



Defense Finance and Accounting Service

DFAS 7900.4-M

Financial Management Systems Requirements Manual
Volume 13, Grants

May 2011

Financial Management Center of Excellence

SUBJECT: Description of Requirement Changes

The complete listing and description of the requirements changes, deletions, and additions by chapters and systems requirements can be found below.

All changes in this volume are denoted by bold blue font.

VOLUME 13 - Grants		
Req ID	Change Type	Reason for Change
13.02.006	C	Changed – Verbiage updated per authoritative source

Chart Legend:

A - Added FFMRs

These are new requirements due to revised and updated source document

C - Changed FFMRs

These requirements were contained in previous versions, but were changed for various reasons, as described in the Requirement Changes Appendix.

D - Deleted FFMRs

These requirements were removed from this version because they were no longer required by the source document or were redundant with another FFMR

Note: If there is no code in the requirements value added or change type columns for an FFMR, it is by definition, unchanged from previous versions.



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SUBJECT: Financial Management Systems Requirements
Volume 13, Grants

1. PURPOSE

a. This Volume presents the financial management system design and implementation requirements for Department of Defense (DoD) military components' and agencies' Grants financial management systems. This Volume is part of the publication which reissues Defense Finance and Accounting Service (DFAS) 7900.4-G, "Federal Requirements for Financial Management Systems," commonly known as the "Blue Book," as a multivolume Manual titled DFAS 7900.4-M. The Blue Book is a comprehensive compilation of the Federal Financial Management Improvement Act (FFMIA) and DoD system requirements.

b. The Blue Book serves as a "roadmap" to Federal and DoD financial management system requirements by major financial management functional areas and their authoritative sources, and will assist managers who are responsible for financial management systems planning, designing, enhancing, modifying, and implementing financial management systems. Managers are ultimately responsible for being knowledgeable of and complying with the various authoritative sources of financial requirements (both legislative and regulatory). The Blue Book guidance and procedures are contained in several volumes located on the DFAS Reference Library at <http://www.dfas.mil/dfasffmia/bluebook.html>. Appendix 4 of the Blue Book includes links to where authoritative sources of requirements may be accessed.

c. Adherence to these requirements will enable DoD military components and agencies to meet Federal mandates and will help facilitate DFAS to progress toward reaching its strategic goal of providing services faster, better, and cheaper. The objective of this Volume is to promulgate the financial management systems requirements for system and program managers' use in developing Grants functionality.

2. APPLICABILITY:

Requirements contained within this document are applicable to accounting and finance systems operated and maintained by DoD.

3. POLICY:

- a. This Volume provides a synopsis of Federal and DoD financial system requirements, mandated by policy, for Grants financial management systems. It represents a comprehensive compilation of financial management systems requirements mandated by Public Law 104-208, “Federal Financial Management Improvement Act of 1996,” September 30, 1996.
- b. This Volume incorporates revisions to existing financial system requirements from the authoritative sources **via highlighting the appropriate text in bolded blue font**. See Appendix 2 of DFAS 7900.4-M for a complete listing and description of the financial system requirements changes, deletions, and additions, listed by major financial system requirements functional area.
- c. Users of this Volume may forward questions, comments and suggested changes to:

Defense Finance and Accounting Service
Financial Management Center of Excellence
Attn: Integration and Requirements Branch
8899 East 56th Street
Indianapolis, IN 46249

E-mail questions, comments, and suggestions to ffmiarequirements@dfas.mil

4. ORGANIZATIONAL RESPONSIBILITIES FOR FFMIA COMPLIANCE

- a. Within DoD, various organizations operate financial management systems. In an overall scheme, many of these systems should be linked in an integrated network. However, these systems frequently “stand-alone” or “stovepipe” systems that are not logically integrated with other related systems. Critical financial data, instead of being transferred electronically between systems through well-controlled interfaces, are often transferred manually by means of journal vouchers, hardcopy spreadsheets, “data calls,” or other inefficient and error-prone methods.
- b. DFAS functions as the primary Departmental entity responsible for producing a Trial Balance from the ERP general ledger and preparing the financial reports for the DoD. Much of the data used by DFAS to carry out the DoD’s accounting and financial reporting functions—such as property and inventory values—originate in non-DFAS organizations or systems. Therefore, other organizations, primarily the military services and Defense agencies, should be held responsible for the compliance of their financial management systems with all applicable Federal requirements. Appendix 5 of DFAS 7900.4-M contains Federal and DoD guidance on FFMIA compliance, evaluation, and reporting.

