CHAPTER 1

GENERAL LEDGER

The general ledger, as the central function of a core financial system, is the highest level of summarization within the system. The general ledger provides financial accountability for budgetary resources, stewardship over assets, tracking of cash/fund resources, and control of costs. The general ledger maintains account balances by fund structure and individual general ledger accounts. All transactions to record financial events[1] should post, either individually or in summary, to the general ledger regardless of the origin of the transaction.

The general ledger is supported by subsidiary ledgers at various levels of detail. Such subsidiary ledgers may be maintained in the core financial system or in other systems. For example, detailed property records supporting the equipment account in the general ledger may be maintained in a system devoted to controlling and maintaining equipment.

The Office of Management and Budget (OMB) requires federal agencies to implement the United States Standard General Ledger (U.S. SGL) in their financial systems. The U.S. SGL, which is maintained, updated, and published by the Department of the Treasury, is to be implemented by federal agencies at the transaction level. Agencies are permitted to supplement their application of the U.S. SGL to meet agency specific information requirements. However, the agencies' SGL must maintain consistency with the U.S. SGL.

The general ledger, as the ultimate overall control for capturing the effects of all financial events, ensures that debits equal credits for every recorded transaction in a single journal entry. The general ledger maintains accounts for assets, liabilities, equity, revenues, expenses, gains, losses, budgetary data, and "memorandum" information.

The general ledger defines the chart of accounts and transaction posting rules. It is used to update multiple accounts, including budgetary and proprietary accounts, for a single transaction or financial event. It provides for entering journal entries to post transactions, record account adjustments, and perform periodic closings. The general ledger is used to produce external financial reports.

The fiscal year 2000 version of the US SGL is presented at the end of this chapter. Treasury's webpage address for the US SGL is presented in the "Introduction and Overview."

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[1] A financial event is any factual happening, initiated or caused by either the agency or forces outside the agency, that has financial consequences to the agency or Federal government. Generally, the consequences of financial events are recorded in the agency's financial records. Payment of debts, collection of receivables, receipt of appropriations, incurrence of potential liabilities, signing of contracts, ordering goods or services, and the passage of time are all examples of financial events.

GENERAL LEDGER

Functional Requirements
1: Maintain Chart of Accounts
2: Maintain Transaction Posting Rules
3: Record Journal Entries
4: Post Transactions to Update the General Ledger
5: Perform Periodic General Ledger Postings

<u>SOURCE(S)</u>

1: Maintain Chart of Accounts

01.01.01   The system must use a chart of accounts consistent with the basic
numbering structure and account titles provided in the U.S. SGL.
Note: DoD organizations are responsible for implementing the U.S.
SGL in their financial management systems. The DoD Office of the
Comptroller (OSD (C)), prescribes the U.S. SGL. (See DoD FMR
Vol. 1, Chapter 7, sect. 0702.). DFAS, as the primary accounting
organization for DoD, may expand this numbering system to as many
alpha/numeric characters as are needed to accommodate specific
Component subsidiary accounts, provided such expansions continue,
to roll up to the basic account structure provided in DoD FMR Vol.
1, Chapter 7, sect. 070401. Also, DFAS may utilize attributes with
the SGL to accomplish internal and external financial reporting needs
(See DoD FMR Vol. 1, Chapter 7, sect. 07.04.01.)

FFMIA of 1996,
(P.L. 104.208);
JFMIP SR-99-4, 18;
OMB Circular A-127, 7c;
DoD FMR 01, 07, 070702;
I TFM Bull. S2-99-01

01.01.02   The system must be able to record financial events throughout the
financial management system applying the requirements of the U.S.
SGL at the transaction level. The system must also ensure that (1)
data in financial reports is consistent with the SGL; (2) transactions
recorded are consistent with SGL Rules; and (3) supporting
transaction detail for SGL accounts is readily available.

OMB Circular A-127, 7c;
I TFM Bull. No. S2-99-01,
IV

01.01.03   [This requirement combined with 01.01.01.]

01.01.04   The system must include both proprietary and budgetary accounts,
maintain the relationship between accounts as described in the U.S.
SGL, and ensure that the proprietary and budgetary accounts are
self-balancing within themselves.

JFMIP SR-99-4, 18;
DoD FMR 01, 07,
070201

01.01.05   The system's set of accounts (U.S. SGL "4000" series of accounts)
must cover the appropriation, reimbursement, apportionment,
allocation, commitment, obligation, and expenditure processes.

DoD FMR 01, 07,
070504

01.01.06	The system design must reflect an agency-wide financial information classification structure that is consistent with the U.S. SGL, provide tracking of specific program expenditures, and cover financial and financially related information.	OMB Circular A-127, 7A
01.01.07	The system must be able to achieve consistency in budget and accounting classifications and synchronization between those classifications and organizational structure. Consistency will include maintaining data relationships between budget execution formulation account code classifications (budget accounts published in the President's budget), budget execution and accounting classifications (appropriation fund symbols published in the Treasury annual report appendix and other Treasury publications), and the agency's organizational structure (the group and/or individuals who have responsibility for the account coding classifications). (Note: DFAS's Standard Fiscal Code (SFC) data elements and definitions are included at the end of this chapter. See pages 1-27 through 1-44).	JFMIP SR-99-4, 17
01.01.08	The system must provide a fund structure that defines each entity for which separate accounting and reporting are needed to meet legal and assigned responsibilities and reporting requirements. This structure should provide for identification of appropriation or fund accounts established by OMB and Treasury through the budget process, receipt accounts, credit program and financing accounts, deposits funds, clearing accounts, and other accounts as may be deemed necessary. The fund structure must provide for additional detail below the appropriation level to support fiscal year accounting , appropriation sub-accounts used for reporting to Treasury, and financial statement preparation.	JFMIP SR-99-4, 17
01.01.09	The system must maintain programming, budgeting, accounting, and reporting classifications that are consistent with each other and synchronized with the organizational structure.	DoD FMR 01, 02, Add. 1, sec. D; OMB SFFAC 1
01.01.10	The system must be able to provide subsidiary ledger support for U.S. SGL accounts. Support may be as detailed as the agency deems appropriate for asset protection, management information, and fund accounting. The system must also support reconciliation of U.S. SGL control accounts to their respective subsidiary records by accounting period.	JFMIP SR-99-4, 18; DoD FMR 01, 07, 070202
01.01.11	The system must provide control accounts in the general ledger to balance between the general ledger and other systems, such as property and travel management systems.	JFMIP SR-99-4, 23; DoD FMR 01, 02, 020206A
01.01.12	The system must be able to provide flexibility to process additions, deletions, and changes to accounting classification structure codes without extensive program or system changes. Two examples of systems that provide flexibility are: 1) table-driven systems, where frequently changed information is kept in tables separate from program logic and under a system administrator's control, and 2) data base management systems.	JFMIP SR-99-4, 18

| 01.01.13 | The system must be able to support an SGL account structure for multiple appropriations (including receipt accounts) or funds and multiple fiscal years within the appropriations, including annual, multiyear, and no-year appropriations. | JFMIP SR-99-4, 18 |

01.01.14   [This requirement deleted.]

| 01.01.15 | The system must be able to provide a program structure with sufficient levels of detail to allow reporting for all categories on which budgetary decisions are made, whether legally binding, as in appropriation limitations, or in the nature of policy guidance, as in Presidential pass-backs congressional markup tables, or internal agency decisions. The account classification structure must also support additional detail needed to meet external reporting requirements to OMB and Treasury and be flexible enough to meet agency-specific requirements. | JFMIP SR-99-4, 17 |

| 01.01.16 | The system must be able to accommodate an organization structure based on responsibility segments, such as offices, divisions, and branches. The system must also provide for the ability to tie responsible organizational units to programs and projects. | JFMIP SR-99-4, 17 |

| 01.01.17 | The system must be able to identify Agency Location Codes and appropriation fund symbols for all transactions and reports involving Treasury disbursing centers, such as SF-224 "Statement of Cash Transactions, " SF-215 "Deposit Ticket," and SF-5515 "Debit Voucher." | JFMIP SR-99-4, 17 |

| 01.01.18 | The system must be able to provide an object class structure consistent with the standard object class codes contained in OMB Circular A-11, "Preparation and Submission of Budget Estimates." This structure must also accommodate additional levels (higher and/or lower) needed to support agency management reporting and control needs. | JFMIP SR-99-4, 17; OMB Circular A-11 |

| 01.01.19 | The system must use standardized transactions identified by reference codes to control transaction editing, posting to the appropriate U.S. SGL accounts, and updating of other information maintained in the system, such as document balances and available funding. | JFMIP SR-99-4, 19 |

01.01.20	The system must be able to differentiate between the type of budgeting, accounting, and reporting treatments to be used for each fund (e.g., annual appropriation, multiyear appropriation, no-year appropriation, revolving fund, trust fund, receipt account). The account classification structure must provide additional fund structure information that supports the detailed accounting and reporting needed to fulfill legal requirements, report requirements and assigned responsibilities. At a minimum, the following characteristics must be supported: 1) fund type, e.g., general fund, deposit fund, trust fund, revolving fund; borrowing source, and OMB function designations; 2) budget status, e.g., on budget, off budget, or financing account; and 3) the fiscal year designation, e.g., annual, multiyear, or no-year obligation authority.	JFMIP SR-99-4, 17
01.01.21	The system must be able to accommodate a project structure that is independent of the other classification structures to allow multiple organizations, programs, and funding sources to be associated with a project.	JFMIP SR-99-4, 17
01.01.22	The system must be able to derive the expanded accounting classification structure from abbreviated user input so that user input is minimized, data entry is made easier, and errors are controlled and reduced. Examples include entering "shorthand codes" using a keyboard function to look up additional elements, "clicking" on entries in a "lookup table" or "pop-up menu" and scanning a bar code.	JFMIP SR-99-4, 17
01.01.23	The system must be able to support the use of processing of information consistent with the standard transaction identification process rules from U.S. SGL. It must also be able to provide the capability to create additional sub-accounts to the U.S. SGL for agency specific tracking and control. These sub-accounts will summarize to the U.S. SGL accounts.	JFMIP SR-99-4, 18

2: Maintain Transaction Posting Rules

01.02.01	[This requirement deleted.]	
01.02.02	The system must be designed to provide for effective and efficient interrelationships between software, hardware, personnel, procedures, controls and data contained within the system. It must have the characteristics, including common data elements, common transaction processing, consistent internal controls, and efficient transaction entry.	OMB Circular A-127, 7b; JFMIP SR-99-4, 7
01.02.03	The system must be able to generate and post compound U.S. SGL debit and credit entries (at least four pairs--budgetary and proprietary accounts) to the U.S. SGL as a result of a single transaction.	JFMIP SR-99-4, 19

| 01.02.04 | The system must allow standardized transactions, including system-generated transactions, to be established, modified, or deleted by authorized personnel . It must also provide for traceability of changes. | JFMIP SR-99-4, 19 |

01.02.04   The system must allow standardized transactions, including system-generated transactions, to be established, modified, or deleted by authorized personnel . It must also provide for traceability of changes.   JFMIP SR-99-4, 19

01.02.05   The system must be able to process system-generated transactions, such as automated accruals, closing entries, cost assignment transactions, recurring payments, and transactions that generate other transactions in those cases where a single transaction is not sufficient.   JFMIP SR-99-4, 19

01.02.06   The system must be able to automatically liquidate, partially or in full, document balances through designated transaction codes. This capability will be used in the liquidation of commitments, undelivered orders, payables, receivables, or other items, as appropriate.   JFMIP SR-99-4, 19

01.02.07   [This requirement deleted.]

01.02.08   The system must be able to meet the agency financial management reporting and the performance measures requirements.   OMB Circular A-127, 7e

01.02.09   The system must provide the means to measure reported results against the budget plan in an accurate and timely manner.   OMB SFFAC 1, 8, 193

01.02.10   The system must be able to provide the capability to add, modify, and maintain editing and posting rules through systems tables controlled by authorized personnel.   JFMIP SR-99-4, 19

01.02.11   The system must be able to provide the capability to enter and store for future processing any transactions in the current month for processing in a subsequent month.   JFMIP SR-99-4, 20

3: Record Journal Entries

01.03.01   [This requirement deleted.]

