



# Defense Finance and Accounting Service

DFAS 7900.4-M

## Financial Management Systems Requirements Manual Volume 6, Managerial Cost Accounting

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.**

<b>VOLUME 6 - Managerial Cost Accounting</b>		
<b>Req ID</b>	<b>Change Type</b>	<b>Reason for Change</b>
<b>06.02.036</b>	<b>C</b>	<b>Requirement ID had been previously deleted</b>
<b>06.02.037</b>	<b>C</b>	<b>New Requirement ID - Previous ID deleted in a prior version.</b>

### *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.



# Defense Finance and Accounting Service

DFAS 7900.4-M

## Financial Management Systems Requirements Manual Volume 6, Managerial Cost Accounting

May 2011

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Financial Management Center of Excellence

**SUBJECT:** Financial Management Systems Requirements  
**Volume 6, Managerial Cost Accounting**

### 1. PURPOSE

- a. This Volume presents the financial management system design and implementation requirement for Department of Defense (DoD) military components' and agencies' Managerial Cost Accounting functionality in 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) system requirements 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 in 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 may be accessed.
- c. Adherence to these requirements will enable the DoD military components and agencies to meet Federal mandates and will help facilitate DFAS progress toward reaching its strategic goal of providing services faster, better, and cheaper through intelligent systems. The objective of this Volume is to promulgate the financial management systems requirements for system and program managers' use in developing Managerial Cost Accounting 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 financial management systems with Managerial Cost Accounting functionality. 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](mailto: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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## **MANAGERIAL COST ACCOUNTING INTRODUCTION**

1. Reliable information on the cost of DoD programs, operations, and activities is crucial for effective management of the Department. Managerial cost accounting is especially important for fulfilling the objective of assessing an agency's operating performance. Therefore, cost accounting should be a fundamental part of an agency's financial management system and, to the extent practicable, should be integrated with other parts of the system. Cost accounting should use a basis of accounting, recognition, and measurement appropriate for the intended purpose (such as costing of goods to be sold to other parties or costing the operations of a DoD organization). Cost information developed for different purposes should be drawn from a common data source, and output reports should be reconcilable to each other.
2. Cost accounting systems should be fully integrated with other agency systems in order to eliminate unnecessary duplication of transaction entries and to share data elements without re-keying or reformatting. By its nature, a cost accounting system requires more linkages with other agency systems than do most other financial management systems. For example, a cost accounting system needs to accept financial and non-financial (e.g., units) data from the core financial system, inventory system, payroll or labor distribution system, property management system and others. Such data includes but is not limited to labor costs, material costs, depreciation, labor hours, exchange revenues, and number of items produced.
3. Cost accounting standards are published in SFFAS Number 4, Managerial Cost Accounting Concepts and Standards for the Federal Government. In February 1998, JFMIP published Managerial Cost Accounting System Requirements (JFMIP FFMSR-8), which establishes specific functional requirements for cost accounting systems. In addition, DoD has established cost accounting requirements and processes in its Financial Management Regulation Volume 4. Also, in 2006, the Financial Systems Integration Office (FSIO) published Managerial Cost Accounting System Requirements (OFFM-N0-0106).

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

**DFAS 7900.4-M, Vol. 6**

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
System Administration	06.01.001			The managerial cost accounting system must support the Financial Information Classification Structure described in JFMIP FFMSR-8, Chapter II, and use the data classification structure described there.	FFMSR-8, Feb 98, pg II-2		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_System_Admin_1
System Administration	06.01.002			The managerial cost accounting system, where possible and practical, should access the other systems' tables (or other data structures) that define codes in the data classification structure, rather than maintaining its own set of tables for these data elements.	FFMSR-8, Feb 98, pg III-2		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_System_Admin_2
System Administration	06.01.004			The managerial cost accounting system must allow authorized users to maintain data classification elements and use it for editing and reporting purposes	FFMSR-8, Feb 98, pg III-2		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_System_Admin_3

**MANAGERIAL COST ACCOUNTING 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
System Administration	06.01.006			The managerial cost accounting system must maintain rules for assigning costs to cost objects. The cost assignment rules maintenance process must support the costing methodologies, cost objects, and resources chosen by the agency for its use. The managerial cost accounting system is not required to support all of the costing methodologies that might be possible.	SFFAS-4, Jun 08, para COSTING METHODOLOGY; FFMSR-8, Feb 98, pg III-2 and III-3		Capture Cost Information □ Determine Availability of Required Data	&nbsp;Cost Management  Deployment-to-Redeployment/Retrograde  Market-to-Prospect  Prospect-to-Order  Service Request-to-Resolution  Service-to-Satisfaction	Managerial_Cost_Accounting_System_Admin_4



**MANAGERIAL COST ACCOUNTING 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
System Administration	06.01.012			The managerial cost accounting system must require reporting entities to perform at least a certain minimum level of cost accounting and provide a basic amount of cost accounting information necessary to accomplish the many objectives associated with planning, decision making, and reporting. This minimum level includes collecting cost information by responsibility segments, measuring the Full Costing of outputs, Costing Methodology, providing information for Performance Measurement, Reporting Frequency, Integrating cost accounting and general financial accounting with both using the Standard General Ledger, providing the appropriate precision of information (it should be useful but not unnecessarily precise or refined), accommodating any of management's special cost information needs that may arise due to unusual or special situations or	SFFAS-4, Jun 08, para 71		Capture Cost Information □ Define Responsibility Segment	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_System_Admin_5

