.2	Additional clarifying language.	Revision

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CHAPTER 10

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

1.0 GENERAL

1.1 Overview

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 by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), through the Directorate for [Enterprise Financial Transformation \(EFT\)](#), and is now maintained by the [Chief Digital and Artificial Intelligence Office](#). 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

This chapter establishes Advana as an official DoD repository of common enterprise data and the roles and responsibilities of OUSD(C) 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

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 [Director of Administration and Management](#).

1.3.6. OUSD(C), [Financial Management Strategy](#).

1.3.7. Acting Assistant Deputy Chief Financial Officer (DCFO) memorandum (December 2020), “Advancing Analytics (Advana) Financial Reconciliations for the Fourth Estate.”

2.0 ROLES AND RESPONSIBILITIES

2.1 OUSD(C) Responsibilities

The Department’s vision of “Financial Management (FM) [Analytics](#)” 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 FM [Analytics](#), 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

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) [EFT](#).

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 Feeder to General Ledger Reconciliations Audit Workbooks – Monthly reconciliations between disbursing, obligation, funding, and entitlement financial management systems to general ledger accounting systems.](#)

2.2.5. Use the [General Ledger to Unadjusted Trial Balance Reconciliations Audit Workbooks – Quarterly reconciliations between general ledger accounting systems and their unadjusted trial balance.](#)

2.2.6. Use the [Unadjusted Trial Balance to Adjusted Trial Balance Reconciliations Audit Workbooks – Quarterly reconciliations between the unadjusted trial balance and the adjusted trial balance within the Defense Departmental Reporting System.](#)

2.2.7. Use [Advana to reconcile Fund Balance with Treasury and retire all legacy micro-applications no later than December 2024.](#)

2.2.8. Use the [Advana Dormant Account Review – Quarterly tool to conduct all DoD dormant account reviews unless otherwise approved by OUSD\(C\) \[EFT\]\(#\) and \[DCFO\]\(#\).](#)

2.2.9. 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

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**

Changes are identified in this table and also denoted by **blue** font.

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated the hyperlinks and formatting to comply with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision

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APPENDIX A

OBJECT CLASSIFICATION

1.0 GENERAL

1.1 Purpose

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

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

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

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