01.03.02   The system must ensure that total debits equal total credits for a single journal entry (i.e. double-entry accounting).   JFMIP SR-99-4, 22

01.03.03   The system must ensure that transactions can only be posted to "posting" (subsidiary) accounts and not summary (control) accounts.   DoD FMR 01, 07, 070202

01.03.04   The system must ensure that simultaneous entries are made to budgetary accounts and proprietary accounts for those budgetary and proprietary accounting relationships as defined.   DoD FMR 01, 07, 070707

01.03.05   The system must allow users with the proper authorization to correct out-of-balance conditions discovered during reconciliation processes.   JFMIP SR-99-4, 35

01.03.06	The system must maintain all audit trail/documentation requirements together with all corrections for out-of-balance conditions.	JFMIP SR-99-4, 23
01.03.07	The system must allow for accruals of contracts or other items that cross fiscal years.	JFMIP SR-99-4, 23
01.03.08	[This requirement deleted.]	
01.03.09	[This requirement deleted.]	
01.03.10	The system must allow for the automatic generation of recurring accrual entries and reversals in the next fiscal year (e.g., payroll).	JFMIP SR-99-4, 23; DoD FMR 01, 02, Add. 2B1
01.03.11	The system must be able to provide for the automatic generation of recurring month-end and year-end closing entries and automated rollover of the general ledger account balances.	DoD FMR 01, 02, Add. 2, B1 & B5

4: Post Transactions to Update the General Ledger

01.04.01	The system must be able to post transactions to the SGL in accordance with the transaction definitions established by the core financial system management function.	JFMIP SR-99-4, 22
01.04.02	The system must compare the amounts in the general ledger control accounts with the amounts in the related subsidiary systems accounts and report those accounts which are out of balance.	JFMIP SR-99-4, 23
01.04.03	The system must be able to separately identify amounts that would be eliminated when preparing intra-agency and interagency consolidations.	JFMIP SR-99-4, 23
01.04.04	The system must distinguish between entity and non-entity assets.	SFFAS-1, 26
01.04.05	The system should distinguish between, and allow for the proper reporting of entity cash, nonentity cash, and restricted cash.	SFFAS-1, 28-30
01.04.06	The system should recognize and record investments by DoD components in U.S. Treasury securities in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 1.	SFFAS-1, 62-73
01.04.07	The system must be able to provide for reconciliation of all open accounting period (prior month, current month, prior fiscal year, and current fiscal year) balances to their respective subsidiaries through on-line queries and reports.	JFMIP SR-99-4, 23

5: Perform Periodic General Ledger Postings

01.05.01	The system must be able to post to the current and prior months concurrently until month-end closing; maintain and provide on-line queries and reports on balances separately for the current and prior months. It must also maintain balances on-line for both the current and prior months until prior month closing.	JFMIP SR-99-4, 20; DoD FMR 01, 02, Add. 2, B2
01.05.02	At year-end, the system must be able to post to the current year by month, as well as to the prior year, regardless of when year-end closing occurs. For example, a user should be able to post to the previous fiscal year, while also posting transactions to the current year. Balances must be maintained and accessible through on-line queries for both the current and prior fiscal years until year-end closing.	JFMIP SR-99-4, 20; DoD FMR 01, 02, Add. 2, B2
01.05.03	[This requirement combined with 01.05.02]	
01.05.04	The system must selectively generate required transactions needed by year-end closing procedures.	JFMIP SR-99-4, 23
01.05.05	The system must be able to provide for automated month-and year-end closing of SGL accounts and rollover of the SGL account balances (Note that this includes sub-accounts). It must also allow selected transactions, i.e., adjustments, to be processed.	JFMIP SR-99-4, 23
01.05.06	The system must be able to provide the capability for multiple preliminary year-end closings before final year-end closing, while maintaining the capability to post current period data. Posting of current period data will not be affected by this process.	JFMIP SR-99-4, 23; DoD FMR 01, 02, Add. 2, B3
01.05.07	The system must prepare trial balances and other supporting information needed for all required external reports and financial statements, including the consolidated financial statements for the entity.	JFMIP SR-99-4, 23
01.05.08	The system must maintain the historical data needed to produce any required comparative financial reports/statements management may require.	JFMIP SR-99-4, 22
01.05.09	The system (core system) must electronically establish and update a Master Appropriation File (MAF) on the U.S. Treasury's Federal Agencies' Centralized Trial Balance System (FACTS).	I TFM 1 – 4030.10
01.05.10	The system must be able to record the financial management data as soon as practicable after the occurrence of the event, and the data must be made available to managers by the fifth working day following the end of the reporting period.	DoD FMR 01, 02, Add. 1B

01.05.11   [This requirement deleted.]

01.05.12   The system must record all financial events that occurred during the   JFMIP SR-99-4, 22
            period and post them, either individually or in summary, to the general
            ledger regardless of the origin of the transaction.

01.05.13   The system must provide for the perpetuation of closing balances at   DoD FMR 01, 02,
            the end of a period as the next period's opening balances; i.e., asset,   Add. 2B
            liability, and capital balances must be perpetuated, not reconstructed
            at the beginning of each fiscal year.

01.05.14   The core system must use financial data that can be traced directly to   JFMIP SR-99-4, 42;
            the SGL accounts to produce reports providing financial information,   OMB Circular A-127, 7C
            Whether used internally or externally.

01.05.15   The system must be able to provide the capability to classify   JFMIP SR-99-4, 17
            accounting transactions by the following structures: fund, program,
            organization, project, activity, cost center, object class, and any other
            data elements needed to meet the data classification and/or reporting
            needs of the agency. This will include relating Federal Account
            Symbols and Titles (FAST) structures established by Treasury in the
            system's fund structure for reporting purposes.

01.05.16   The system must be able to select items for review based on   JFMIP SR-99-4, 20
            user-defined criteria by type of transaction. Examples of reasons to
            select items are payment certification and financial statements audits.

01.05.17   The system must have query retrieval capabilities for ready access to   JFMIP SR-99-4, 41
            the information contained therein to present specific detailed data as
            requested. This will include user-defined criteria to access data for
            open or closed accounting periods.

01.05.18   [This requirement deleted.]

01.05.19   The system must be able to provide for a year-end rollover of   JFMIP SR-99-4, 23
            appropriate system tables into the new fiscal year, under the control
            of an authorized system administrator.

01.05.20   The system must be able to provide the capability to process, track,   JFMIP SR-99-4, 23
            and control prior fiscal year adjustment transactions.

CHAPTER 2

FINANCIAL REPORTING

Financial reporting represents the culmination of the various processes that initiate, record, classify, and summarize an agency's financial transactions. An agency's core financial system is required to provide financial information in a timely and useful fashion to (1) support management's fiduciary role; (2) support budget formulation and execution; (3) support fiscal management of program delivery and program decision-making; (4) support internal and external reporting requirements, including the requirements for financial statements prepared in accordance with the form and content prescribed by OMB, reporting requirements prescribed by the Treasury, and legal, regulatory and other special management requirements of the agency; and (5) monitor the financial management system.

Naturally, information maintained in the core financial system must be provided to users in a variety of formats according to their needs. The general ledger, summarized in the form of a trial balance, provides financial data by fund, fiscal year, etc., for various reporting purposes. DoD, like other federal agencies, is required to periodically prepare a number of financial reports, including annual financial statements, budget execution reports, obligation reports, year-end closing statements, reports on reimbursements, and receivable reports. In addition to these reports, core systems are required to provide various management data to program and fiscal managers.

Federal agencies have traditionally prepared financial reports to monitor and control obligations and expenditure of budgetary resources. However, with the enactment of the Chief Financial Officers Act of 1990, the Congress called for the production of annual financial statements that fully disclose a Federal entity's financial position and results of operations. The Act also requires agencies to provide information with which the Congress, agency managers, the public and others can assess management performance and stewardship.

OMB, through its "form and content" guidance[2], defines the structure and content of agencies' annual financial statements required by 31 U.S.C. 3515(d). This guidance establishes the format of the principal financial statements (balance sheet, statement of net cost, statement of changes in net position, etc.) and the content of various required disclosures accompanying the statements beginning with fiscal year 1998 reporting. DoD has also issued "form and content" guidance for the Department mirroring the OMB guidance. That guidance is contained in DoD FMR volume 6B.

This chapter contains disclosures specifically required by the various Statements of Federal Financial Accounting Standards. OMB Bulletin No. 97-01 incorporates these disclosure requirements. Within this version of the guide, certain financial reporting requirements have been moved to other chapters since they are related to the functionalities covered in those chapters. For example, financial reporting and disclosure requirements related to property, plant and equipment have been moved to chapter 3, "Property, Plant, and Equipment." Financial reporting requirements, including disclosures, apply only to material amounts/items.

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[2] OMB Bulletin No. 97-01, "Form and Content of Agency Financial Statements," dated October 16, 1996, as revised.

FINANCIAL REPORTING

Functional Requirements
1: Financial Reporting

1: Financial Reporting

02.01.01	Financial statements prepared by DoD components shall be prepared in accordance with the formats and instructions contained in OMB "Form and Content of Annual Financial Statements." Note: OSD(C) issues guidance to DoD components on the form and content of the Department's financial statements. This guidance interprets and implements the OMB requirements. (See DoD FMR Vol. 6B.)	OMB Bull. 97-01
02.01.02	The core system must provide summarized data electronically to other systems used by the agency for management decision support and provide for the preparation of the financial statements from the SGL and by "line of business".	JFMIP SR-99-4, 42
02.01.03	The core system must provide data, in the formats required (including electronic formats), to the central agency systems used for summary financial reporting.	JFMIP SR-99-4, 42
02.01.04	The core system must report events and transactions according to the accounting classification structure, within the given accounting period.	JFMIP SR-99-4, 42
02.01.05	[This requirement deleted.]	
02.01.06	The core system must maintain accounting data that permits financial reporting in accordance with accounting standards recommended by the Federal Accounting Standards Advisory Board (FASAB) and issued by the Director of OMB, and with reporting requirements issued by OMB and the Secretary of Treasury.	JFMIP SR-99-4, 42
02.01.07	The core system must maintain financial information required for program performance, financial performance and financial management performance measures needed for budgeting, program management, and financial statement presentation.	JFMIP SR-99-4, 42
02.01.08	The core system must produce, distribute, and provide access to formatted reports as defined by agency management for the specific requirements of the agency.	JFMIP SR-99-4, 42

02.01.09	Financial reports are to be prepared and issued to the Department of Treasury or other designated recipient at the end of each fiscal year, or other period, as specified in the appropriate DoD Financial Management Regulation (DoD FMR, Volume 6).	DoD FMR 06, 01, 010201
02.01.10	Financial reports must be produced from an accounting and budgeting system that is an integral part of a total financial management system and one that contains sufficient discipline, internal controls and reliable data. In addition, interfaces with both logistic and acquisition systems should be approved.	DoD FMR 06, 01, 010202
02.01.11	Financial reports and the underlying financial system must report on the total operations of the DoD reporting entity and must comply with the policies, procedures and related requirements stipulated in DoD Financial Management Regulation (DoD FMR Volume, 6).	DoD FMR 06, 01, 010203
02.01.12	Should circumstances warrant additional disclosures not specifically provided for in a report, the DoD components are responsible for assuring that all appropriate disclosures considered necessary for fair presentation of their financial position are included in the report.	DoD FMR 06, 01, 010204
02.01.13	[This requirement combined with 02.01.12]	
02.01.14	Presentation of financial information from the preceding year shall be included in annual financial statements when required by OSD.	DoD FMR 06, 01, 010207
02.01.15	Annual financial statements shall include consolidated comparative financial data from the immediate prior year if the DoD component was in operation during that prior year. Such financial data shall be reported in a format that is consistent with the current year.	DoD FMR 06, 01, 010207A
02.01.16	The reclassification of significant prior year amounts to achieve comparability (in annual consolidated comparative financial statements) shall be explained in the notes to the financial statements.	DoD FMR 06, 01, 010207B
02.01.17	Notes and other explanations from prior-year financial statements necessary to properly disclose prior-year data shall be included in current-year financial statements.	DoD FMR 06, 01, 010207C
02.01.18	A DoD component shall not prepare comparative financial statements for the first year that financial statements are prepared. Thereafter, comparative financial statements must be included.	DoD FMR 06, 01, 010207D
02.01.19	Expenses, losses, gains, transfers out, and financing sources related to the correction of an error in prior period financial statements and changes in DoD components, shall be reported as adjustments to previously reported results when material. On the other hand, all other expenses, financing sources, losses, gains, and transfers recognized in an accounting period, shall be reported in the operation of that period.	DoD FMR 06, 01, 010208A