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

**DFAS 7900.4-M, Vol. 6**

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
				circumstances and documentation of all managerial cost accounting activities, processes, and procedures.					
Data Capture	06.02.002			The managerial cost accounting system must capture (or share with other systems) all data on costs needed to determine the costs of outputs and the total net cost of the entity's operations, with the appropriate disclosures of the components of net cost.	FFMSR-8, Feb 98, pg III-4		Capture Cost Information	Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_1
Data Capture	06.02.003			The managerial cost accounting system must capture summary information on all costs from the core financial system and other systems of original entry for cost transactions.	FFMSR-8, Feb 98, pg III-4		Capture Cost Information	Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_2
Data Capture	06.02.004			The managerial cost accounting system must allow for direct input of cost information by authorized users, with an appropriate audit trail, in order to capture costs that are not entered into any other system.	FFMSR-8, Feb 98, pg III-4		Capture Cost Information □ Detail the Remaining Model Framework	Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_3

**MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.005			The managerial cost accounting system, for costs are entered directly into the managerial cost accounting system, must summarize them and send them to the core financial system for posting to the general ledger.	FFMSR-8, Feb 98, pg III-4		Capture Cost Information □ Post to General Ledger	&nbsp;Cost Management Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Managerial_Cost_Accounting_Data_Capture_4
Data Capture	06.02.009			The managerial cost accounting system should allow reporting entities to measure and report the full costs of their outputs in general purpose financial reports. Full cost of an output produced by a responsibility segment is the sum of: (1) the costs of resources consumed by the segment that directly or indirectly contribute to the output, and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity, and by other reporting entities.	SFFAS-4, Jun 08, para 89-91	DoDFMR Vol 06B, May 09, Ch 05, 050201 E	Capture Cost Information □ Define Responsibility Segment	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_5

**MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.010			The managerial cost accounting system should include all direct costs in the full cost of outputs.	SFFAS-4, Jun 08, para 90		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_6
Data Capture	06.02.011			The managerial cost accounting system should assign indirect costs incurred, within a responsibility segment, to outputs on a cause-and-effect basis, if such an assignment is economically feasible, or through reasonable allocations. Costs of support services that a responsibility segment receives from other segments or entities should be directly traced or assigned to various segments that receive the support services. Any remaining amount then should then be assigned to outputs.	SFFAS-4, Jun 08, para 91		Capture Cost Information □ Define Responsibility Segment	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_7

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

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<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Data Capture	06.02.012			The managerial cost accounting system must include the following cost elements (not all inclusive): Costs of Employees' Benefits. Costs of Public Assistance and Social Insurance Programs. Costs related to Property, Plant and Equipment. Non-production costs.	SFFAS-4, Jun 08, para 93-104		Update Chart of Accounts and SFIS Attribute and Pro Forma Entries and Calendar		Managerial_Cost_Accounting_Data_Capture_8
Data Capture	06.02.013			The managerial cost accounting system must incorporate the cost of goods and services received from other entities (inter-entity costs) in the entity's full cost of goods and services.	SFFAS-4, Jun 08, para 105; IFFAS-6, Jun 08, para 1	DoDFMR Vol 06B, May 09, Ch 05, 050201 E. 1 and 2 a-b	Capture Cost Information &nbsp; Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction		Managerial_Cost_Accounting_Data_Capture_9

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

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<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Data Capture	06.02.014			The managerial cost accounting system should allow an entity that provides goods or services to another entity, regardless of whether full reimbursement is received, to recognize in its (providing entity) accounting records the full cost of those goods or services. The full costs of the goods or services provided should also be reported to the receiving entity by the providing entity.	SFFAS-4, Jun 08, para 108		Capture Cost Information □ Post to General Ledger	&nbsp;Cost Management Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Managerial_Cost_Accounting_Data_Capture_10
Data Capture	06.02.015			The receiving entity shall recognize in its accounting records the full cost of the goods or services it receives as an expense or, if appropriate, as an asset (such as work-in-process inventory).	SFFAS-4, Jun 08, para 109; IFFAS-6, Jun 08, para 2		Capture Cost Information □ Manage Liabilities □ Post to General Ledger	&nbsp;Cost Management Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Managerial_Cost_Accounting_Data_Capture_12

**MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.016			The information on costs of nonreimbursed or under-reimbursed goods or services should be available from the providing entity, but if such cost information is not available a reasonable estimate may be used by the receiving entity. The estimate should be of the costs of the goods or services received to the extent that reimbursement is less than full cost, the receiving entity should recognize the difference in its accounting records as a financing source.	SFFAS-4, Jun 08, para 109; IFFAS-6, Jun 08, para 2		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_11
Data Capture	06.02.017			To the extent that reimbursement is less than full cost, the managerial cost accounting system should allow the receiving entity to recognize the difference in its accounting records as a financing source. Inter-entity expenses/assets and financing sources would be eliminated for any consolidated financial statements covering both entities.	SFFAS-4, Jun 08, para 109; SFFAS-6, Jun 08, para 2	DoDFMR Vol 6B, May 09, Ch 05, 050202; Sep 08, Ch10,102003			

**MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.018			For goods or services transferred within the federal government, that do not involve eventual sales to entities outside the federal government, the managerial cost accounting system should accommodate those cases in which the cost of non-reimbursed or under-reimbursed goods or services received from other entities are not to be recognized as part of the cost of the receiving entity and those cases in which the cost should be recognized.	SFFAS-4, Jun 08, para 112-115		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_13
Data Capture	06.02.019			The managerial cost accounting system should require that accumulated costs be classified by type of resource, such as costs of employees, materials, capital, utilities, rent, etc. When appropriate and cost effective, information on quantitative units related to various cost categories should be maintained.	SFFAS-4, Jun 08, para 119		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_14



