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MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
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FIELD ACTIVITIES  
DIRECTOR, RESOURCE MANAGEMENT, U.S. ARMY CORPS OF  
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SUBJECT: Accurate and Reliable DoD Component-level Financial Management Trial Balances

- References: (a) Office of Management and Budget Circular A-123, Appendix D, "Compliance with the Federal Financial Management Improvement Act of 1996"  
(b) DoD Financial Management Regulation (FMR) (DoD 7000.14-R) Volume 6A, Chapter 6, "Governmentwide Financial Report System and Federal Agencies' Centralized Trial-Balance System Reporting"  
(c) Office of the Under Secretary of Defense (Comptroller) Memorandum, "Defense-wide Wave 2 Financial Reporting Adjustments Mock Audit Results," December 23, 2013

The Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) is the primary means of reporting agency trial balance data to the Department of the Treasury (Treasury) for DoD-level financial reporting. Defense Departmental Reporting System (DDRS) data collected by the Defense Finance and Accounting Service is reported to the Treasury 10 times annually via GTAS. GTAS data is submitted to Treasury by combining budgetary and proprietary trial balance reporting and enforcing the United States Standard General Ledger (USSGL). In order for DoD to submit accurate and reliable agency-level trial balance data to GTAS, DoD components' trial balances must be accurate and reliable.

Guidance in this memo and attachments 1 and 2 is effective immediately. Components and accounting service providers shall combine budgetary and proprietary general ledgers to a self-balancing trial balance and conduct edits and validations (to the extent possible) prior to reporting data in the DDRS. In addition, each component must implement standardization by enforcing the USSGL in the DoD Standard Chart of Accounts, standard attributes, and applicable posting logic at the transaction level, which should result in a proper component-level trial balance in compliance with references (a) and (b). If a legacy system does not allow for this, then until such system is retired, the system should transfer data into a system that will be able to produce a proper self-balancing trial balance, in coordination with the component's service provider, and if cost-effective.

All target accounting systems are to perform foundational Tie-Point reconciliations (TPs) on account balances within the trial balance. TPs must be performed at the Treasury Account Symbol and limit level or lower, on a monthly basis or more frequently (see detailed guidance in attachments 1 and 2). Any component organization responsible for a trial balance must perform these TPs prior to further submission to the next reporting level, including to DDRS. TPs are required to be performed by whatever means appropriate for legacy accounting systems (systematic/manual), where feasible. DDRS will also perform DoD-level TPs for the DoD consolidated trial balance, prior to conducting GTAS Edits and Validations.

Incorrect posting logic within an accounting system will result in unsupported journal vouchers (JVs) and unsuccessful TPs. Reference (c) made findings and recommendations related to incomplete and invalid financial reporting general ledgers to financial statement reconciliations, as well as incomplete transaction populations and unsupported JVs. The applicable system owner or accounting function will make every effort to correct posting logic within the accounting period. Unsupported JVs must be resolved expeditiously with corrective action plans. It is highly recommended that each accounting function that produces a trial balance develop and maintain TP metrics to gauge performance, as well as archive the analyses to be available for future audits.

To help prevent unsupported JVs, applicable abnormal account balances must be corrected prior to submission to the next reporting level, including to DDRS. In addition, in order to maintain a balanced audit trail of ending and beginning balances, JVs posted at the next reporting level, including DDRS, must be sent back to the accounting system of record to be researched, concurred with, and recorded, if appropriate, in the same accounting period.

An original allotment holder's ("parent's") trial balance shall reflect the execution of suballotments ("children") or subsequent suballocations ("grandchildren"). If systems limitations exist, the "parent," "child," "grandchild," and service provider are responsible for the coordination and recording of execution at least the consolidated trial balance level in DDRS.

Every effort should be made to implement this guidance as soon as possible to aid in audit readiness and sustainment efforts. The next update of DoD FMR Volume 6A, Chapter 6 will incorporate this policy and guidance. Questions regarding this guidance may be directed to Ms. Micky Chopra at [micky.t.chopra.civ@mail.mil](mailto:micky.t.chopra.civ@mail.mil) or (703) 614-7253.