02.01.20	A change from one unauthorized accounting principle to another authorized accounting principle shall be reflected in a DoD component's financial statements as an adjustment to prior periods when the unauthorized principle was used.	DoD FMR 06, 01, 010208C
02.01.21	The nature of a material error in prior-period financial statements shall be disclosed in the financial statements of the period in which it is discovered.	DoD FMR 06, 01, 010208D
02.01.22	[This requirement deleted.]	
02.01.23	[This requirement deleted.]	
02.01.24	Financial NOTES report(s) should correspond to department codes.	I TFM 1 – 2.4030.30
02.01.25	The system should report both entity and non-entity assets (as defined in SFFAS-1, paragraph 25) in an entity's custody or under its management in the entity's financial statements.	SFFAS-1, 25, 26, 43
02.01.26	Cash (including imprest funds)--as defined in SFFAS 1, paragraph 27--should be recognized and reported as an asset.	SFFAS-1, 27
02.01.27	Financial statements should disclose the reasons for, and the nature of, any restrictions on an entity's cash.	SFFAS-1, 30
02.01.28	[This requirement is now 08.06.01]	
02.01.29	[This requirement is now 08.06.02]	
02.01.30	[This requirement is now 08.06.03]	
02.01.31	[This requirement is now 08.06.04]	
02.01.32	[This requirement is now 05.06.01]	
02.01.33	[This requirement is now 05.06.02]	
02.01.34	[This requirement is now 05.06.03]	
02.01.35	[This requirement is now 05.06.04]	
02.01.36	[This requirement is now 05.06.05]	
02.01.37	[This requirement is now 05.06.06]	
02.01.38	An entity should account for and report investments in securities issued by the US Treasury or other federal entities separately from investments in securities issued by nonfederal entities.	SFFAS-1, 67

02.01.39   An entity should disclose the market value of investments in   SFFAS-1, 72
           market-based and marketable Treasury securities. Investments
           should be grouped by type of security, such as marketable or
           market-based Treasury securities.

02.01.40   [This requirement is now 09.06.10]

02.01.41   [This requirement is now 09.06.11]

02.01.42   [This requirement is now 09.06.12]

02.01.43   [This requirement is now 12.13.01]

02.01.44   [This requirement is now 12.13.02 & 11.14.01]

02.01.45   [This requirement is now 04.09.01]

02.01.46   [This requirement is now 04.09.02]

02.01.47   [This requirement is now 04.09.03]

02.01.48   [This requirement is now 04.09.04]

02.01.49   [This requirement is now 04.09.05]

02.01.50   [This requirement is now 04.09.06]

02.01.51   [This requirement deleted.]

02.01.52   [This requirement is now 04.09.07]

02.01.53   [This requirement is now 04.09.08]

02.01.54   [This requirement is now 04.09.09]

02.01.55   [This requirement is now 04.09.10]

02.01.56   [This requirement is now 04.09.11]

02.01.57   [This requirement is now 04.09.12]

02.01.58   [This requirement is now 04.09.13]

02.01.59   [This requirement is now 04.09.14]

02.01.60   [This requirement is now 04.09.15]

02.01.61   [This requirement deleted.]

02.01.62   [This requirement is now 04.09.16]

02.01.63   [This requirement is now 04.09.17]

02.01.64   [This requirement is now 04.09.18]

02.01.65   [This requirement is now 04.09.19]

02.01.66   [This requirement is now 04.09.20]

02.01.67   [This requirement is now 04.09.21]

02.01.68   [This requirement is now 04.09.22]

02.01.69   [This requirement is now 04.09.23]

02.01.70   [This requirement deleted.]

02.01.71   [This requirement is now 06.07.01]

02.01.72   [This requirement is now 06.07.02]

02.01.73   [This requirement is now 09.02.47]

02.01.74   [This requirement is now 09.06.14]

02.01.75   [This requirement deleted.]

02.01.76   [This requirement is now 09.06.15]

02.01.77   [This requirement is now 07.08.01]

02.01.78   [This requirement is now 07.08.02]

02.01.79   [This requirement is now 07.08.03]

02.01.80   [This requirement is now 07.08.04]

02.01.81   [This requirement is now 07.08.05]

02.01.82   [This requirement is now 07.08.06]

02.01.83   [This requirement is now 07.08.07]

02.01.84   [This requirement is now 07.08.08]

02.01.85   [This requirement is now 03.08.01]

02.01.86   [This requirement is now 03.08.02]

02.01.87   [This requirement is now 03.08.03]

02.01.88   [This requirement is now 03.08.04]

02.01.89   [This requirement is now 03.08.05]

02.01.90   [This requirement is now 03.08.06]

02.01.91   [This requirement is now 03.08.07]

02.01.92   [This requirement is now 03.08.08]

02.01.93   [This requirement is now 03.08.09]

02.01.94   [This requirement is now 03.08.10]

02.01.95   [This requirement is now 03.08.11]

02.01.96   [This requirement is now 03.08.12]

02.01.97   [This requirement is now 03.08.13]

02.01.98   [This requirement is now 03.08.39]

02.01.99   [This requirement is now 03.08.40]

02.01.100 [This requirement is now 03.08.41]

02.01.101 [This requirement is now 03.08.14]

02.01.102 [This requirement is now 03.08.15]

02.01.103 [This requirement is now 03.08.16]

02.01.104 [This requirement is now 03.08.17]

02.01.105 [This requirement is now 03.08.18]

02.01.106 [This requirement is now 03.08.19]

02.01.107 [This requirement is now 03.08.42]

02.01.108 [This requirement is now 03.08.43]

02.01.109 [This requirement is now 03.08.44]

02.01.110 [This requirement is now 03.08.20]

02.01.111 [This requirement is now 03.08.21]

02.01.112 [This requirement is now 03.08.22]

02.01.113 [This requirement is now 03.08.23]

02.01.114 [This requirement is now 03.08.24]

02.01.115 [This requirement is now 03.08.25]

02.01.116 [This requirement is now 03.08.26]

02.01.117 [This requirement is now 03.08.27]

02.01.118 [This requirement is now 03.07.10]

02.01.119 [This requirement is now 03.07.11]

02.01.120 [This requirement is now 03.07.12]

02.01.121 [This requirement is now 03.08.28]

02.01.122 [This requirement is now 03.08.29]

02.01.123 [This requirement is now 03.08.30]

02.01.124 [This requirement is now 03.08.31]

02.01.125 [This requirement is now 03.08.32]

02.01.126 [This requirement is now 03.08.33]

02.01.127 [This requirement is now 05.06.07]

02.01.128 [This requirement is now 05.06.08]

02.01.129 [This requirement is now 05.06.09]

02.01.130 [This requirement is now 05.06.10]

02.01.131 An entity should limit prior period adjustments to the correction of   SFFAS-7, 74
          errors and accounting changes with retroactive effect. Adjustments
          should be recognized as changes in the cumulative results of
          operations. Prior period financial statements should not be restated
          for prior period adjustments recognized in the current period.

02.01.132 [This requirement is now 08.06.05]

02.01.133 [This requirement is now 08.06.06]

02.01.134 [This requirement is now 08.06.07]

02.01.135 [This requirement is now 08.06.08]

02.01.136 [This requirement is now 08.06.09]

02.01.137 [This requirement is now 08.06.10]

02.01.138 [This requirement is now 08.06.11]

02.01.139 [This requirement is now 08.06.12]

02.01.140 [This requirement is now 08.06.13]

02.01.141 [This requirement is now 08.06.14]

02.01.142 [This requirement is now 08.06.15]

02.01.143 [This requirement is now 08.06.16]

02.01.144 [This requirement is now 08.06.17]

02.01.145 [This requirement is now 08.06.18]

02.01.146 [This requirement is now 03.08.34]

02.01.147 [This requirement is now 03.08.35]

02.01.148 [This requirement is now 03.08.36]

02.01.149 [This requirement is now 03.08.37]

02.01.150 [This requirement is now 03.08.38]

02.01.151 [This requirement deleted.]

02.01.152 [This requirement deleted.]

02.01.153 [This requirement deleted.]

02.01.154 [This requirement deleted.]

02.01.155 [This requirement deleted.]

02.01.156 [This requirement deleted.]

02.01.157 [This requirement deleted.]

02.01.158 [This requirement deleted.]

02.01.159 [This requirement deleted.]

02.01.160 [This requirement was combined with 04.09.23.]

02.01.161 When the financial statements are only presented for the current   DoD FMR 06, 01, 10208D1
period, the correction of errors should be reported as an adjustment
to the accumulated results of operations as of the beginning of the
current period. The system also should disclose the effect on the
excess of cost over financing sources (or vice versa) in the period
that the error occurred.

02.01.162	When prior period data containing errors are included in comparative financial statements, the system should add the amount of the correction applicable to the prior period presented or subtract it from previously reported amounts and disclose the effect in a footnote to the statements. The system should apply the amount of the correction, if any, applicable to periods before the prior period presented to the accumulated results of operations at the beginning of the earliest period presented. The system should disclose the effect of the excess of cost over financing sources (or vice versa) for each period affected.	DoD FMR 06, 01, 010208D2
02.01.163	The core financial system provide the capability to electronically transmit the following reports to the treasury: SF133, credit reports, year-end closing statements, and quarterly and annual FACTS I & FACTS II reports.	JFMIP SR-99-4, 42
02.01.164	The core financial system must use the U.S SGL mandated chart of accounts as the basis for reporting external reports or data transmissions to OMB and Treasury.	JFMIP SR-99-4, 42
02.01.165	The core system must have the capability to produce an on-line status of funds report down to the lowest level of the organization structure. Including: (1) annual budget (including revision) (2) open commitments (3) open obligation (4) net payments/ liquidated obligations, and (5) balance available	JFMIP SR-99-4, 42

CHAPTER 3

PROPERTY, PLANT, AND EQUIPMENT

DoD owns and manages more physical assets than any other Federal agency. Annually, DoD reports tens of billions of dollars in property plant and equipment. In addition, the Department owns, manages, and controls thousands of pieces/units of National Defense assets (planes, missiles, ships, tanks, submarines, and the like). Within DoD, the three military departments and assorted Defense agencies operate and maintain property accountability systems that track, maintain visibility, manage, and report on DoD's mammoth PP&E holdings. These property accountability systems, for the most part, maintain records that are used to prepare general ledger balances for PP&E financial reporting.

Effective October 1, 1998 (fiscal year 1999), military equipment—previously presented as capitalized assets on the Department's statements of financial position—was recategorized as National Defense assets and was no longer required to be reported on the subject statements. Instead, information regarding such property is required to be presented as supplemental stewardship information accompanying the Department's financial statements. These changes were mandated by SFFAS No. 6, Accounting for Property, Plant, and Equipment, and SFFAS No. 8, Supplementary Stewardship Reporting.

JFMIP has never issued requirements for Federal agencies' systems that are used to account for, track, control, and help manager property, plant, and equipment (PP&E). However, as of the date of publication of this version of the guide, JFMIP was in the process of developing requirements for agency PP&E systems. An exposure draft of such requirements was expected to be forthcoming from JFMIP in the near future.