5. PROCEDURES:

Procedures are presented in each Volume of this Manual as appropriate.

6. RELEASABILITY:

UNLIMITED. This Volume as part of DFAS 7900.4-M is approved for public release and may be accessed at <http://www.dfas.mil/dfasffmia/bluebook.html>

7. EFFECTIVE DATE: This Volume is effective immediately.

Steve Bonta
Director, Financial Management
Center of Excellence

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GRANTS INTRODUCTION

“A federal grant is a financial assistance instrument which, consistent with 31 U.S.C. Section 6304, using grant agreements, provides money and/or direct assistance to the recipient to carry out a public purpose authorized by a law of the United States, instead of acquiring property or services for the Federal governments own use. Cooperative agreements are also funding instruments which have a similar process,” per JFMIP-SR-00-3, June 2000. Various Federal agencies operate grant programs in which they provide financial assistance to researchers, corporations, universities and colleges, etc. for research or specified activities or projects. Grant programs, for which payments are made, should be based on specific program objectives. Agencies involved in grant programs are required to determine grantees’ eligibility, execute grant agreements, award funds, and administer the grant. Grant payments may be made in advance or on a reimbursable basis as costs are incurred by the grantee.

GRANTS REQUIREMENTS

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Commitments	13.01.002	Y		The system should support the process of initiating commitment requests including the following data elements: - commitment request identifier - requisition date - corresponding proposal identifier - funding dollar amount - fund code(s)/appropriation code(s) - accounting code - budget year(s) of funding - name of the individual initiating the commitment - object classification - catalog of federal domestic assistance (CFDA) number	JFMIP SR-00-3, Jun 00, page 13		Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_1
Commitments	13.01.003	Y		The system should support the ability to route the commitment request to the Approving Official(s) in an automated manner.	JFMIP SR-00-3, Jun 00, Page 13		Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_2

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Commitments	13.01.004	Y		The system should support the ability to review approved commitment requests against edits such as: - verify authority of approving officials - validate commitment data input by requestor - verify accounting code(s) - verify funds availability - provide controls to prevent processing a duplicate document.	JFMIP SR-00-3, Jun 00, pages 13-14		Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_3
Commitments	13.01.005	Y		The system should be capable of committing funds and posting transactions to the standard general ledger (SGL).	JFMIP SR-00-3, Jun 00, Page 14	DoDFMR Vol 12, Oct 08, Ch 5, 050205	Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_4
Commitments	13.01.006	Y		The system should support notifying the procurement/grants office to start negotiation of grant with potential grantee.	JFMIP SR-00-3, Jun 00, Page 14		Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_5
Commitments	13.01.007	Y		The system should support the decision to fund a grant, which occurs after the proposal application process (involving application receipt, review, and selection) has been completed.	JFMIP SR-00-3, Page 13		Record Loans and Grants	Proposal-to-Reward	Grant_Commitments_6

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Decommitments	13.02.006	Y	C	The system must support processing a decommitment, including Initiate decommitment request. This request should be transmitted to the proper financial official(s) in an automated manner. Organization specific budgetary and program data is entered into the system regarding the request.	JFMIP SR-00-3, PAGE 16		Record Loans and Grants	Proposal-to-Reward	Grant_Decommitments_1
Decommitments	13.02.007	Y		The system should be able to process approved de-commitments through a series of edit checks such as: (1) verify authority of Approving Official(s) (2) validate data input by requestor, including CFDA Number.	JFMIP SR-00-3, PAGE 16		Record Loans and Grants	Proposal-to-Reward	Grant_Decommitments_2
Decommitments	13.02.008	Y		The system should be able to de-commit funds and post the transaction to the standard general ledger.	JFMIP SR-00-3, PAGE 16		Record Loans and Grants	Proposal-to-Reward	Grant_Decommitments_3
Decommitments	13.02.009	Y		The system should support notifying program office staff of de-commitments processed.	JFMIP SR-00-3, PAGE 16		Record Loans and Grants	Proposal-to-Reward	Grant_Decommitments_4