Mark E. Easton  
Deputy Chief Financial Officer

Attachments:  
As stated

## **Accurate and Reliable DoD Component-level Financial Management Trial Balances Attachment 1 of 2: Additional General Ledger Guidance**

### **Component Consolidated General Ledgers:**

Each component should consider consolidating component subsidiary trial balances from other target systems into the component's primary target financial management system. As long as not in conflict with an existing fix and with coordination with the Component's service provider, if a component has a legacy system, every effort should be made to consider importing legacy trial balance data into the component's primary target financial management system in order to ensure the legacy trial balance is a proper trial balance with budgetary and proprietary accounts. As components move toward the Target Environment and retire legacy systems, the ability to produce consolidated component financial statements within one primary target system will help the component produce a consolidated component-level financial statement, as well as better management data. Accurate and reliable component-level trial balances will help to ensure the auditability of Enterprise-level, consolidated DoD Financial Statements.

### **Tie-Point Reconciliations (also referred to as "Tie-Points" or "TPs"):**

Tie-Points ([http://fms.treas.gov/ussgl/Tie-Point\\_project/archives\\_tiepoints.html](http://fms.treas.gov/ussgl/Tie-Point_project/archives_tiepoints.html)) are financial management equations that indicate whether certain account balances within a general ledger trial balance are consistent with other account balances. Tie-Points that do not work shall be resolved, with a corrective action plan, within the next interval of conducting a Tie-Point analysis. Corrective actions should be focused on correcting posting logic and/or making system fixes. If the root cause of an unsuccessful TP is due to a system configuration, then every effort should be made to correct the error by the following month. If not able to resolve within the month, then a plan should be implemented to correct the error as soon as possible through the system's change request process.

Tie-Points facilitate the ongoing validation of trial balance data. The early correction of errors promotes an understanding of the United States Standard General Ledger (USSGL) accounts, related posting logic, and integrity of departmental and agency data. It is recommended that Tie-Point reconciliations eventually be performed below the Treasury Account Symbol (TAS) level, at the budget line item level, if possible.

For DoD's usage of the USSGL, refer to the DoD Standard Chart of Accounts (SCOA) found at <http://dcmo.defense.gov/products-and-services/standard-financial-information-structure/>. The DoD SCOA is made up of USSGL accounts and DoD standard accounting extensions to the USSGL accounts. Many components and service providers are already performing Tie-Point analyses. When a component's office is implementing this guidance, it is recommended that it explore existing Tie-Point reconciliation processes already being conducted within other component offices or with service providers, to ensure the sharing of knowledge and best practices.

If a situation arises where a Tie-Point analysis results in a reconcilable difference, versus an error, then the difference should be explained.

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Tie-Point reconciliations are at a higher level than the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) edits and validations. It is recommended that components and/or service providers run a successful Tie-Point analysis process, which will then eventually lead them to a more detailed and refined GTAS edit and validation process at the component level, to the extent possible.

As a normal practice, the Defense Departmental Reporting System (DDRS) conducts the DoD Enterprise-level Tie-Points with the Department of the Treasury (Treasury) balances and GTAS edits and validations.

### **Tie-Points at the Consolidated Component Level:**

Component-level trial balances Tie-Point reconciliations should be performed, in accordance with Attachment 2. It is recommended that components and service providers determine the best means to obtain this analysis, whether in DDRS or in the component's accounting system.

### **Tie-Points at the Component-Subsidiary Ledger Level:**

Components and their service providers must record the business events occurring outside the accounting systems, which support the financial management and accounting process (e.g., resources, commitments, obligations, expenditures, disbursements) for audit readiness purposes. In the case of a target system, those supporting transactions must be posted to the core financial accounting system using proper USSGL accounts and accounting standards.

Component-Subsidiary General Ledger trial balances are those entities at any command, base, or field level activity below the component level. Subsidiary-level trial balances Tie-Point reconciliations should be performed, in accordance with Attachment 2. As components are implementing this guidance into practice, they must use a Tie-Points strategy that works for their mixed (target and legacy-based) systems environments and strive to conduct Tie-Points prior to submission of trial balances to DDRS.

It is recommended that DDRS grant components access to a location in DDRS where components can use the Tie Points analysis prior to uploading to DDRS-Budgetary (DDRS-B) since the Tie-Points for the Defense Finance and Accounting Service (DFAS) are located in DDRS-Audited Financial Statements (DDRS-AFS). This will be especially helpful for components that currently do not have Tie-Points in their systems.

An ultimate goal is to conduct Tie-Point reconciliations for cash accountability on a daily basis. This will eventually help with a higher-level Funds Balance with Treasury (FBWT) reconciliation.