PROPERTY, PLANT AND EQUIPMENT

Functional Requirements

1: Maintain/Update Property Information
2: Record Acquisition of Property, Plant and Equipment
3: Record Asset Value Changes
4: Depreciate, Amortize or Deplete Asset
5: Record Disposition/Retirement of Asset
6: Deferred Maintenance Costs and Cleanup Costs
7: Stewardship Property, Plant and Equipment (Including National Defense PP&E)
8: Reporting

SOURCE(S)

1: Maintain/Update Property Information

03.01.01	The property system should categorize PP&E assets as: - general PP&E (including land acquired for or in connection with other general PP&E), - National Defense PP&E, - heritage assets, and - stewardship land (i.e., land not included in general PP&E).	SFFAS-6, 21
03.01.02	For entities operating as business-type activities, the property system must categorize all PP&E as general PP&E whether or not it meets the definition of any other PP&E categories.	SFFAS-6, 24
03.01.03	The property system must include land and land rights acquired for, or in connection with, other general PP&E, as general PP&E. In some instance, general PP&E. In some case, general PP&E may be built on existing Federal lands. In this case, the land cost would often not be identifiable. In theses instances, general PP&E shall include only land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.	SFFAS-6, 25
03.01.04	[This requirement deleted.]	
03.01.05	The property system must reclassify construction-in-progress for completed assets as general PP&E (i.e., buildings, equipment, ADP software, other structures and buildings, leasehold improvements, and other fixed assets).	DoD FMR 04, 06, 060406
03.01.06	The property system must identify capitalization criteria and allow authorized users to revise the capitalization criteria, including changing dollar limits and the useful life of assets by asset category.	DoD FMR 04, 06, 060207

03.01.07	The property system must provide balances or detailed data to the general ledger property account and related accounts.	FMIP SR-99-4, 23; DoD FMR 01, 02, 020206A
03.01.08	[This requirement deleted.]	
03.01.09	[This requirement deleted.]	
03.01.10	[This requirement deleted.]	
03.01.11	The real property system files must contain such vital information as asset description, date of acquisition, original cost, estimated life, location, depreciation data, and accumulated repair costs, etc.	DoD FMR 04, 06, 060301
03.01.12	The property system should identify agreements with foreign governments to occupy facilities where DoD provides maintenance as part of a capital lease.	DoD FMR 04, 06, 060306F1
03.01.13	The property system should maintain an individual subsidiary account for each construction project to facilitate the transfer of costs to the applicable real property or expense account.	DoD FMR 04, 06, 060408B
03.01.14	[This requirement deleted.]	
03.01.15	The property system must quantify heritage assets in terms of physical units (e.g., the number of items in a collection or the number of national parks).	SFFAS-8, 43-51
03.01.16	The property system must maintain GFP data by contractor.	DoD FMR 04, 06, 060410
03.01.17	[This requirement deleted.]	

2: Record Acquisition of Property, Plant and Equipment

03.02.01	The property system must record all general PP&E assets at cost. The cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. (SFFAS-6, paragraph 26, provides examples of costs to be capitalized.)	SFFAS-6, 26
03.02.02	The property system must generate the journal entries, or the data required for the journal entries, to record the acquisition of PP&E upon its receipt.	DoD FMR 04, 06, 060212

03.02.03   The property system may include internally-developed software as   SFFAS-6, 27 & 28
            general PP&E if its cost is intended primarily to be recovered
            through charges to users. Other internally-developed software costs
            shall be expensed when incurred. Capitalizable costs are limited to:
            - those clearly identifiable with major new software projects and
            distinguishable from recurring maintenance-type activities,
            - costs incurred after technological feasibility has been established,
            and direct costs of developing major new software, initial training
            material, and documentation manuals incurred after technological
            feasibility has been established.

03.02.04   The property system must record general PP&E assets acquired   SFFAS-6, 29
            under a capital lease at the amounts taken from the liability of the
            capital lease at its inception.

03.02.05   The property system must be able to record general PP&E acquired   SFFAS-6, 30
            through donation, devise (as will), or judicial process (excluding
            forfeiture) at the estimated fair market value at the time it is acquired
            by the government.

03.02.06   The property system must record items transferred from other   SFFAS-6, 31
            federal entities at the costs recorded by the transferring entity, net of
            accumulated depreciation or amortization (i.e., book values). If the
            receiving entity cannot reasonably ascertain those amounts the costs
            of the PP&E shall be the fair market value at the time they are
            transferred.

03.02.07   The following conditions apply when determining at what cost   SFFAS-6, 32
            general PP&E assets must be recorded:
            - the property system must record the cost of general PP&E
              acquired through exchange at the fair market value of the PP&E
              surrendered at the time of exchange,
            - if the fair market value of the PP&E acquired is more readily
              determinable than that of the PP&E surrendered, then the cost shall
              be the fair market value of the PP&E acquired,
            - if neither fair market value is determinable, then the cost of the
              PP&E acquired shall be the cost recorded for the PP&E
              surrendered net of any accumulated depreciation or amortization,
            - any difference between the net recorded amount of the PP&E
              surrendered and the cost of the PP&E acquired shall be recognized
              as a gain or loss,
            - in the event that cash consideration is given in the exchange, the
              cost of general PP&E acquired shall be increased by the amount of
              cash consideration surrendered, or decreased by the amount of cash
              consideration received.

03.02.08	The property system must record the cost of general PP&E acquired through forfeiture in accordance with SFFAS No. 3, Accounting for Inventory and Related Property. Amounts recorded for the forfeited assets based on SFFAS 3 shall be recognized as the cost of general PP&E when placed into official use.	SFFAS-6, 33
03.02.09	The property system must record PP&E when the title passes to the acquiring entity or when the PP&E is delivered to the entity or to an agent of the entity. In the case of constructed PP&E, it shall be recorded as construction in progress until it is placed in service, at which time the balance shall be transferred to general PP&E.	SFFAS-6, 34
03.02.10	If historical cost information for existing general PP&E has not been maintained, the property system must record the assets at estimated valuations. Estimates shall be based on: - the costs of similar assets at the time of acquisition, or - the current costs of similar assets discounted for inflation since the time of acquisition (i.e., by deflating current costs to costs at the time of acquisition by the general price index).	SFFAS-6, 40
03.02.11	[This requirement deleted.]	
03.02.12	The property system must be able to record an intransit transaction for purchased property which has not yet been received. The system must reverse the intransit transaction when the property is received and is recorded in the property system.	DoD FMR 04, 06, 060513A
03.02.13	[This requirement deleted.]	
03.02.14	The property system must capitalize R&D projects if the assets can be used for other purposes after completion of the research efforts.	DoD FMR 04, 06, 060205
03.02.15	The property system must capitalize the cost of recoverable natural resources.	DoD FMR 04, 06, 060514
03.02.16	The property system must be able to record the value of stewardship land in terms of physical units (acres) rather than in monetary values.	SFFAS-8, 4-75
03.02.17	[This requirement combined with 06.04.13.]	
03.02.18	[This requirement combined with 06.04.13.]	
03.02.19	The property system must maintain the fair market value of Government Furnished Property (GFP) shipped or furnished to contractors, and have the capability to report such GFP assets when required.	DoD FMR 04, 06, 060308

| 03.02.20 | The property system should record the capitalized value of DoD property that is stored for future use to meet mobilization requirements as "Industrial Property in Layaway". | DoD FMR 04, 07, 070306A |

3: Record Asset Value Changes

| 03.03.01 | The property system must identify capitalization criteria for additions, betterments, or replacements that extend the life of a general PP&E asset. | DoD FMR 04, 06, 060212I |

| 03.03.02 | The property system must capitalize additions, betterments, or replacements made to a general PP&E asset that meets the capitalization criteria. | DoD FMR 04, 06, 060212I |

03.03.03   [This requirement deleted.]

03.03.04   [This requirement deleted.]

03.03.05   [This requirement deleted.]

| 03.03.06 | The property system must capitalize and depreciate the costs for enhancements that either extend the useful life of existing general PP&E or enlarge/improve its capacity over the remaining useful life of the associated general PP&E. | SFFAS-6, 37 |

4: Depreciate, Amortize or Deplete Asset

| 03.04.01 | -The property system must calculate depreciation expense through the systematic and rational allocation of the cost of general PP&E, less the estimated salvage/residual value, over the estimated useful life of the general PP&E. Depreciation expense shall be recognized on all PP&E, except land and land rights of unlimited duration. Estimates of useful life of general PP&E must consider factors such as physical wear and tear and technological change (e.g., obsolescence). Various methods can be used to compute periodic depreciation expense so long as the method is systematic, rational, and best reflects the use of the PP&E.
-Any changes in estimated life or salvage/residual value must be treated prospectively. The change must be accounted for in the period of the change and in future periods. No adjustments should be made to previously recorded depreciation or amortization.) However, within the DoD, straight line depreciation method must be used unless prior approval is needed from the DoD's Comptroller. | SFFAS-6, 35 |

03.04.02	The property system must be able to record the estimated useful life of an asset for depreciation purposes based on DoD experience with similar assets. However, in no case shall the initially estimated useful life exceed 40 years.	DoD FMR 04, 06, 060210
03.04.03	[This requirement deleted.]	
03.04.04	The property system must accumulate depreciation expense in a contra asset account: accumulated depreciation. It must also accumulate amortization expense in a contra asset account: accumulated amortization.	SFFAS-6, 36
03.04.05	Costs for enhancements that either extend the useful life of existing general PP&E or enlarge/improve its capacity must be depreciated over the remaining useful life of the associated general PP&E asset.	SFFAS-6, 37
03.04.06	The property system should stop depreciating general PP&E assets that have been removed from the general PP&E account in anticipation of disposal, retirement, or removal from service.	SFFAS-6, 39
03.04.07	The property system should record accumulated depreciation/amortization based on the estimated cost and the number of years the general PP&E has been in use relative to its estimated useful life. Alternatively, the PP&E may be recorded at its estimated net remaining cost and any depreciation/ amortization charged over the remaining life will be based on that net remaining cost.	SFFAS-6, 40 & 41
03.04.08	[This requirement deleted.]	
03.04.09	[This requirement deleted.]	
03.04.10	The property system must establish accounts in which to record the results of any calculation of depreciation or depletion.	DoD FMR, 04, 06, 060211
03.04.11	The property system should account for the amount of natural resources recovered or consumed in the period.	DoD FMR 04, 06, 060514 & 060515
03.04.12	[This requirement deleted.]	
03.04.13	The property system must generate journal entries, or the data for such entries, for depletion expense and the allowance for depletion.	DoD FMR 04, 06, 060514 & 060515
03.04.14	[This requirement deleted.]	
03.04.15	[This requirement deleted.]	
03.04.16	[This requirement deleted.]	

03.04.17   [This requirement deleted.]

03.04.18   [This requirement deleted.]

03.04.19   The property system must maintain subsidiary accounts for   DoD FMR 04, 06,
           accumulated depreciation on the equipment that corresponds to the   060512
           those accounts.

03.04.20   The property system must be able to depreciate capital lease assets SFFAS-6, 20
           for those activities authorized to enter into capital lease agreements.

03.04.21   The property system should be able to calculate depreciation for   DoD FMR 11B, 58,
           donated assets (assets procured from an appropriation other than the Add. 1
           user's appropriation).

03.04.22   The property system should generate a journal entry or data for a   DoD FMR 11B, 58,
           journal entry for the "other financing source" that equals the amounts Add. 1
           of depreciation on donated assets.

03.04.23   [This requirement deleted.]

03.04.24   Using the same basis of accounting as used for financial statement   SFFAS-8, 84
           purposes the property system must be able to measure the following:
           - expenses incurred for nonfederal property, and
           - investments for R & D.

03.04.25   The property system must recognize and report cash grants related   SFFAS-8. 85
           to nonfederal physical property programs as expenses in arriving at
           the net cost of operations.

5: Record Disposition/Retirement of Asset

03.05.01   [This requirement deleted.]

03.05.02   The property system must record disposed assets in the property   DoD FMR 04, 07,
           in-transit account when the disposed items are transferred to DRMS.   070206D

03.05.03   The property system must remove assets from the property in-transit   DoD FMR 04, 07,
           account when received and accepted by DRMS.   070206D

03.05.04   The property system must maintain subsidiary accounts, or the data   DoD FMR 04, 07,
           for subsidiary accounts, in order to manage and report on property   070206F
           awaiting disposal.

03.05.05   [This requirement deleted.]

03.05.06   [This requirement deleted.]

03.05.07	The property system must remove general PP&E assets from the asset accounts along with associated accumulated depreciation/amortization in the period of disposal, retirement, or removal from service. Any difference between the capitalized value of the PP&E and amounts realized must be recognized as a gain or a loss in the period that the general PP&E is disposed of, retired, or removed from service.	SFFAS-6, 38

6: Deferred Maintenance Costs and Cleanup Costs

03.06.01	The property system must record estimated cleanup costs for PP&E assets when the assets are placed in service. (The estimate shall be referred to as the "estimated total cleanup cost." There are two approaches to recognizing estimated cleanup costs - one applies to general PP&E and another to stewardship PP&E).	SFFAS-6, 94
03.06.02	The property system must record revised cleanup cost estimates made periodically to account for material changes due to inflation or deflation and for changes in regulations, plans, and/or technology. New cost estimates should be provided if there is evidence that material changes have occurred; otherwise estimates may be through indexing.	SFFAS-6, 96
03.06.03	During each period that general PP&E is in operation, the property system must record a portion of the estimated total cleanup costs as an expense. This expense allocation must be done in a systematic and rational manner based on the use or physical capacity of the associated PP&E, whenever possible. If physical capacity is not applicable or estimable, the estimated useful life of the associated PP&E may serve as the basis for allocating expenses to the period. Such allocation must begin during the first period that the PP&E is in operation.	SFFAS-6, 97 & 98
03.06.04	The property system must record a reduction in the liability for cleanup costs as payments are made (for the cleanup).	SFFAS-6, 100
03.06.05	For stewardship assets, the property system must record total estimated cleanup costs during the expected life of the assets as an expense and establish a corresponding liability during the period that stewardship PP&E is placed into service.	SFFAS-6, 101
03.06.06	The property system must adjust the cleanup cost liability when the costs are reestimated. Adjustments to the liability must be recognized as an expense entitled, "changes in estimated cleanup costs from prior periods".	SFFAS-6, 102

03.06.07   The property system must identify the method for assigning   SFFAS-6,108
           estimated total cleanup costs to current operating periods (e.g.,
           physical capacity versus passage of time).