**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

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<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Data Capture	06.02.020			The financial management system must draw information from the same common data source as the financial accounting and budgetary accounting systems. This data source consists of all financial and programmatic information used by the budgetary, cost, and financial accounting processes. It includes all financial and much non-financial data, such as environmental data, that are necessary for budgeting and financial reporting.	SFFAS-4, Jun 08, para 43-45	DoDFMR Vol 04, Jan 95, Ch 19, 190102 C	Manage General Ledger	Deployment-to-Redeployment/Retrograde Plan-to-Stock -- Inventory Management	Managerial_Cost_Accounting_Data_Capture_15
Data Capture	06.02.022			The job order cost accounting system must distinguish between funded and unfunded costs.		DoDFMR Vol 04, Jan 95, Ch 20, 200102 B	Capture Cost Information □ Update Chart of Accounts and SFIS Attribute and Pro Forma Entries and Calendar	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_16

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

**DFAS 7900.4-M, Vol. 6**

<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Data Capture	06.02.023			The cost accounting system must include unallowable costs (unallowable cost is any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost reimbursements or settlements), if material and when directed by the Under Secretary of Defense (Comptroller), as a cost of operations	48 CFR Part 9904, Oct 00, 405	DoDFMR Vol 04, Jan 95, Ch 19, 190205	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_17

**MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.024			<p>1. An organization operating a formal cost accounting system may use standard costs for estimating, accumulating, and reporting costs of direct material and direct labor only when all of the following criteria are met:</p> <p>Both standard and actual costs are entered into the books of account. Standard costs are compared to actual costs at the end of each accounting period and a variance calculated. Standard costs and related variances are appropriately accounted for at the level of the production unit. Practices with respect to the setting and revising of standards, use of standard costs, and disposition of variances are stated in writing and are consistently followed.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190207 A 1-4	Capture Cost Information	&nbsp;Cost Management                      Deployment-to-Redeployment/Retrograde                      Market-to-Prospect                      Prospect-to-Order                      Service Request-to-Resolution                      Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_18

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

**DFAS 7900.4-M, Vol. 6**

<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Data Capture	06.02.025			The cost accounting system shall deem the grouping of homogeneous costs and estimates, prepared for proposed work purposes, an inconsistent application of the standard when actual costs are accumulated and reported in greater detail by the cost accounting module during job performance.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 B	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_19

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

DFAS 7900.4-M, Vol. 6

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Data Capture	06.02.026			<p>1. For allocating the G&amp;A expense pool, items produced or worked on for stock or product inventory shall be accounted for as final cost objectives as follows:                      When items are produced or worked on for stock or product inventory in a given cost accounting period, the cost input to such items in that period shall be included only once in the computation of the G&amp;A expense allocation base and in the computation of the G&amp;A expense allocation rate for that period, and shall not be included in the computation of the base or rate for any other cost accounting period.                      A portion of the G&amp;A expense pool shall be allocated to items produced or worked on for stock or product inventory in the cost accounting period or periods in which such items are produced at the rates determined for such period.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190210 G 1-2	Capture Cost Information	&nbsp;Cost Management  Deployment-to-Redeployment/Retrograde  Market-to-Prospect  Prospect-to-Order  Service Request-to-Resolution  Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_20

**MANAGERIAL COST ACCOUNTING REQUIREMENTS**

DFAS 7900.4-M, Vol. 6

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
Data Capture	06.02.027			The job order cost accounting system (which is subsidiary to, and must be integrated with, the general accounting system) shall, for each production and support department, maintain the capability to array subsidiary accounts data in sufficient detail necessary to satisfy management information requirements.		DoDFMR Vol 04, Jan 95, Ch 20, 200201 and 200308; DoDFMRVo 14,Ch17,Sub 170502	Manage General Ledger	Deployment-to-Redeployment/Retrograde Plan-to-Stock -- Inventory Management	Managerial_Cost_Accounting_Data_Capture_22
Data Capture	06.02.028			The job order cost accounting system must use job order numbers assigned, for each defined cost objective, by the appropriate cost accounting department.	SFFAS-4, Jun 08, para 155	DoDFMR Vol 04, Jan 95, Ch 20, 200302	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_23
Data Capture	06.02.031			The job order cost accounting system must accumulate the following unfunded (costs that are financed by another organization's or activity's appropriations) costs: Military Labor Unfunded Civilian Retirement Costs Unfunded Material and Unfunded Depreciation	SFFAS-4, Jun 08, para 154	DoDFMR Vol 04, Jan 95, Ch 20, 200311 A-D			

MANAGERIAL COST ACCOUNTING 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
Data Capture	06.02.032			The job order cost system must account for all production costs (for example direct labor, direct material, and overhead) associated with producing a product/end item. The job order cost accounting system must account for the following production costs: Direct Labor Direct Material Indirect Labor, Material and Overhead		DoDFMR Vol 04, Jan 95, Ch 20, 200401-200403			
Data Capture	06.02.033			The process cost accounting system (which is subsidiary to, and must be fully integrated with other modules of, the general accounting system) shall, for each production and support department, maintain the capability to array subsidiary accounts data in sufficient detail necessary to satisfy management information requirements.		DoDFMR Vol 04, Jan 95, Ch 21, 210201 and 210307	Manage General Ledger	Deployment-to-Redeployment/Retrograde Plan-to-Stock -- Inventory Management	Managerial_Cost_Accounting_Data_Capture_24

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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
Data Capture	06.02.034			The process cost accounting system, as a result of the industrial engineering evaluation of the production processes and flows, must consolidate production operations into logical cost centers to perform specific tasks that produce an identifiable and measurable output. The process cost accounting system must also identify the specific cost of products being produced and associate the outputs of a product for each cost center.		DoDFMR Vol 04, Jan 95, Ch 21, 210301, 210302	Capture Cost Information □ Define High Level Cost Objects	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_25