### **Abnormal Balances:**

Abnormal Balances are those balances or transactions that are not in agreement with the proper designation of debit or credit on that account.

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“Normal abnormal” account balances should be dealt with appropriately, in the Tie-Points reconciliation analysis. These “Normal Abnormal” balances should be noted.

Abnormal balances must be corrected, or explained, with the proper attribute of debit or credit for that account, prior to submitting the Component trial balance to DDRS.

Components typically conduct validations at the TAS or limit level; however DDRS-B validates at the Object Class Code (OCC) level. Due to the potential of prior-year improper crosswalks of OCCs within DDRS-B, coordination or a separate effort may be required with DFAS to clean up the OCCs since there are limitations as to what and when the OCC crosswalks can be corrected. It is recommended that components obtain access to DDRS to self-perform crosswalk maintenance in DDRS-B to expedite correction of cross-walking discrepancies.

### **Elimination Entries:**

At the component level or at the component subsidiary level, all inter-component eliminations must be made prior to submitting the component-level trial balances to DDRS, if possible and in coordination with service providers, and to the extent the accounting system has general ledger accounts.

Components must ensure all intergovernmental/interagency transactions are identified and have the appropriate Standard Financial Information Structure (SFIS) trading partner information associated with the transactions, to the extent possible, prior to submitting the trial balance to DDRS. DDRS will send this data to the Treasury for Government-wide eliminations.

DDRS will perform all cross-component (within DoD) eliminations, to include interfund transactions within the DoD. It is recommended that a standardized report or process be developed (not exclusively to email notifications) for DDRS or DFAS to relay back to components prior to recording cross-component eliminations, interfund transactions, and adjustments.

### **DDRS Adjustments:**

When adjustments to a submitter’s trial balance are made in DDRS, then DDRS shall allow a window of opportunity for the submitter to review and approve those adjustments. Procedures to allow this for DDRS customers should be drafted and communicated for future reporting periods.

The DDRS must report Journal Vouchers (JVs) made to component trial balances back to the component, to include any applicable eliminations. Relating to eliminations guidance above, when a component makes adjustments to crosswalks in between the DDRS-B month roll and the subsequent month closing period (currently three to four days), it is recommended that DDRS-B update the application coding in DDRS-B for crosswalks to only affect future submissions, essentially putting in a partition for prior periods.

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When components receive DDRS adjustments, subsequent to the accounting period close, the adjustments should be posted, on an as needed basis, either to open accounting periods to record adjustments or to adjust the beginning balances of the subsequent period. DDRS should provide explanation to the variance between the trial balance data received and DDRS.

It is recommended that components obtain access to self-export trial balances in DDRS-B to expedite the DDRS pre- and post-adjustments validation processes. Since DDRS-B and DDRS-AFS are currently separate and distinct software applications, components can currently only validate at the DDRS-B level, not at the AFS level, which is where the additional/final adjustments will be made. In addition, currently AFS level trial balances consolidate/eliminate sub-allotments (a.k.a. limits) that roll up during the consolidation process. It is recommended that DFAS implement the consolidation of DDRS-B with DDRS-AFS into one. This will eliminate many inefficiencies with the current reporting process and correct some of the issues in the above guidance.

Adjustments must be supported by sufficient documentation, so they are not considered unsupported. If adjustments are unsupported, they may impact the auditor's ability to render an opinion on the financial statements. If an adjustment is not able to be explained, then it is recommended that DDRS try to identify the issue that caused the adjustment by trial balance reporting component where feasible.

### **Original Allotment Holder (“parent”), Suballotment, and Subsequent Suballocations Guidance/Responsibilities:**

The original allotment holder is the “parent,” the suballotment holder is the “child,” and subsequent allocation holders for suballocations are “grandchildren.” Allotments are subdivisions of apportionments that are made by the heads of agencies. Suballotments are subdivisions of allotments. Allocations are subdivisions of suballotments, referred to as suballocations.

Although the original allotment holder (“parent”) is responsible for the financial reporting of suballotments (“children”) or subsequent suballocations (“grandchildren”), the child and grandchild are responsible to report the suballotment and suballocation activity to the parent. The parent, child, grandchild, and service provider shall coordinate and be responsible for the proper recording of activity, timing of the sharing of information, and the actual sharing of the information.