03.06.08   The property system must recognize material changes in total   SFFAS-6, 110
           estimated cleanup costs due to changes in laws, technology, or plans;
           such changes shall be disclosed. In addition, the portion of the
           change in estimate that relates to prior period operations shall be
           disclosed.

03.06.09   The property system must anticipate and disclose possible changes   SFFAS-6, 111
           due to inflation, deflation, technology, or alterations in applicable laws
           and regulations.

03.06.10   The property system should stratify critical and non-critical amounts SFFAS-6, 84
           of maintenance needed to return each major class of asset to its
           acceptable operating condition.

03.06.11   The property system must record a liability for cleanup costs for   SFFAS-6, 106
           stewardship PP&E that are in service at the effective date of this
           standard, An adjustment shall be made to the Net Position of the
           entity. The mount on the adjustments shall be shown as "a prior
           period adjustment" in any statements of Changes in Net Position that
           maybe required. The amounts involved shall be disclosed.

03.06.12   The property system must recognize cleanup cost as a reduction in   SFFAS-6, 103
           the liability for cleanup costs. These include the cost of PP&E or
           other assets acquired for use in cleanup activities.

03.06.13   The property system must associate cleanup cost with the general   SFFAS-6, 109
           PP&E, the unrecognized portion of estimated total cleanup costs
           (e.g., the estimated total cleanup costs less the accumulative amounts
           charged to expense at the balance sheet date).

7: Stewardship Property, Plant and Equipment (Including National Defense PP&E)

03.07.01   [This requirement is now 06.04.12.]

03.07.02   [This requirement is now 06.04.14.]

03.07.03   [This requirement is now 06.04.14.]

03.07.04   The property system must not capitalize any of the costs for heritage SFFAS-6, 61
           assets acquired through donation or devise. The assets' fair market
           values, if known and material, shall be disclosed in notes to the
           Statement of Net Cost in the year received. If the fair market value
           is not known or cannot be reasonably estimated, information related
           to the type and quantity of the assets received shall be disclosed.

03.07.05   [This requirement deleted.]

03.07.06   [This requirement is now 06.04.13.]

03.07.07   [This requirement deleted.]

03.07.08   [This requirement is now 06.04.16.]

03.07.09   [This requirement is now 06.04.17.]

03.07.10	An entity shall recognize the offsetting change in any liability upon implementation of cleanup costs standards in SFFAS-6. The change shall be made to Net Position of the entity.	SFFAS-6, 105
03.07.11	An entity must show as a prior period adjustment in its Statement of Changes in Net Position the amount of the liability that was changed due to implementing the cleanup costs standard in SFFAS-6.	SFFAS-6, 105
03.07.12	An entity must recognize as a liability the cleanup costs for stewardship PP&E in service on the effective date of SFFAS-6 (October 1, 1997). An adjustment reflecting the liability shall be made to the Net Position of the entity. The adjustment shall be shown as a prior period adjustment.	SFFAS-6, 106

8: Reporting

03.08.01	An entity's capitalization threshold(s) should be disclosed in its financial statements.	SFFAS-6, 13
03.08.02	During the period in which the standards mandated by SFFAS-6 are implemented, an entity must disclose in its financial statements any adjustments in its major property, plant, and equipment (PP&E) accounts and their associated accumulated depreciation/amortization accounts.	SFFAS-6, 44
03.08.03	An entity should disclose in its financial statements the following for general PP&E: the cost, associated accumulated depreciation, and book value by major class; the estimated useful lives for each major class; the method(s) of depreciation for each major class; capitalization threshold(s) including any changes in threshold(s) during the period; and restrictions on the use or convertibility of general PP&E.	SFFAS-6, 45
03.08.04	An entity shall disclose in its financial statements (Statement of Net Cost) the periodic cost of acquiring, constructing, improving, reconstructing, or renovating National Defense PP&E.	SFFAS-6, 53

03.08.05	An entity shall remove from its balance sheet National Defense PP&E (and related contra accounts) which were previously recognized as assets.	SFFAS-6, 55
03.08.06	An entity shall report in its Statement of Changes in Net Position any prior period adjustments for the amount of National Defense PP&E assets removed from the balance sheet.	SFFAS-6, 55
03.08.07	An entity shall disclose in the notes to its financial statements the total amount of assets removed from the balance sheet for federal mission PP&E.	SFFAS-6, 55
03.08.08	An entity shall not restate prior years' financial statement information for National Defense PP&E assets removed from the balance sheet.	SFFAS-6, 56
03.08.09	An entity shall disclose the cost of improving, reconstructing, or renovating heritage assets as "Cost of Heritage Assets" in its financial statements (including all costs incurred to bring the PP&E to its current condition and location in its financial statements).	SFFAS-6, 61
03.08.10	An entity that receives a heritage asset (by transfer from other Federal entity) but does not know the book value of the asset shall disclose its fair market value in the notes to the Statement of Net Cost.	SFFAS-6, 61
03.08.11	An entity that receives heritage assets but does not know their book values, and cannot estimate such values, shall disclose in the notes to the Statement of Net Cost information regarding the quantities and types of assets transferred to it.	SFFAS-6, 61
03.08.12	An entity that receives a heritage asset through donation shall disclose in the notes to the Statement of Net Cost the fair market value of the asset, if known and material.	SFFAS-6, 61
03.08.13	An entity that receives a heritage asset through donation but does not know or cannot reasonably estimate the asset's fair market value shall disclose in the notes to the Statement of Net Cost information regarding the quantity and type of asset received.	SFFAS-6, 61
03.08.14	An entity shall disclose in the notes to its financial statements the total amount of heritage assets removed from the balance sheet which was previously reported as assets.	SFFAS-6, 63
03.08.15	An entity shall not restate prior years financial data for heritage assets removed from the balance sheet and which were previously reported as assets.	SFFAS-6, 65

03.08.16 An entity shall disclose the acquisition cost of stewardship land as "cost of stewardship land" in its financial statements (including all costs incurred to bring the PP&E to its current condition and location in its financial statements).   SFFAS-6, 69

03.08.17 An entity shall disclose in the notes to the Statement of Net Cost the fair market value, if known and material, of stewardship land donated to the entity.   SFFAS-6, 71

03.08.18 An entity shall disclose in the notes to the Statement of Net Cost information related to the type and quantity of stewardship land donated to it if the land's fair market value is unknown and not estimable.   SFFAS-6, 71

03.08.19 The receiving entity of a stewardship land transfer shall disclose the transfer in the notes to its financial statements, if material.   SFFAS-6, 72

03.08.20 An entity shall disclose in the notes to its financial statements amounts removed from the balance sheet for stewardship land which had previously been recorded as assets.   SFFAS-6, 75

03.08.21 An entity shall not restate prior years' balances for amounts related to the stewardship assets removed from the balance sheet and which had been previously recognized as assets.   SFFAS-6, 76

03.08.22 An entity shall present in its Statement of Net Cost a line item for deferred maintenance amounts with a note reference in lieu of a dollar amount. No amounts shall be recognized for deferred maintenance.   SFFAS-6, 79

03.08.23 An entity that discloses amounts for deferred maintenance may measure the amounts using condition assessment surveys or life cycle forecasts.   SFFAS-6, 80

03.08.24 At a minimum, an entity must present in its financial statements, for all categories of PP&E (general PP&E, National Defense PP&E, heritage assets, and stewardship land): (1) the identification of each major class of asset, as determined by the entity, for which maintenance has been deferred, and (2) the method of measuring deferred maintenance for each major class of PP&E.   SFFAS-6, 83

03.08.25 If an entity uses the condition assessment survey method of measuring deferred maintenance, it should present in its financial statements the following for each major class of PP&E: (1) a description of requirements or standards for acceptable operating conditions, (2) any changes in the condition requirements or standards, and (3) the asset condition and the range estimate of the dollar amount of maintenance needed to return it to its acceptable operating condition.   SFFAS-6, 83

3 - Property, Plant and Equipment

03.08.26	An entity that uses the total life cycle cost method of measuring deferred maintenance should present in its financial statements the following for each major class of PP&E: (1) the original date of the maintenance forecast and an explanation for any changes to the forecast, (2) the prior year balance of the cumulative deferred maintenance amount, (3) the dollar amount of maintenance that was defined by the professionals who designed, built or managed the PP&E, (4) the amount of maintenance actually performed during the period, (5) the difference between the forecast and actual maintenance, (6) any adjustments to the scheduled amounts deemed necessary by the managers of the PP&E, and (7) the ending cumulative balance for the reporting period for each class of the asset experiencing deferred maintenance.	SFFAS-6, 83
03.08.27	If an entity elects to disclose in its financial statements critical and non-critical amounts of deferred maintenance for PP&E, then the disclosure shall include management's definition of these categories.	SFFAS-6, 84
03.08.28	An entity shall disclose in its financial statements the sources (laws and regulations) for cleanup requirements.	SFFAS-6, 107
03.08.29	An entity must disclose in its financial statements the method for assigning estimated total cleanup costs to current operating periods.	SFFAS-6, 108
03.08.30	An entity shall disclose in its financial statements the unrecognized portion of estimated cleanup costs associated with general PP&E.	SFFAS-6, 109
03.08.31	An entity must disclose in its financial statements material changes in total estimated cleanup costs due to changes in laws, technology, or plans.	SFFAS-6, 110
03.08.32	An entity shall disclose in its financial statements the portion of the change in estimated cleanup costs that relates to prior period operations.	SFFAS-6, 110
03.08.33	An entity shall disclose in its financial statements the nature of clean-up estimates and other related information regarding possible changes in estimates due to inflation, deflation, technology, or applicable laws and regulations.	SFFAS-6, 111

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03.08.34   An entity must report National Defense PP&E as required   SFFAS-8, ch. 3, 68
            supplementary stewardship information accompanying its financial
            statements. Reporting at the entity level for National Defense PP&E
            must be more specific than the Government level.   At a minimum,
            the following information must be reported: (1) a description of the
            major types of mission PP&E by holding entity and the value
            assigned under the valuation method.   (2) the value of federal
            mission PP&E added and withdrawn during the year, the increase or
            the decrease in the value resulting form revaluation of assets to latest
            acquisition cost, and the end-of-year value for each major of
            property using the entity's valuation method.   (3) a description of
            methods of acquisition and withdrawal, (4) the condition of the
            assets. This should be reported at the major program or category
            level; individual transactions, unless significant, need not be reported.
            and (5) a reference to the applicable note to the financial statements
            if deferred maintenance is reported for the assets.

03.08.35   An entity shall report National Defense PP&E using either the total   SFFAS-8, ch. 3
            cost or the latest acquisition cost method.

03.08.36   An entity shall show no assets amounts on its balance sheet for   SFFAS-8, ch. 3, 65
            National Defense PP&E.

03.08.37   An entity shall show no assets on its balance sheet for stewardship   SFFAS-8, ch. 4, 75
            land.

03.08.38   At a minimum, an entity shall report the following information in its   SFFAS-8, ch. 4, 81
            financial statements regarding stewardship land: (1) the number of
            physical units of stewardship land by category of major use, broken
            down within that category by principal holding agency. (2) the
            predominant use of the land shall be considered the major use.
            Examples of a major use of stewardship land include forests and
            wildlife, grazing, parks, recreation, and historic sites. In case where
            land has multiple uses, none of which is predominant, a description of
            the multiple uses shall be presented. (3) acquisitions, withdrawals,
            and ending balances by major categories of use, with methods of
            acquisition and withdrawal identified. Reporting shall be at a major
            category level; individual transactions, unless significant, need not be
            reported.   (4) the condition of the land, and (5) a reference to the
            note in the financial statements if deferred maintenance is reported
            for the land.