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Decommitments	13.02.010	Y		The system should support conversion of outstanding commitments to valid obligations or their decommitment before the expiration date of the funds committed.	JFMIP SR-00-3, PAGE 16		Record Loans and Grants	Proposal-to-Reward	Grant_Decommitments_5
Obligations	13.03.003			The system must be able to record obligations of funds. It must also be able to maintain chronological order of commitments, obligations, and payments for multiple appropriations or other funding sources.	JFMIP SR-00-3, Page 18		Record Loans and Grants	Proposal-to-Reward	Grant_Obligations_1
Obligations	13.03.004			The system must be able to capture data elements such as: - Grant Number- Grantee or Recipient Name - Grantee Identifier - Grant Purpose - Dollar Amount - Accounting Classification Data - Tax Payer Identification - CFDA Number.	JFMIP SR-00-3, Pages 18 & 20		Record Loans and Grants	Proposal-to-Reward	Grant_Obligations_2
Obligations	13.03.005			The system must allow for transactions to be posted to the standard general ledger (SGL).	JFMIP SR-00-3, Page 20;		Record Loans and Grants	Proposal-to-Reward	Grant_Obligations_3

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Obligations	13.03.006			The system must support the preparation and review of a grant agreement document and provide for approval or disapproval of obligations.	JFMIP SR-00-3, Page 18,		Record Loans and Grants	Proposal-to-Reward	Grant_Obligations_4
Obligations	13.03.007			The system must support the processing of approved obligations through the following edit checks: - verify authority of obligating officials - validate grant obligation against edits in the Core Financial System - verify funds availability - validate input data, including the CFDA number - provide controls to prevent a duplicate obligation	JFMIP SR-00-3, Page 18		Record Loans and Grants	Proposal-to-Reward	Grant_Obligations_5

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Payments	13.04.004			The system must have the ability to perform edit checks on payment request for missing data elements, clerical errors, and internal logic. The system must also have the ability to perform non-routine edit checks installed by the Federal awarding agency such as: - verification whether the grantee is delinquent in submitting financial reports - verification of funds availability - controls to prevent processing a duplicate payment.	JFMIP SR-00-3, PAGE 21		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_1
Payments	13.04.005			The system must be able to flag a grantee's account if the grantee is subject to sanctions requiring the withholding of payments.	JFMIP SR-00-3, PAGE 24		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_2
Payments	13.04.006			The system must be able to support the disbursement of funds to the grantee's financial institution in addition to posting the transaction to the Standard General Ledger.	JFMIP SR-00-3, PAGE 24		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_3
Payments	13.04.007			The system must be capable of recording the receipt of payment requests from grantees.	JFMIP SR-00-3, PAGE 21		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_4

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Payments	13.04.008			The system must support optional data elements in payment request such as: - Grantee Name and Identifier - Amounts Requested - Grantee Official Authorized to Submit Request - Authorized Grantee's Information - Amount of Funds Authorized - Amount Approved - Amount Disallowed - Program Funding Codes - Appropriation Code(s).	JFMIP SR-00-3, PAGE 21		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_5
Payments	13.04.009			The system must have the ability to support the review of payment requests.	JFMIP SR-00-3, PAGE 21		Record Loans and Grants	Proposal-to-Reward	Grant_Payments_6
Cost Accruals	13.05.006			The system must maintain various grant accrual data such as: - internal historical financial data - criteria/structure of agency programs - relevant external information on the timing and nature of recipients' cash flows	JFMIP SR-00-3, PAGE 25		Record Loans and Grants	Proposal-to-Reward	Grant_Cost_Accruals_1

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Cost Accruals	13.05.007			The system must maintain the amounts disbursed to grantees during each year and the amounts of expenses reported by the grantee. Other data such as grant award amounts and remittances should be included in the information database.	JFMIP SR-00-3, PAGE 25		Record Loans and Grants	Proposal-to-Reward	Grant_Cost_Accruals_2
Cost Accruals	13.05.008			The system must either have a format structured to facilitate accrual accounting or provide an alternate process that will calculate an accrual estimate.	JFMIP SR-00-3, PAGE 25		Record Loans and Grants	Proposal-to-Reward	Grant_Cost_Accruals_3
Cost Accruals	13.05.009			The system must support the following process steps: - Initiate the Accrual Process - Update AP Program Accrual Files - Run AP Program Accrual File - Review/Approve Program Results/Approve - Post the Grant Accrual Amount.	JFMIP SR-00-3, PAGE 26				
Financial Reports	13.06.004			The system must be able to receive financial reports electronically that will feed automatically into the grants financial report process.	JFMIP SR-00-3, PAGE 32		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_1