Until a centralized repository is available to obtain suballotted/suballocated data, or until a parental process is in place to obtain the data from the child/grandchild, then the parent, child/grandchild, and service provider may record the distinct execution of suballotted/suballocated funds at the consolidated trial balance level in DDRS. Every effort must be made by the child/grandchild to account for the execution of suballotted/suballocated funds, for reporting back to the parent.

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It is recommended that DFAS update limit guidance related to suballotments/suballocations in DFAS Manual 7097.01, Chapter 1D-Limit, so that components can better/properly track the execution of their allotments from the suballotment/suballocation holder. DFAS will also include in the updated DFAS Manual 7097.01, Chapter 1D-Limit, corrective action plan guidance for those components with incorrect limit usage and guidance for the way ahead on discrepancies with prior period data.

**Accurate and Reliable DoD Component-level Financial Management Trial Balances**

**Attachment 2 of 2: Tie-Point (TP) Reconciliations**

Note 1: For historical reference, please refer to Treasury archives at:  
[http://fms.treas.gov/ussgl/tie-point\\_project/archives\\_tiepoints.html](http://fms.treas.gov/ussgl/tie-point_project/archives_tiepoints.html)

Note 2: These Tie-Point reconciliations are at a higher, overall account level than the current Treasury GTAS requirements.

Note 3: Current Treasury GTAS requirements can be applied after the Tie-Point Reconciliations are in balance.

Note 4: Currently, the Defense Departmental Reporting system completes GTAS requirements for DoD reporting.

Note 5: The numbering scheme for Treasury TPs may alternate slightly, from what Components/service provides are using today.

<b>Treasury Tie Point (TTP)</b>	<b>Description of Tie Point Equation</b>	<b>Left Side (of Account Equation) = Right Side</b>	<b>Suggested Minimum Frequency</b>
Statements Reconciliation	Budgetary Resources = Status of Budgetary Resources	Budgetary = Budgetary	Monthly, Quarterly
Statements Reconciliation	Net Cost on Statement of Net Cost = Net Cost on Statement of Changes in Net Position	Proprietary = Proprietary	Monthly, Quarterly
1	Proprietary Asset = Proprietary Liability/Net Position/Revenue/Expense/G&L	Proprietary = Proprietary	Monthly
2	Budgetary Cash = Proprietary Cash	Budgetary = Proprietary	Daily, Weekly, Monthly
3	Budgetary Delivered Orders Unpaid = Proprietary Accounts Payable	Budgetary = Proprietary	Monthly
4	Budgetary Delivered Orders = Proprietary Expenses & Capitalized Costs	Budgetary = Proprietary	Monthly
5	Budgetary Undelivered Orders Prepaid = Proprietary Advances to Vendors	Budgetary = Proprietary	Monthly
6	Budgetary Unfilled Orders with Advances = Proprietary Advances from Customers	Budgetary = Proprietary	Monthly
7	Budgetary Expended Authority = Proprietary Expended Appropriations	Budgetary = Proprietary	Monthly
8	3100 Beginning = 3100 Ending (pre-close from current year)	Proprietary = Proprietary	Annually
9	3100 Post-Close (Prior Year) = 3100 Beginning (Current year)	Proprietary = Proprietary	Annually
10	3310 Beginning = 3310 Ending (pre-close from current year)	Proprietary = Proprietary	Annually
11	3310 Post-Close (Prior Year) = 3310 Beginning (Current year)	Proprietary = Proprietary	Annually
12	4201 Beginning = 4201 Ending (pre-close from current year)	Budgetary = Budgetary	Annually
13	4201 Post-Close (Prior Year) = 4201 Beginning (Current year)	Budgetary = Budgetary	Annually
14	Budgetary Anticipated Resources = Budgetary Anticipated Status	Budgetary = Budgetary	Monthly
15	Federal Proprietary Receivables (Exchange) = Budgetary Receivables	Proprietary = Budgetary	Monthly
16	Proprietary Revenue = Budgetary Offsetting Collections	Proprietary = Budgetary	Monthly
17	Budgetary Appropriations Received = Proprietary Unexpended Appropriations	Budgetary = Budgetary	Monthly
18	Funded Expense Proprietary = Delivered Order Budgetary	Proprietary = Budgetary	Monthly
19	Net Position Analysis Unexpended Appropriations	Budgetary = Proprietary	Monthly