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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
Data Capture	06.02.035			The process cost accounting system must: Utilize standard costs for output units of production cost centers Accumulate actual costs so that management can measure the cost efficiency of cost centers or determine if various inefficiencies have entered into the system and compute variances between the two and perform an analysis of efficiency and effectiveness of actual verses budget cost and Identify both favorable and unfavorable variances so that a person can determine their cause and adjust the standard cost, if necessary, by the variance in order to recover actual cost.		DoDFMR Vol 04, Jan 95, Ch 21, 210303	Capture Cost Information □ Compare Results to Performance Measurement Criteria	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Data_Capture_26
	06.02.036		C	Deleted in Prior Version					

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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
Data Capture	06.02.037		C	With the use of a common data source, cost information reflecting different accounting bases or different recognition and measurement methods should still be traceable back to the original common data source. To be reconcilable, the amount of the differences in the information reported should be ascertainable and the reasons for the differences should be explainable.		DoD FMR Vol 4, Ch 19, May 10, 190302			
Cost Assignment	06.03.002			The managerial cost accounting system must support one or more of the following costing methodologies: Activity Based Costing (ABC),  Job Order Costing,  Process Costing and Standard Costing.	SFFAS-4, Jun 08, para 147; FFMSR-8, Feb 98, pg III-6		Define Cost Performance Model	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Order-to-Cash Prospect-to-Order	Cost_Assignment_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 Assignment	06.03.003			If the cost assignment process affects the values of Standard General Ledger (SGL) accounts in the core financial system's general ledger, such as inventory or fixed asset accounts, the managerial cost accounting system must send the summarized impact of cost assignments to the core financial system for posting to the general ledger and external reporting.	FFMSR-8, Feb 98, pg III-6		Capture Cost Information Post to General Ledger Request Correcting Pro Forma Entries	Cost Management  Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Cost_Assignment_2
Cost Assignment	06.03.004			Costs of supporting services and intermediate products should be assigned to the segments that receive the services and products. This is referred to as the intra-entity cost assignments.	SFFAS-4, Jun 08, para 122		Capture Cost Information	Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_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
Cost Assignment	06.03.005			With respect to each responsibility segment, the managerial cost accounting system should include the following costs that are to be assigned to outputs: (a) direct and indirect costs incurred within the responsibility segment, (b) costs of other responsibility segments that are assigned to the segment, and (c) inter-entity costs recognized by the receiving entity and assigned to the segment. If a responsibility segment produces one kind of output only, costs of resources used to produce the output are assigned to the output.	SFFAS-4, Jun 08, para 123		Capture Cost Information □ Define Responsibility Segment	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_4
Cost Assignment	06.03.006			The managerial cost accounting system should assign costs that can be traced to each of the activities (or outputs) to the activities (or outputs) directly.	SFFAS-4, Jun 08, para 139		Allocate to Model Element □ Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_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
Cost Assignment	06.03.007			To determine the full cost of each of the activities or outputs that share resources, the managerial cost accounting system should assign indirect common costs to those activities either on a cause-and-effect basis, if feasible, or through reasonable allocation.	SFFAS-4, Jun 08, para 140		Allocate to Model Element□ Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_6
Cost Assignment	06.03.009			The cost accounting system must allocate each type of cost only once, and on only one basis, to any job or other cost objective.		DoDFMR Vol 04, Jan 95, Ch 19, 190202 A	Allocate to Model Element□ Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_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
Cost Assignment	06.03.010			<p>DoD activities shall use the October 1 to September 30 fiscal year as the cost accounting period, except that: The costs of an indirect function that exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period if the cost is material in amount, accumulated in a separate indirect cost pool, and allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.</p> <p>A transitional cost accounting period shall be used whenever a change of fiscal year occurs.</p> <p>The same cost accounting period shall be used for accumulating costs in an indirect cost pool as for establishing its allocation base.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190206 A-C	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management                      Deployment-to-Redeployment/Retrograde                      Market-to-Prospect                      Prospect-to-Order                      Service Request-to-Resolution                      Service-to-Satisfaction	Cost_Assignment_8

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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 Assignment	06.03.011			The cost accounting system shall assign the cost of compensated personal absence (illness, vacation, holidays, jury duty, military training or other absence for which compensation is paid directly to an employee) to the cost accounting period or periods in which the entitlement was earned.		DoDFMR Vol 04, Jan 95, Ch 19, 190208 A	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_9
Cost Assignment	06.03.012			The cost accounting system shall allocate the cost of compensated personal absence for an entire cost accounting period on a pro-rata annual basis among the final cost objectives of that period.		DoDFMR Vol 04, Jan 95, Ch 19, 190208 B	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_10

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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 Assignment	06.03.013			<p>The cost accounting system shall assign the depreciable cost of tangible capital asset (or group of assets) to cost accounting periods in accordance with the following criteria: The depreciable cost of a tangible capital asset shall be its capitalized cost less its estimated residual value.  The estimated service life or a tangible capital asset (or group of assets) shall be used to determine the cost accounting periods to which the depreciable cost will be assigned.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190209 A 1-2	Capture Cost Information	&nbsp;Cost Management                      Deployment-to-Redeployment/Retrograde                      Market-to-Prospect                      Prospect-to-Order                      Service Request-to-Resolution                      Service-to-Satisfaction	Cost_Assignment_11



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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 Assignment	06.03.014			<p>The cost accounting system shall allocate the annual depreciation cost of a tangible capital asset (or group of assets) to cost objectives for which it provides service in accordance with the following criteria:                      Depreciation costs may be charged as a direct cost only if depreciation costs of all like assets used for similar purposes are charged in the same manner. Depreciation costs charged to service or general and administration cost centers shall be included in the allocated costs of those centers.                      Depreciation costs of capital assets used within a production cost center but which are not charged directly to a cost objective shall be included as an indirect cost of that center.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190209 B 1-3	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_12