03.08.39   Heritage assets previously recognized as assets should be identified   SFFAS-6, 63
            by the system and removed from the balance sheet.

03.08.40   The total amount of heritage assets previously recognized as an asset   SFFAS-6, 63
            on the balance sheet should be recorded in the Statement of Net Position.

03.08.41 The total amount of heritage assets previously recognized as an asset and removed from the balance sheet should be recorded as a prior period adjustment.   SFFAS-6, 63

03.08.42 Stewardship land previously recognized as an asset shall be removed from the balance sheet of the entity.   SFFAS-6, 75

03.08.43 The amounts of stewardship land removed from the balance sheet that had been previously recognized as an asset should be charged to Net Position.   SFFAS-6, 75

03.08.44 Amounts related to stewardship land which had been previously recognized as an asset should show in the Statement of Changes in Net Position as a prior period adjustment.   SFAS-6, 75

CHAPTER 4

INVENTORY, OPERATING MATERIALS AND SUPPLIES,

STOCKPILE MATERIALS

DoD is the largest holder of inventory assets in the Federal government, owning and controlling such assets with net values exceeding $125 billion. The magnitude of the Department's inventory holdings and their significance to financial management and program operations require stringent systems of accountability and control. Inventory systems must be an integral part of DoD's total financial management system. Inventory system requirements are published by JFMIP in FFMSR-7.

In addition to systems requirements promulgated by JFMIP, OMB has published specific accounting requirements for inventories and related assets in SFFAS-3, "Accounting for Inventory and Related Property." SFFAS-3 stipulates that inventories be accounted for at (1) historical cost or methods which approximate historical costs, or (2) last acquisition cost. Under last acquisition costing of inventory, an entity is required to revalue inventory periodically (but at least at the end of the fiscal year) to recognize unrealized holding gains/losses which result from changing prices.

INVENTORY, OPERATING MATERIALS AND SUPPLIES, STOCKPILE MATERIALS

Functional Requirements
1: Inventory Recognition and Valuation
2: Determining Inventory Needs
3: Inventory in Storage
4: Inventory Undergoing Repair or in Production
5: Inventory Disposition
6: Inventory Program Planning and Monitoring
7: Operating Materials and Supplies
8: Stockpile Materials
9: Reporting

SOURCE(S)

1: Inventory Recognition and Valuation

04.01.01	The system must categorize inventory, as defined in SFFAS 3, Paragraph 17, as (1) inventory held for sale, (2) inventory held in reserve, (3) excess, obsolete, or unserviceable inventory, or (4) inventory held for repair. (Note: DoD FMR 11B identifies a fifth category - (5) inventory in transit.)	SFFAS-3, 8; FFMSR-7 28
04.01.02	The system must record inventory when title passes or when the goods are delivered to the purchasing entity.	SFFAS-3, 19; DoD FMR 11B, 55, 55-88, G2
04.01.03	The system must record expenses related to the sale of inventory or its use in the provision of a service. It must also remove the cost of those goods from inventory .	SFFAS-3, 19; DoD FMR 11B, 55, 55-8, G2
04.01.04	The system must maintain separate accounts to identify transactions that result in inventory gains, losses, and adjustments.	DoD FMR 11B, 55, 55-5, E4
04.01.05	The system must value inventory at either historical cost or latest acquisition cost.	SFFAS-3, 20; DoD FMR 11B, 55, 55-8, G1
04.01.06	When using historical cost, the system must include all appropriate purchase, transportation, and production costs incurred to bring the items to their current condition and location.	SFFAS-3, 21
04.01.07	When using historical cost, the system must charge any abnormal costs, such as excessive handling or rework costs, to the cost of operations of the period.	SFFAS-3, 21

04.01.08	When using historical cost, the system must value donated inventory at its fair market value at the time of donation.	SFFAS-3, 21
04.01.09	When using historical cost, the system must value inventory acquired through exchange of nonmonetary assets (e.g., barter) at the fair market value of the asset received at the time of the exchange. It must record as a gain or loss any difference between the recorded amount of the asset surrendered and the fair market value of the asset received.	SFFAS-3, 21
04.01.10	The system may apply either the first-in, first-out (FIFO), weighted average, or moving average cost flow assumptions in arriving at the historical cost of ending inventory and cost of goods sold. In addition, any other valuation method may be used if the results reasonably approximate those of one of the above historical cost methods.	SFFAS-3, 20; DoD FMR 11B, 55, 55-8, G1
04.01.11	When using the latest acquisition cost method the system must provide the last invoice price and apply it to all like units held, including those units acquired through donation or nonmonetary exchange.	SFFAS-3, 23; DoD FMR 11B, 55, 55-11, H2
04.01.12	When using the latest acquisition cost method the system must revalue the inventory periodically, but at least once by the end of each fiscal year. It must then adjust for unrealized holding gains/losses.	SFFAS-3, 23
04.01.13	When using the latest acquisition cost method, the system must establish an allowance for unrealized holding gains/losses in inventory; in which the ending balance of the allowance account will be the cumulative difference between the historical cost, based on estimated or actual valuation, and the latest acquisition cost of ending inventory.	SFFAS-3, 24
04.01.14	When using the latest acquisition cost method, the system must adjust the balance of the allowance for unrealized holding gains/losses each time the inventory balance is adjusted. The adjustment necessary to bring the allowance to the appropriate balance shall be a component of cost of goods sold for the period, as described in SFFAS 3, Paragraph 25.	SFFAS-3, 24
04.01.15	The system may value inventories at expected net realizable value if there is (1) an inability to determine approximate costs, (2) immediate marketability at quoted prices, and (3) unit interchangeability.	SFFAS-3, 26; FFMSR-7, 31
04.01.16	The system must value inventory held in reserve for future sale using the same basis (historical cost, latest acquisition cost, or net realizable value when appropriate) as inventory held for sale in normal operations.	SFFAS-3, 27; DoD FMR 11B, 55, 55-13, H3

04.01.17	The system must record any subsequent adjustments to the net realizable value of excess, obsolete, and unserviceable inventory, or any loss (or gain) upon disposal, as a loss (or gain).	SFFAS-3, 30

2: Determining Inventory Needs

04.02.01	The system must record customer demand and replenishment lead time data for a period of years, analyze it for anomalies, and compute demand and lead time forecasts on a regular, frequent schedule.	FFMSR-7, 21
04.02.02	The system must compute and routinely update the ordering cost of each inventory item, which might include: (1) reviewing the stock position, (2) preparing the purchase request, (3) selecting the supplier, (4) receiving, inspecting, and placing the material in storage, and (5) paying the vendor.	FFMSR-7, 21
04.02.03	The system must estimate and routinely update the per unit inventory holding cost, which is an estimate of the cost to hold each additional unit of inventory.	FFMSR-7, 21
04.02.04	The system must recompute the Economic Order Quantity (EOQ) on a regular, frequent schedule using the demand forecast, ordering cost, inventory holding cost, and unit cost of the material.	FFMSR-7, 21
04.02.05	The system must recompute the safety stock, if any, on a regular and frequent schedule.	FFMSR-7, 22
04.02.06	The system must recompute the reorder point level on a regular and frequent schedule.	FFMSR-7, 22
04.02.07	The system must determine if replenishment is needed on a regular and frequent schedule, basing the determination on net stock and reorder point. Care should be taken to review current stock lists to ensure that obsolete item numbers are removed from the ordering system and replaced with current item numbers. New or improved items should also be entered into the system on a regular basis.	FFMSR-7, 22
04.02.08	The system must provide information on current inventories and historical usage necessary for capacity planning.	FFMSR-7, 22
04.02.09	The system must support the incorporation of component availability and anticipated lead times for delivering orders into a master production schedule.	FFMSR-7, 22
04.02.10	The system must record special orders, orders for services or goods to be manufactured to specification, and other similar orders in order to determine inventory needs.	FFMSR-7, 38

04.02.11	The system must support predefined inspection plans and quality standards.	FFMSR-7, 22
04.02.12	The system must be consistent with the core financial system in how it supports budget execution and funds control.	FFMSR-7, 23
04.02.13	The system must support the budgeting of resources for inventories.	FFMSR-7, 23
04.02.14	The system must identify available funds by inventory commodity.	FFMSR-7, 23
04.02.15	The system must distinguish available funds for items that are slow-moving and are carried in the inventory for more than one accounting cycle.	FFMSR-7, 23
04.02.16	The system must be able to access the core financial system to ensure that funds are available prior to the approval of a request for acquisition of inventory items.	FFMSR-7, 23
04.02.17	The system must provide for reducing or terminating acquisitions when funds are limited or not available for new buys.	FFMSR-7, 23
04.02.18	The system must identify funds utilized and rates of fund utilization by inventory commodity.	FFMSR-7, 24
04.02.19	The system must control the availability of funds by inventory commodity.	FFMSR-7, 24
04.02.20	The system must calculate fund usage and project the date on which funds will be exhausted at the current rate of usage.	FFMSR-7, 24
04.02.21	The system must provide at least the following types of management information to determine inventory needs: demand, procurement lead time, procurement cycle time, assets, available funds, budgeted funds versus actual use, and rates of fund utilization.	FFMSR-7, 24 & 25

3: Inventory in Storage

04.03.01	The inventory system must be integrated, at a minimum, with the acquisition and core financial systems to share information on items ordered, received, in storage, and sold, or otherwise disposed of.	FFMSR-7, 26
04.03.02	The system must record information on material returned by customers.	FFMSR-7, 26

04.03.03	The system must record information on receipts in sufficient detail to allow the matching of receipt, purchase order/contract, and invoice for payment purposes.	FFMSR-7, 27
04.03.04	The system must record the date of receipt to be used for purposes of the Prompt Pay Act and to monitor the timeliness of placing items into inventory. It will also be used to monitor the age of inventory items.	FFMSR-7, 27
04.03.05	The system must differentiate between partial receipts against an undelivered order and full receipts.	FFMSR-7, 27
04.03.06	The system must be able to perform quantity and price conversions between different units of measure.	FFMSR-7, 27
04.03.07	The system must identify transportation discrepancies and initiate the transportation discrepancy report.	FFMSR-7, 27
04.03.08	The system must record all items in-transit, and the quantities of each, if the title to inventory items transfers at the point of origin.	FFMSR-7, 27
04.03.09	The system must record the acceptance or rejection of new or returned items at their destination as well as the quantities of each.	FFMSR-7, 27
04.03.10	The system must record the date of acceptance for purposes of the Prompt Pay Act.	FFMSR-7, 27
04.03.11	The system must provide information on items received and accepted in order to support the payment management function of the core financial system.	FFMSR-7, 27
04.03.12	The system must be able to provide customer credit/refund on items returned in accordance with the agency's return policy.	FFMSR-7, 27; DoD FMR 11B, 55-7, F5a-b
04.03.13	The system must be able to identify shipping discrepancies as well as product quality deficiencies between the items received and the information provided on shipping documents and purchase orders.	FFMSR-7, 27
04.03.14	The system must identify the intended location of the item and track its movement from the point of initial receipt to its final destination.	FFMSR-7, 28
04.03.15	The system must record identifiers, quantities, condition, location, and other elements necessary to establish physical control.	FFMSR-7, 28
04.03.16	The system must classify inventory items by commodity class to meet agency needs for management and control.	FFMSR-7, 28

04.03.17	The system must distinguish between the unit cost of an inventory item and its selling price.	FFMSR-7, 28
04.03.18	The system must include all appropriate purchase, transportation, and production costs in the cost of an item.	FFMSR-7, 28
04.03.19	The system must provide financial information in the appropriate format, using the appropriate method, to other financial management systems used by the agency.	FFMSR-7, 28 & 35
04.03.20	The system must provide the information needed to support the reconciliation between the inventory system's records and other systems' records.	FFMSR-7, 29
04.03.21	The system must provide support for physical verification of inventory balances by location and type.	FFMSR-7, 29
04.03.22	The system must record changes in physical condition, quantities, etc., based on the results of physical inventory verifications.	FFMSR-7, 29
04.03.23	If the agency maintains perpetual inventory records the system must provide for the matching of physical counts with inventory quantity and financial records through cycle counting or other inventory management techniques.	FFMSR-7, 29; DoD FMR 11B, 55-5, E3
04.03.24	If the agency does not maintain perpetual inventory records the system must provide for reconciliation using beginning of period inventory balances, receipts, and dispositions up to the cutoff point for the physical inventory.	FFMSR-7, 29
04.03.25	The system must ensure the retention of records of physical inventory counts until (1) the count is reconciled, (2) all adjusting entries for the physical count are resolved and entered into the financial records, and (3) the next physical count is accomplished, reconciled, and entered into the records.	FFMSR-7, 29 & 30
04.03.26	The system must provide for identification of all errors arising from reconciliation processes that apply to a time period prior to the last inventory adjustment.	FFMSR-7, 30
04.03.27	The system must record changes in the location of an inventory item, such as from one warehouse to another, and any associated changes in the person or organization responsible for stewardship of the item.	FFMSR-7, 30
04.03.28	The system must record losses as a result of destroyed, lost, or pilfered items.	FFMSR-7, 30