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Financial Reports	13.06.005			The system must be able to review reports and verify for: - completeness - mathematical correctness - validity of information such as grant numbers and award numbers - proper certification - assurance that amounts reported as expenditures do not exceed the balance of funds available - provide controls to prevent processing duplicate reports - reports failing the edit process are returned to the grantee.	JFMIP SR-00-3, PAGE 32		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_2
Financial Reports	13.06.006			The system must be capable of preparing specific transactions relating to the expenditure of funds. These transactions must be posted to the Standard General Ledger.	JFMIP SR-00-3, PAGE 32		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_3
Financial Reports	13.06.007			The system must maintain sufficient and appropriate information for reconciliation with the agency's Core Financial System.	JFMIP SR-00-3, PAGE 32		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_4

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Financial Reports	13.06.008			The system must support the initiation of the financial report process by providing the ability to: - review electronic files of the grant and grantee - select and review specific items (data) from these files - compare the selected data to data previously stored in the financial report process (FRP)	JFMIP SR-00-3, PAGE 30		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_5
Financial Reports	13.06.009			The system must be capable of updating and running the financial report process (FRP) file and preparing financial reports. Data should include the grantee's identification number, types of grants received, grant identifying number, dollar amounts, time period of performance, grantee's financial history by grant, and other data considered important by the granting agency.	JFMIP SR-00-3, PAGE 30		Record Loans and Grants	Proposal-to-Reward	Grant_Financial_Reports_6

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Grant Closeout	13.07.001			The system must support the following major processes for grant closeout: - Financial Status Report (FSR) Closing Process - Federal Cash Transaction Report (FCTR) Process - Post Closing Collections - Reconciliation	JFMIP SR-00-3, Page 34				
General systems Requirements	13.08.001			The system must provide system flexibility in accepting data input from multiple media so that it can recognize the unique data input requirements of interface systems.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_1
General systems Requirements	13.08.002			The system must subject all transactions from interfacing systems to the grant financial system edits and validation.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_2
General systems Requirements	13.08.003			The system must provide system capability to customize data input, processing rules, and edit criteria. It must also provide flexibility in defining internal operational procedures and in supporting agency requirements.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_3

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
General systems Requirements	13.08.004			The system must provide the capability to identify and process information from other systems that enter and update the standard grant financial system.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_4
General systems Requirements	13.08.005			The system must provide the capability to allow users to customize output for reporting and providing interfaces to other systems necessary to meet agency requirements for external processing (e.g., general ledger posting, budget formulation, budget reconciliation and budget execution).	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_5
General systems Requirements	13.08.006			The system must capture the transaction dates in order to ensure compliance with the Cash Management Improvement Act.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_6
General systems Requirements	13.08.007			The system must capture information to comply with reporting and referral requirements of the Debt Collection Improvement Act of 1996.	JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_7

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
General systems Requirements	13.08.008			The system must capture information necessary to report on property, plant, and equipment in the hands of grantees as required by Statement of Federal Financial Accounting Standards No. 6 (SFFAS No. 6) Accounting for Property, Plant and Equipment.	SFFAS 6; JFMIP SR-00-3, PAGE 36		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_8
General systems Requirements	13.08.009			The system must capture financial information necessary to comply with OMB Circular A-110 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (11/19/93, amended 9/30/99).	JFMIP SR-00-3, PAGE 36;		Record Loans and Grants	Proposal-to-Reward	Grant_General_System_Requirements_9
Interest Collections	13.09.001			The system must support interest earned on advances of Federal funds by state agencies, instrumentalities, and fiscal agents as governed by the Cash Management Improvement Act (CMIA) of 1996.	JFMIP SR-00-3, PAGE 33		Record Loans and Grants	Proposal-to-Reward	Grant_Interest_Collections_1

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Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Interest Collections	13.09.002			The system must support interest earned on Federal advances by other grantee organizations as governed by OMB Circular A-110, Grants Management Common Rule, or program regulations as applicable.	JFMIP SR-00-3, PAGE 33		Record Loans and Grants	Proposal-to-Reward	Grant_Interest_Collections_2

ACRONYMS

CFDA	Catalog of Federal Domestic Assistance
CMIA	Cash Management Improvement Act
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DoDFMR	DoD Financial Management Regulation
FCTR	Federal Cash Transaction Report
FFMIA	Federal Financial Management Improvement Act
FRP	Financial Report Process
FSIO	Financial System Integration Office
JFMIP	Joint Financial Management Improvement Program
OFFM	Office of Federal Financial Management
SGL	Standard General Ledger