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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 Assignment	06.03.015			The cost accounting system shall allocate business unit general and administrative (G&A) expenses to final cost objectives based on their beneficial or causal relationship.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 A	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_13
Cost Assignment	06.03.016			The cost accounting system shall allocate the G&A expense pool of a business unit, for a cost accounting period, to final cost objectives of that cost accounting period by means of a cost input base representing the total activity of the business unit.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 C	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_14

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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 Assignment	06.03.017			<p>The cost accounting system shall allocate headquarters' expenses, received by a segment, to segment cost objectives as follows:                      Expenses related to the management and administration of the receiving segment as a whole shall be included in the receiving segment's G&amp;A expense pool.                      Expenses related to the management and administration of specific activities of segments shall be allocated to the segment cost objectives in proportion to the beneficial or causal relationship between the cost objectives and the expenses, if such allocation is significant, in amount. When a beneficial or causal relationship for expenses is not identifiable with segment cost objectives, the expenses may be included in the G&amp;A expense pool.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190210 D 1 and 2	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_15

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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 Assignment	06.03.018			The cost accounting system shall have the capability to segregate the expense of the headquarters functions when a segment performs headquarters functions and also performs as an operating segment having a responsibility for final cost objectives. These expenses shall be allocated to all benefiting or causing segments, including the segment performing the headquarters functions, pursuant to written and consistently followed accounting practices for the allocation of headquarters expenses to segments.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 F	Allocate to Model Element Capture Cost Information Define Responsibility Segment	&nbsp;Cost Management  Deployment-to-Redeployment/Retrograde  Market-to-Prospect  Prospect-to-Order  Service Request-to-Resolution  Service-to-Satisfaction	Cost_Assignment_16

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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 Assignment	06.03.019			<p>The cost accounting system shall assign the cost of deferred compensation as follows:                      The cost of all deferred compensation, except for annual leave, sick leave, and pension cost shall be assigned to the cost accounting period in which the obligation to compensate the employee occurs. In the event no obligation is incurred prior to payment, the cost of deferred compensation shall be the amount paid and shall be assigned to the cost accounting period in which the payment is made. the obligation for the cost of deferred compensation is deemed to have occurred when all of the following conditions have been met. However, for awards that require that the employee perform future service in order to receive the benefits, the obligation is deemed to have been incurred as the future service is performed for that part of the award attributable to such future service</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190215 B-D	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Assignment_17

Chapter	Req Id	Value Added?	Change Type	Requirement	Federal Sources	DoD Sources	BPM Processes	End 2 End Process	DFMIG Rule Name
				<p>There is a requirement to make the future payments that cannot be unilaterally avoided. The deferred compensation award is to be satisfied by a future payment of money. The amount of the future payment can be measured with reasonable accuracy. The recipient of the award is known. If the terms of the award require that certain events must occur before an employee is entitled to receive the benefits, there is a reasonable probability that such events shall occur. If the cost of deferred compensation can be estimated with reasonable accuracy on a group basis, including consideration of probable forfeitures, such estimate may be used rather than separate computations for each employee. The present value, of the future benefits, shall be used as the measurement of the amount of the cost of deferred compensation.</p>					

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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 Assignment	06.03.020			<p>The job order cost system should:</p> <p>Allow the posting of the work in process cost, for all open job order numbers, to the Work In Process-In House and Construction In Progress-In House accounts.</p> <p>Transfer the appropriate amount from Work in Process-In-House and Construction in Progress accounts to the Cost of Goods Sold or applicable asset accounts when production departments complete a job order.</p>		DoDFMR Vol 04, Jan 95, Ch 20, 200302	Capture Cost Information □ Post General Ledger Transactions □ Verify Asset or Expense Posting Accounts	&nbsp;Cost Management  Acquire-to-Retire  Concept-to-Product  Deployment-to- Redeployment/Retrograde  Environmental Liabilities  Market-to-Prospect  Plan-to-Stock -- Inventory Management  Procure-to-Pay  Prospect-to-Order 	Cost_Assignment_18
Cost Assignment	06.03.021			<p>The job order cost system should add unfunded cost financed by other organizations or by prior appropriations to the shop rate charges and billed to non-DoD ordering activities.</p>		DoDFMR Vol 04, Jan 95, Ch 20, 200305 B	Capture Cost Information □ Post General Ledger Transactions	&nbsp;Cost Management  Acquire-to-Retire  Concept-to-Product  Deployment-to- Redeployment/Retrograde  Environmental Liabilities  Market-to-Prospect  Plan-to-Stock -- Inventory Management  Procure-to-Pay  Prospect-to-Order 	Cost_Assignment_19

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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 Assignment	06.03.022			The job order cost accounting system must equitably prorate, to customer job orders, the general and administrative (G&A) expenses that are accumulated in the activities indirect cost centers.		DoDFMR Vol 04, Jan 95, Ch 20, 200309	Allocate to Model Element Capture Cost Information	&nbsp;Cost Management  Deployment-to-Redeployment/Retrograde  Market-to-Prospect  Prospect-to-Order  Service Request-to-Resolution  Service-to-Satisfaction	Cost_Assignment_20
Cost Assignment	06.03.023			The cost accounting system shall group business unit General & Administrative (G&A) expenses in a separate indirect cost pool that shall be allocated only to final cost objectives.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 B			
Cost Assignment	06.03.024			For any costs that do not satisfy the definition of G&A expense, but that have been classified by a business unit as G&A expenses, the cost accounting system shall allow these cost to remain in the G&A expense pool unless they can be allocated to business unit cost objectives on a beneficial or causal relationship that is best measured by a base other than a cost input base.		DoDFMR Vol 04, Jan 95, Ch 19, 190210 E			