04.03.29   The system must send the appropriate information to the core financial and cost accounting systems to ensure that they stay in balance with the inventory system when financial adjustments are required as a result of a physical verification.   FFMSR-7, 30

04.03.30   The system must adjust inventory item costs for significant differences between the amount recorded for the items upon receipt and the invoiced amounts paid for the goods.   FFMSR-7, 30

04.03.31   The system must generate financial transactions to record the transfer of inventory between accounts such as from inventory held for sale and excess, obsolete, and unserviceable inventory, or between other accounts.   FFMSR-7, 30

04.03.32   The system must value excess, obsolete, and unserviceable inventory at expected net realizable value.   FFMSR-7, 30; DoD FMR 11B, 55, 55-13, H3c

04.03.33   The system must make any subsequent adjustments to the inventory's net realizable value upon disposal, i.e., it shall also be recorded as a loss (or gain).   FFMSR-7, 30

04.03.34   The system must record unrealized holding gains/losses when using the latest acquisition cost method for valuing inventory.   FFMSR-7, 31; DoD 11B, 55, 55-13,H4a.

04.03.35   The system must compute the value of items on the property records by multiplying quantities on hand or on loan by the unit cost of the applicable item.   FFMSR-7, 31

04.03.36   The system must record the value and quantity of items shipped from contractors or vendors for which title has passed to the government.   FFMSR-7, 31

04.03.37   The system must record the value and quantity of items shipped from the inventory organization, if it retains accountability, to another organization until receipt by that organization.   FFMSR-7, 31

04.03.38   The system must, at the least, provide some management information about the following financial quantities: unfilled orders, discrepancies, acceptance and rejection summaries, days supply, item expiration/shelf life, cycle count, and inventory accuracy.   FFMSR-7, 32

4: Inventory Undergoing Repair or in Production

04.04.01   The system must be able to record the transfer of an inventory item from its current status to the status of "in repair" and record the change in the financial category.   FFMSR-7, 33

04.04.02	The system must be able to account for inventory held for repair using either the allowance method or the direct method.	SFFAS-3, 32; FFMSR-7, 33
04.04.03	The system must identify the costs of repair activities.	FFMSR-7, 34
04.04.04	When using the allowance method, the system must value inventory held for repair at the same value as a serviceable item, but must also establish an allowance for repairs contra-asset account (i.e. repair allowance).	SFFAS-3, 32
04.04.05	When using the allowance method, the system must record the annual (or other period) credit(s) required to bring the repair allowance to the current estimated cost of repairs. They must be noted as current period operating expenses.	SFFAS-3, 32; FFMSR-7, 34
04.04.06	When using the allowance method, the system must charge (debit) the cost of repairs, as they are made, to the allowance for repairs account.	SFFAS-3, 32; FFMSR-7, 34
04.04.07	When using the direct method, the system must value inventory held for repair at the same value as a serviceable item less the estimated repair costs.	SFFAS-3, 33; FFMSR-7, 34
04.04.08	When using the direct method, and as repairs are actually made, the system must capitalize as the cost of the repair in the inventory account an amount up to the value of a serviceable item.	SFFAS-3, 33; FFMSR-7, 34
04.04.09	When using the direct method, the system must identify any difference between the initial estimated repair cost and the actual repair cost and either debit or credit that difference to the repair expense account.	SFFAS-3, 33; FFMSR-7, 34
04.04.10	The system must separately identify or estimate prior period amounts for repairs to avoid overstating repair expense for the first period that repair expense is accrued. The estimated amount to repair inventory that is attributable to prior periods shall be credited to the repair allowance under the repair allowance method or to the inventory account under the direct method, and reported as an adjustment to equity.	SFFAS-3, 34
04.04.11	The system must identify prior period amounts for repair expenses and record the appropriate accounting adjustments when transitioning to a new repair accounting method.	FFMSR-7, 34
04.04.12	The system must record the transfer of an inventory item from the status of "in repair" to its proper status and location.	FFMSR-7, 34 & 38

04.04.13	The system must determine if the item is unserviceable and transfer it to the disposal process.	FFMSR-7, 34
04.04.14	The system must support the establishment of orders to be placed with a contractor or other government entity to perform production work .	FFMSR-7, 34
04.04.15	The system must project the production elements necessary to complete the production cycle.	FFMSR-7, 34
04.04.16	The system must be able to support cost accumulation by work elements such as job order, activities, products, etc., and accept costs and other appropriate information from the cost accounting system.	FFMSR-7, 35
04.04.17	The system must track accumulated costs. The costs must include the value of direct materials, direct labor, and overhead, where applicable for work-in-process.	FFMSR-7, 35
04.04.18	The system must record unit costs and the prices of products and services.	FFMSR-7, 35
04.04.19	The system must transfer work-in-process to finished goods for inventory categorization and accounting purposes.	FFMSR-7, 35
04.04.20	The system must identify the intended location of the item and track its movement from the point of initial receipt to its final destination.	FFMSR-7, 35
04.04.21	The system must record identifiers, quantities, condition, location, and other elements necessary to establish physical control.	FFMSR-7, 35
04.04.22	The system must classify inventory items by commodity class or type to meet agency needs for management and control.	FFMSR-7, 35
04.04.23	The system must provide at least the following types of management information regarding inventory undergoing repair or in production: repair status, production order, and work-in-process tracking.	FFMSR-7, 36

5: Inventory Disposition

04.05.01	Upon sale or upon use of inventory in the provision of a service, the system must record the related expense and the cost of removing those goods from inventory.	FFMSR-7, 37; DoD FMR 11B, 55-15, H4b.
04.05.02	The system must record changes in the location of the inventory items and the associated changes in the person or organization responsible for stewardship of the item.	FFMSR-7, 37

04.05.03	The system must record the transfer of an inventory item from the status of "on loan" to its proper status and location.	FFMSR-7, 38
04.05.04	The system must adjust the value of items being returned in worse condition or that are not returned at all. If the financial category needs to be changed to "held for repair" or "excess, obsolete, or unserviceable," the system must generate the appropriate accounting and financial transactions.	FFMSR-7, 38
04.05.05	The system must verify that the customer order is received from an eligible customer who is authorized to use the system and order the items.	FFMSR-7, 39
04.05.06	The system must record the fund citation provided by the customer so that it may be included on billings.	FFMSR-7, 39
04.05.07	The system must ensure that inventory items issued are limited to available funds provided by the customer.	FFMSR-7, 39
04.05.08	If available funds are expected to be exceeded because of price changes, the system must advise the customer of the new price. The system must withhold performance and/or shipment until the customer has provided the additional funds required or has been given an opportunity to cancel or reduce the order.	FFMSR-7, 39
04.05.09	The system must establish and maintain customer records if customers are billed.	FFMSR-7, 39
04.05.10	The system must record relevant information, such as customer name, customer identification number, phone number, multiple customer addresses (ship to, bill to), key contracts, shipping restrictions and shipping location.	FFMSR-7, 39
04.05.11	If the customer is a federal agency, the system must record the fund citation provided.	FFMSR-7, 39
04.05.12	To support the customer order process, the system must, when insufficient stock is available to fulfill the total requirement, issue stock and back order the balance as policy permits.	FFMSR-7, 39
04.05.13	The system must determine and record the value of a customer order.	FFMSR-7, 39
04.05.14	The system must send a transaction to the core financial system to record receipt of an unfilled customer order.	FFMSR-7, 39
04.05.15	If the customer is not a federal agency, the system must record the budgetary resources only up to the amount of cash received, unless otherwise authorized by statute.	FFMSR-7, 39

04.05.16	If the customer is a federal agency, the system must record the budgetary resources for the entire amount.	FFMSR-7, 39
04.05.17	To support the customer order process, the system must, if checks or cash are received with the customer order, record it against the customer order and send the information to receivables.	FFMSR-7, 39
04.05.18	The system must prepare picking lists to be used in pulling inventory items from storage and then reduce quantities on hand by the number of items removed.	FFMSR-7, 40
04.05.19	The system must provide information to customers on shipments of material so that the customers may establish financial controls, as applicable, over shipments in transit from suppliers. Information transfer also facilitates transfer of title.	FFMSR-7, 40
04.05.20	The system must maintain records of items issued, including quantities, shipment methods, dates, destinations, etc., to assist in the resolution activities.	FFMSR-7, 40
04.05.21	The system must compare customer order records to issue records and flag any differences for follow-up.	FFMSR-7, 40
04.05.22	The system must be able to determine the appropriate price for a particular customer order using pricing models and formulas.	FFMSR-7, 40
04.05.23	The system must provide quality controls to ensure that all appropriate costs have been provided to the pricing formula for a particular customer order.	FFMSR-7, 40
04.05.24	The system must develop the information necessary to prepare an initial invoice for a customer that provides adequate support for the prices charged.	FFMSR-7, 40
04.05.25	The system must either prepare the initial invoice itself or pass the necessary information to the core financial system to prepare the invoice.	FFMSR-7, 40
04.05.26	The system must provide the core financial system with the data necessary to establish the receivable and support subsequent administration of the receivables management and collection processes.	FFMSR-7, 40
04.05.27	The system must decrease the inventory account and increase the cost of goods sold account by the value of the inventory items sold.	FFMSR-7, 41
04.05.28	The system must record revenue and the appropriate offsetting account at the amount for which the inventory items are sold.	FFMSR-7, 41

04.05.29   The system must record the value of items issued from storage or   FFMSR-7, 41
           shipped to customers when the title does not pass to the customer
           until a subsequent event occurs.

04.05.30   The system must decrease the quantity of the inventory items on   FFMSR-7, 41
           hand by the number of items sent to the disposal organization.

04.05.31   The system must be able to confirm receipt of the items by the   FFMSR-7, 41
           disposal organization.

04.05.32   The system must record asset transfers and/or losses as appropriate,   FFMSR-7, 41
           and in accordance with SFFAS Number 3, for items: designated as
           excess, obsolete, or unserviceable, including items (1) transferred to
           other federal agencies under mandated federal utilization programs,
           (2) sold as scrap, or (3) donated to state and local governments under
           mandated federal donation programs.

04.05.33   The system must be able to transfer balances between financial   FFMSR-7, 42
           categories; for example, from "inventory held for sale" to "excess,
           obsolete, and unserviceable inventory."

04.05.34   The system must account for the proceeds resulting from disposition   FFMSR-7, 42
           of inventory items as scrap.

04.05.35   The system must provide at least the following types of management   FFMSR-7, 42 & 43
           information regarding the disposition of inventory: numbers of loaned
           items, stock availability, customer orders, inventory turnover, stock
           usage, losses, and disposals.

6: Inventory Program Planning and Monitoring

04.06.01   The system must contain price computation models or formulas to be   FFMSR-7, 45
           used in calculating customer's bills.

04.06.02   The system must provide methods to support pricing by groupings or   FFMSR-7, 45
           commodities.

04.06.03   The system must identify separate methods of pricing, as needed,   FFMSR-7, 45
           based on statutory authority or other agency policy.

04.06.04   The system must provide quality controls over input data to the   FFMSR-7, 45
           pricing model to ensure that all appropriate costs are included and
           accurate.

04.06.05   The system must establish methods or formulas to be used in valuing   FFMSR-7, 45
           and accounting for inventory based on cost.