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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 Assignment	06.03.025			<p>1. For purposes of allocating the G&amp;A expense pool, the cost accounting shall account for items produced or worked on for stock or product inventory as final cost objectives as follows:                      When items are produced or worked on for stock or product inventory in a given cost accounting period, the cost input to such items in that period shall be included only once in the computation of the G&amp;A expense allocation base and in the computation of the G&amp;A expense allocation rate for that period, and shall not be included in the computation of the base or rate for any other cost accounting period.                      A portion of the G&amp;A expense pool shall be allocated to items produced or worked on for stock or product inventory in the cost accounting period or periods in which such items are produced at the rates determined for such period.</p>		DoDFMR Vol 04, Jan 95, Ch 19, 190210 G 1 and 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
Cost Assignment	06.03.026			The cost accounting system may allocate the cost of units of a category of material directly to a cost objective provided the cost objective was specifically identified at the time of purchase or production of the units.		DoDFMR Vol 04, Jan 95, Ch 19, 190211 B			
Cost Assignment	06.03.027			The cost accounting system may allocate the cost of material that is used solely in performing indirect functions, or is not a significant element of production cost whether or not incorporated in an end product, to an indirect cost pool.		DoDFMR Vol 04, Jan 95, Ch 19, 190211 C			
Cost Assignment	06.03.028			The cost accounting system shall not capitalize the cost of money used to construct a capital asset as part of the cost of that asset unless loans were obtained by the Department of Defense specifically for the construction of those assets.		DoDFMR Vol 04, Jan 95, Ch 19, 190217			

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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 Assignment	06.03.029			The cost accounting system shall not assign the independent research and development, or bid and proposal, costs incurred in a cost accounting period to any other cost accounting period except as may be permitted pursuant to other provisions of existing laws, regulations and other controlling factors.		DoDFMR Vol 04, Jan 95, Ch 19, 190220 A and B			
Cost and Revenue Accumulation	06.04.001			The managerial cost accounting system must send cost data to the appropriate system to calculate exchange revenue for goods or services made or produced to order under a contract.	SFFAS-7, Jun 08, para 36. (b); FFMSR-8, Feb 98, pg III-8		Capture Cost Information □ Monitor Contract or Order Performance	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_1
Cost and Revenue Accumulation	06.04.002			The managerial cost accounting system should support the inventory system (or other property system) by accumulating costs from multiple sources for inventory and related property that has been acquired, is undergoing repair, or is in production (work-in-process).	FFMSR-8, Feb 98, pg III-7		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_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
Cost and Revenue Accumulation	06.04.003			The managerial cost accounting system should provide accumulated costs, including applicable indirect costs, to the appropriate system for recording as the appropriate asset or expense type.	FFMSR-8, Feb 98, pg III-8		Capture Cost Information □ Post to General Ledger □ Verify Asset or Expense Posting Accounts	&nbsp;Cost Management Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Cost_And_Revenue_Accumulation_3
Cost and Revenue Accumulation	06.04.007			The managerial cost accounting system should accumulate and determine the full cost of general property, plant and equipment (PP&E) under construction.	FFMSR-8, Feb 98, pg III-8		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_4
Cost and Revenue Accumulation	06.04.008			The managerial cost accounting system should transfer the completed project construction in progress cost to the appropriate asset account and passed the information to the core financial system and property management system(s) for asset valuation purposes.	FFMSR-8, Feb 98, pg III-8		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_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
Cost and Revenue Accumulation	06.04.009			The managerial cost accounting system shall recognize the cost of acquiring, improving, reconstructing, or renovating heritage assets, other than multi-use heritage assets, on the statement of net cost for the period in which the cost is incurred. The cost shall include all costs incurred during the period to bring the item to its current condition at its initial location.	SFFAS-6, Jun 08, para 61, 69; SFFAS-8, Jun 08, para 77&80; SFFAS-16, Jun 08, para 8; FFMSR-8, Feb 98, pg III-9		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_6
Cost and Revenue Accumulation	06.04.010			The managerial cost accounting system must accumulate and maintain Stewardship Investment cost (investment in human capital, research and development, and non-federal physical property), on an annual basis for stewardship reporting, for a period of five years	FFMSR-8, Feb 98, pg III-10		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_7
Cost and Revenue Accumulation	06.04.011			The job order cost system must calculate actual shop rates from the cost obtained from the same database used to prepare general ledger control account entries.		DoDFMR Vol 04, Jan 95, Ch 20, 200305 A	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_8

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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 and Revenue Accumulation	06.04.019			The managerial cost accounting system should be capable of supporting cost management by accumulating costs in agency defined cost centers that are associated with agency-defined performance measures	FFMSR-8, Feb 98, pg III-9		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_9
Cost and Revenue Accumulation	06.04.020			The managerial cost accounting system should be capable of supporting cost management by accumulating numerically valued agency-defined output information.	FFMSR-8, Feb 98, pg III-9		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_10
Cost and Revenue Accumulation	06.04.021			The managerial cost accounting system should be capable of supporting cost management by calculating the unit cost of outputs.	FFMSR-8, Feb 98, pg III-10		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_And_Revenue_Accumulation_11

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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 and Revenue Accumulation	06.04.022			<p>Use the appropriate costing methodologies to accumulate and assign cost to outputs.</p> <ul style="list-style-type: none"> <li>- Cost of resources consumed by responsibility segments should be accumulated by type of resource.</li> <li>- Outputs produced by responsibility segments should be accumulated and, if practicable, measured in units.</li> <li>- The full costs of resources that directly or indirectly contribute to the production of outputs should be assigned to outputs through cost methodologies or cost finding techniques that are most appropriate to the segment's operating environment and should be followed consistently.</li> <li>- The cost assignments should be performed using the following methods listed in the order of preference: (a) directly tracing costs wherever feasible and economically practicable, (b) assigning costs on a cause-and-effect basis, or</li> </ul>		DoD FMR Vol 4, Ch 19, May 10, 190405			

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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
				© allocating costs on a reasonable and consistent basis					
Cost and Revenue Accumulation	06.04.023			Each entity's full cost should incorporate the full costs of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods and services through either billing or other advice. Recognition of inter-entity costs that are not fully reimbursed is limited to material items that (1) are significant to the receiving entity, (2) form an integral or necessary part of the receiving entity's output, and (3) can be identified or matched to the receiving entity with reasonable precision. Broad and general support services provided by an entity to all or most other entities generally should not be recognized unless such services form a vital and integral part of the operations or output of the receiving entity.		DoD FMR Vol 4, Ch 19, May 10, 190404			



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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 Monitoring/Reporting	06.05.001	Y		The managerial cost accounting system should be able to provide cost data needed to produce the Statement of Net Costs for the agency's financial statements	FFMSR-8, Feb 98, pg III-9		Capture Cost Information □ Perform Financial Reporting	&nbsp;Cost Management Budget-to-Report Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Plan-to-Stock -- Inventory Management Prospect-to-Order Service Request-to-Res	Cost_Monitoring_And_Reporting_1
Cost Monitoring/Reporting	06.05.002	Y		The managerial cost accounting system should assist in the reporting of financial data related to stewardship resources.	FFMSR-8, Feb 98, pg III-8		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Monitoring_And_Reporting_2
Cost Monitoring/Reporting	06.05.006			The managerial cost accounting system should be capable of supporting cost management by producing unit cost reports by output.	FFMSR-8, Feb 98, pg III-10		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Monitoring_And_Reporting_3

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<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Cost Monitoring/Reporting	06.05.007			The managerial cost accounting system should be capable of supporting cost management by producing project, job order, and work order reports showing costs for a project from its inception up to the current date.	FFMSR-8, Feb 98, pg III-10		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Monitoring_And_Reporting_4
Cost Monitoring/Reporting	06.05.008			The managerial cost accounting system should be capable of supporting cost management by producing contract reports showing the revenues and costs associated with each contract (i.e. customer orders).	FFMSR-8, Feb 98, pg III-10		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Cost_Monitoring_And_Reporting_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
Cost Monitoring/Reporting	06.05.009			The managerial cost accounting system should report cost, for a reporting entity and its responsibility segments (which are part of the organization costs), that are incurred for general management and administrative support and cannot be traced, assigned, or allocated to segments and their output, on the entity's financial statements (such as the Statement of Net Costs) as costs not assigned to programs.	SFFAS-4, Jun 08, para 92		Capture Cost Information □ Define Responsibility Segment □ Perform Financial Reporting	&nbsp;Cost Management  Budget-to-Report  Deployment-to-Redeployment/Retrograde  Environmental Liabilities  Hire-to-Retire  Market-to-Prospect  Plan-to-Stock -- Inventory Management  Prospect-to-Order  Service Request-to-Res	Cost_Monitoring_And_Reporting_6
Cost Monitoring/Reporting	06.05.011			The cost accounting system must eliminate Inter-entity expenses/assets and financing sources for any consolidated financial statements covering both entities.	SFFAS-4, Jun 08, para 109	DoDFMR Vol 06B, May 09, Ch 05, 050202 A 1, DoDFMR Vol 06B, Sep 08, Ch 10, 1.G, pg 11, 102003 A and D	Capture Cost Information	&nbsp;Cost Management  Deployment-to-Redeployment/Retrograde  Market-to-Prospect  Prospect-to-Order  Service Request-to-Resolution  Service-to-Satisfaction	Cost_Monitoring_And_Reporting_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
Cost Monitoring/Reporting	06.05.013	Y		To add value, the managerial cost accounting system should be able to provide cost data needed to produce the Statement of Net Cost for the agency's financial statements.	FFMSR-8, Feb 98, pg III-9		Capture Cost Information □ Perform Financial Reporting	&nbsp;Cost Management Budget-to-Report Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Plan-to-Stock -- Inventory Management Prospect-to-Order Service Request-to-Res	Cost_Monitoring_And_Reporting_8
Cost Monitoring/Reporting	06.05.014			The process cost accounting system must update the appropriate general ledger control accounts: Inventory - Finished Goods and the Work-in-Process accounts. Detailed DoD-specific transactions are available in the USSGL Transaction Library. Using standardized transactions, post entries reflecting consumption of supplies and labor, followed by entries reallocating expenses to "in-process" accounts.		DoDFMR Vol 04, Jan 95, Ch 21, 210202	Capture Cost Information □ Post General Ledger Transactions □ Verify Asset or Expense Posting Accounts	&nbsp;Cost Management Acquire-to-Retire Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Market-to-Prospect Plan-to-Stock -- Inventory Management Procure-to-Pay Prospect-to-Order 	Cost_Monitoring_And_Reporting_9

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<b>Chapter</b>	<b>Req Id</b>	<b>Value Added?</b>	<b>Change Type</b>	<b>Requirement</b>	<b>Federal Sources</b>	<b>DoD Sources</b>	<b>BPM Processes</b>	<b>End 2 End Process</b>	<b>DFMIG Rule Name</b>
Cost Monitoring/Reporting	06.05.016			The process order cost accounting system should be able to provide cost data needed to produce the Statement of Net Cost for the agency's financial statements	FFMSR-8, Feb 98, pg III-9	DoDFMR Vol 04, Jan 95, Ch 21, 2104			

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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 Monitoring/Reporting	06.05.017			Reporting entities should report the full cost of outputs in general purpose financial reports. The full cost of an output produced by a responsibility segment is the sum of (1) the cost of resources consumed by the segment that directly or indirectly contribute to the output, and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity, and by other reporting entities."Outputs" means products and services generated from the consumption of resources. The full cost of a responsibility segment's output is the total amount of resources used to produce the output. This includes direct and indirect costs that contribute to the output, regardless of funding sources. It also includes costs of supporting services provided by other responsibility segments.		DoD FMR Vol 4, Ch 19, May 10, 190403A			

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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
Core Finanacial System Requirements	06.06.002			To support the Cost Setup and Accumulation process, the Core financial system must provide automated functionality to associate the purchase of fixed assets and inventory and the payment of advances with related cost objects so that subsequent expenditures are identified by cost object.	OFFM-NO-0106, Jan 06, CMA-03		Capture Cost Information □ Verify Asset or Expense Posting Accounts	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_1
Core Finanacial System Requirements	06.06.003			To support the Cost Setup and Accumulation process, the Core financial system must provide automated functionality to define the following types of cost objects for accumulation, distribution and reporting purposes: Accounting classification elements Specific customers, vendors, reimbursable agreements, contracts, PAs, task orders, work orders, and grants Government Performance and Results Act (GPRA) goals.	OFFM-NO-0106, Jan 06, CMA-01		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_2

**MANAGERIAL COST ACCOUNTING 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
Core Finanacial System Requirements	06.06.007			To support the Cost Reporting process, the Core financial system must provide automated functionality to generate Cost Object Income Statement. Parameters include any cost object and accounting period. Result is a report with revenue, direct cost, and indirect cost (overhead) by cost object.	OFFM-NO-0106, Jan 06, CMC-02		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_3
Core Finanacial System Requirements	06.06.009			To support the Cost Reporting process, the Core financial system must provide automated functionality to maintain an audit trail of transactions from their origin to the final cost object(s).	OFFM-NO-0106, Jan 06, CMC-03	DoDFMR Vol 6A, Mar 09, Ch 14, 140205	Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_4
Core Finanacial System Requirements	06.06.013			To support the Cost Distribution process, the Core financial system must provide automated functionality to perform multi-layer overhead distributions that are agency-defined (at least 3 levels of distribution) using multiple rates and fixed amount allocation methods.	OFFM-NO-0106, Jan 06, CMB-03		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_5



MANAGERIAL COST ACCOUNTING 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
Core Finanacial System Requirements	06.06.024			To support the Cost Setup and Accumulation process, the Core financial system must provide automated functionality to accumulate the full cost of cost objects. Full costs include direct costs, indirect cost allocations, implicit costs (e.g., costs provided by other government agencies such as pension costs), and unfunded costs (e.g., annual leave costs).	OFFM-NO-0106, Jan 06, CMA-04		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_6
Core Finanacial System Requirements	06.06.025			To support the Cost Distribution process, the Core financial system must provide automated functionality to distribute the full cost of goods and services by cost object. Record the cost distribution entries in the GL.	OFFM-NO-0106, Jan 06, CMB-01		Capture Cost Information □ Post to General Ledger	&nbsp;Cost Management Acquire-to-Retire Budget-to-Report Concept-to-Product Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Order-to-Cash Plan-to-Stock -- Inven	Managerial_Cost_Accounting_Core_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
Core Financial System Requirements	06.06.028			To support the Cost Setup and Accumulation process, the Core financial system must provide automated functionality to accumulate non-financial data (e.g., units purchased, units sold) by cost object at the transaction level.	OFFM-NO-0106, Jan 06, CMA-05		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_8
Core Financial System Requirements	06.06.029			To support the Cost Distribution process, the Core financial system must provide automated functionality to capture United States Standard General Ledger (USSGL) attributes on cost distribution entries needed to prepare the Statement of Net Cost. For example, costs distributed to programs and used in the preparation of the Statement of Net Cost should retain the Federal/Non-Federal, Exchange/Non-Exchange, and Custodial/Non-Custodial classifications.	OFFM-NO-0106, Jan 06, CMB-02		Capture Cost Information	&nbsp;Cost Management Deployment-to-Redeployment/Retrograde Market-to-Prospect Prospect-to-Order Service Request-to-Resolution Service-to-Satisfaction	Managerial_Cost_Accounting_Core_System_Requirements_9

MANAGERIAL COST ACCOUNTING 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
Core Finanacial System Requirements	06.06.030			To support the Cost Reporting process, the Core financial system must provide automated functionality to generate the Comparative Income Statement by Cost Object. Parameters include cost object and accounting periods (month and year). Result is a report that compares month and year-to-date activity to prior month and prior year-to-date activity, by cost object. The report must list the following data:  Revenue Direct expenses Indirect expenses (overhead) Total expenses Net revenue/cost.	OFFM-NO-0106, Jan 06, CMC-01		Capture Cost Information □ Perform Financial Reporting	&nbsp;Cost Management Budget-to-Report Deployment-to-Redeployment/Retrograde Environmental Liabilities Hire-to-Retire Market-to-Prospect Plan-to-Stock -- Inventory Management Prospect-to-Order Service Request-to-Res	Managerial_Cost_Accounting_Core_System_Requirements_10
Core Finanacial System Requirements	06.06.031			To support the Cost Setup and Accumulation process, the Core financial system must provide automated functionality to Accumulate costs-- Accumulate costs and revenue by cost object.	OFFM-NO-0106, Jan 06, CMA-02				

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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
Core Finanacial System Requirements	06.06.032			To support the Cost Distribution process, the Core financial system must provide automated functionality to re-distribute costs based on revised rates and allocation amounts. (Previously part of 06.06.13)	OFFM-NO-0106, Jan 06, CMB-04				

**ACRONYMS**

DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DoDFMR	DoD Financial Management Regulation
FFMIA	Federal Financial Management Improvement Act
FSIO	Financial System Integration Office
JFMIP	Joint Financial Management Improvement Program
OFFM	Office of Federal Financial Management
SFFAS	Statement of Federal Financial Accounting Standards