04.06.06	The system must establish appropriate cost methods that apply to the various types of inventories held by an agency.	FFMSR-7, 43
04.06.07	The system must be able to ascertain the net realizable value of inventory items.	FFMSR-7, 45
04.06.08	The system must establish methods or formulas to be used in valuing and accounting for inventory in the process of production based on cost.	FFMSR-7, 46
04.06.09	The system must establish appropriate cost methods that apply to the various types of inventories involved in the production process.	FFMSR-7, 46
04.06.10	The system must establish methods to capture and accumulate costs for work-in-process that account for repair or manufacturing performed by an independent third party such as contractors or other government activities.	FFMSR-7, 46
04.06.11	The system must allow for work-in-process to be based on documented cost incurred.	FFMSR-7, 46
04.06.12	When the standard cost method is being used to record costs for work-in-process, the system must be able to record standard costs and actual costs for each inventory item, in order to support usage and cost variance analysis.	FFMSR-7, 46
04.06.13	The system must develop standard costs that will include anticipated amounts of material, labor, overhead, and other relevant cost factors.	FFMSR-7, 46
04.06.14	The system must track actual and standard cost variances for materials, labor, and overhead when a standard cost method is used.	FFMSR-7, 47
04.06.15	The system must establish exception thresholds, perform cost analysis, and monitor trends and variances.	FFMSR-7, 47
04.06.16	The system must record reasons for significant deviations between standard and actual costs.	FFMSR-7, 47
04.06.17	The system must be able to support adjustments of rates and dispositions of variances by performing periodic allocations.	FFMSR-7, 47
04.06.18	The system must match costs and revenues within the time periods in which they were incurred or realized to provide for the identification of gains or losses from sales.	FFMSR-7, 47
04.06.19	The system must support analysis of operations on an annual basis to determine if revenues are sufficient to cover the costs of the entire inventory program.	FFMSR-7, 47

04.06.20	The system must provide sufficient transaction audit trails to support the balances of inventory shown on the agency's general ledger, as well as any changes in those balances.	FFMSR-7, 49
04.06.21	The system must maintain the supporting documentation for inventory transactions until audited for accuracy and approved by external financial auditors; for a period of not less than 3 years. Retention may be longer when (1) required by regulations, (2) there is a possibility of legal action involving the inventories, or (3) contract terms or modifications require longer retention.	FFMSR-7, 49
04.06.22	The system must provide at least the following types of management information regarding inventory program planning and monitoring: costs per dollar of sales, operations costs, and performance measures.	FFMSR-7, 49

7: Operating Materials and Supplies

04.07.01	The system must categorize operating materials and supplies, as defined in SFFAS 3, Paragraph 36, as (1) operating materials and supplies held for use, (2) operating materials and supplies held in reserve for future use, or (3) excess, obsolete, and unserviceable operating materials and supplies.	SFFAS-3, 37; DoD FMR 04, 04, 040107
04.07.02	The system must apply the consumption method of accounting when recognizing expenses for operating materials and supplies. Operating materials and supplies shall be recorded and reported as assets when produced or purchased.	SFFAS-3, 38; DoD FMR 04, 04, 040105
04.07.03	The system must remove the cost of goods from operating materials and supplies and report them as an operating expense in the period they are issued.	SFFAS-3, 39; DoD FMR 04, 04, 040105A
04.07.04	The system may apply the purchases method to operating materials and supplies if (1) they are not significant amounts, (2) they are in the hands of the end user for use in normal operations, or (3) it is not cost-beneficial to apply the consumption method of accounting. The purchases method requires that operating materials and supplies be expensed when purchased.	SFFAS-3, 40; DoD FMR 04, 04, 040105B
04.07.05	The system must value operating materials and supplies on the basis of historical cost, which shall include all appropriate purchase and production costs incurred to bring the items to their current condition and location.	SFFAS-3, 42 & 43; DoD FMR 04, 04, 040107A

04.07.06	The system must charge any abnormal costs, such as excessive handling or rework costs, to operations of the period.	SFFAS-3, 43; DoD FMR 04, 04, 040107A
04.07.07	The system must value donated operating materials and supplies at fair market value at the time of donation.	SFFAS-3, 43; DoD FMR 04,04, 040107A
04.07.08	The system must value operating materials and supplies acquired through exchange of nonmonetary assets at the fair market value of the asset received at the time of the exchange and record as a gain or loss any difference between the recorded amount of the asset surrendered and the fair market value of the asset received.	SFFAS-3, 43
04.07.09	The system may apply either the first-in, first-out (FIFO), weighted average, or moving average cost flow assumptions in arriving at the historical cost of ending operating materials and supplies and cost of goods consumed. In addition, any other valuation method except LIFO may be used if the results reasonably approximate those of one of the above historical cost methods.	SFFAS-3, 44; DoD FMR 04, 04, 040107A
04.07.10	The system must value operating materials and supplies held in reserve for future use using the same basis as operating materials and supplies held for use in current normal operations.	SFFAS-3, 44; DoD FMR 04, 04, 040107A
04.07.11	The value of operating materials and supplies held in reserve for future use shall be either (1) included in the operating materials and supplies line item on the face of the financial statements with a separate disclosure in footnotes, or (2) shown as a separate line item on the face of the financial statements.	SFFAS-3, 45
04.07.12	The system must value excess, obsolete, and unserviceable operating materials and supplies at their estimated net realizable value.	SFFAS-3, 48; DoD FMR 04, 04, 040107C4
04.07.13	The system must record as a loss (or gain) the difference between the carrying amount of the operating materials and supplies before identification as excess, obsolete, or unserviceable and their estimated net realizable value; and then either report it separately or disclose it in the financial statements.	SFFAS-3, 48; DoD FMR 04, 04, 040107C4
04.07.14	The system must record any subsequent adjustments to the net realizable value of excess, obsolete, and unserviceable operating materials and supplies upon disposal as a loss (or gain).	SFFAS-3, 48; DoD FMR 04, 04, 040107C4

8: Stockpile Materials

04.08.01	The system must apply the consumption method of accounting for the recognition of expense for stockpile materials. These materials are recorded as assets and reported when produced or purchased.	SFFAS-3, 52; DoD FMR 04, 04 040105
04.08.02	The system must remove the cost of stockpile materials from stockpile materials and report it as an operating expense when issued for use or sale.	SFFAS-3, 52
04.08.03	The system must value stockpile materials, except for war reserve materials, on the basis of historical cost, which shall include all appropriate purchase, transportation and production costs incurred to bring the items to their current condition and location.	SFFAS-3, 53; DoD FMR 04, 04, 040106
04.08.04	The system must value war reserve materials on the basis of latest acquisition cost.	DoD FMR 11B, 55, 55-30, O4a
04.08.05	The system must allow the cost of war reserve items to be separately maintained and reported from inventory costs.	DoD FMR 11B, 55, 55-30, O3
04.08.06	The system must charge any abnormal costs, such as excessive handling or rework costs, to operations of the period.	SFFAS-3, 53; DoD FMR 04, 04, 040106
04.08.07	The system may apply the first-in, first-out (FIFO), weighted average, or moving average cost flow assumptions in arriving at the historical cost of stockpile materials.	SFFAS-3, 53; DoD FMR 04, 04, 040106
04.08.08	The system must reduce the carrying amount of materials to the expected net realizable value for those materials that have suffered (1) a permanent decline in value to an amount less than their cost, or (2) damage or decay. The decline in value shall be recorded as a loss or an expense in the period in which it occurs.	SFFAS-3, 53
04.08.09	When stockpile materials are authorized to be sold the system must disclose those materials as stockpile materials held for sale.	SFFAS-3, 54
04.08.10	The system must value the stockpile materials held for sale using the same basis used before they were authorized for sale.	SFFAS-3, 55
04.08.11	The system must record/maintain any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price.	SFFAS-3, 55
04.08.12	When stockpile materials are sold, the system must remove the cost of stockpile materials from the stockpile materials account and report it as cost of goods sold. Any gain (or loss) upon disposal shall be recorded as a gain (or loss) at that time.	SFFAS-3, 55

9: Reporting

04.09.01	An entity should disclose in its financial statements the general composition of inventory.	SFFAS-3 35
04.09.02	An entity should disclose in its financial statements the basis for determining inventory values, including the valuation method and any cost flow assumptions.	SFFAS-3, 35
04.09.03	An entity should disclose in its financial statements changes from the prior year's accounting methods, if any.	SFFAS-3, 35
04.09.04	Unless otherwise presented on the financial statements an entity should disclose in its financial statements the balances for each the following categories of inventory: inventory held for current sale; inventory held in reserve for future sale; excess, obsolete and unserviceable inventory; and inventory held for repair.	SFFAS-3, 35
04.09.05	An entity should disclose in its financial statements any restrictions on the sale of material.	SFFAS-3, 35
04.09.06	An entity should disclose in its financial statements the decision criteria and its changes for identifying the category to which inventory is assigned.	SFFAS-3, 35
04.09.07	An entity should disclose in its financial statements the criteria used to identify operating materials and supplies held in reserve for future use.	SFFAS-3, 46
04.09.08	The difference between the carrying amount of operating materials and supplies before its identification as excess, obsolete or unserviceable and its estimated net realizable value shall be recognized as a loss/gain and reported separately or disclosed.	SFFAS-3, 48
04.09.09	An entity shall develop and disclose in its financial statements the criteria for identifying excess, obsolete, and unserviceable operating materials and supplies.	SFFAS-3, 48
04.09.10	An entity should disclose in its financial statements the general composition of operating materials and supplies.	SFFAS-3, 50
04.09.11	An entity should disclose in its financial statements the bases for determining the values of operating supplies and materials, including the valuation method and any cost flow assumptions.	SFFAS-3, 50
04.09.12	An entity should disclose in its financial statements any changes from the prior year's accounting methods pertaining to operating supplies and materials.	SFFAS-3, 50

04.09.13	An entity should disclose in its financial statements the balances for each of the categories of operating materials and supplies described in SFFAS-3, paragraph 37 (held for use; held for future use; and excess, obsolete, unserviceable).	SFFAS-3, 50
04.09.14	An entity should disclose in its financial statements any restrictions on the use of material.	SFFAS-3, 50
04.09.15	An entity should disclose in its financial statements the decision criteria and its changes for identifying the category to which operating materials and supplies are assigned.	SFFAS-3, 50
04.09.16	An entity should disclose in its financial statements the stockpile materials authorized for sale using the same values used before they were authorized for sale.	SFFAS-3, 55
04.09.17	An entity should disclose in its financial statements any difference between the carrying amount of stockpile materials held for sale and their estimated selling price. It also should report the cost of stockpile material as cost of goods sold.	SFFAS-3, 55
04.09.18	An entity should disclose in its financial statements the general composition of stockpile materials.	SFFAS-3, 56
04.09.19	An entity should disclose in its financial statements the basis for valuing stockpile materials, including the valuation method and any cost flow assumptions.	SFFAS-3, 56
04.09.20	An entity should disclose in its financial statements the changes from prior year's accounting methods, if any, for stockpile materials.	SFFAS-3, 56
04.09.21	An entity should disclose in its financial statements any restrictions on the use of stockpile materials.	SFFAS-3, 56
04.09.22	An entity should disclose in its financial statements the values for the balances of stockpile materials in each category described in SFFAS-3 (stockpile materials and stockpile materials held for sale).	SFFAS-3, 56
04.09.23	An entity should disclose in its financial statements the decision criteria and its changes for categorizing stockpile materials as held for sale.	SFFAS-3, 56

CHAPTER 5

REVENUE (INCLUDING FINANCING SOURCES) AND

ACCOUNTS RECEIVABLE

DoD, like most federal agencies, receives the vast majority of its operating funds through appropriations authorized by the Congress. From the proprietary accounting perspective, appropriations are accounted for as financing sources when used. Appropriations are used when an entity acquires goods and services or provide grants that are authorized to be paid out of those appropriations. DoD annually uses over $200 billion of appropriated capital.

However, in addition to appropriations, DoD annually earns over $50 billion of revenues from providing goods and services to the public and other governmental entities. DoD's revenue arose as a result of exchange transactions, i.e., the Department provided goods and services in exchange for monetary resources. In any given year, DoD receives about $300 billion in revenues and financing sources (including interest earned, gains, donations, and other miscellaneous inflows of resources).

Accounting and systems requirements for recognizing revenue and financing sources and establishing and managing receivable/debts are primarily contained in JFMIP SR-99-4 and SFFAS-7.

REVENUE (INCLUDING FINANCING SOURCES) AND ACCOUNTS RECEIVABLE

Functional Requirements
1: Recognize Revenue (Including Financing Sources)
2: Establish Receivables, Maintain and Update Account Information
3: Generate Bills/Statements
4: Record Collections
5: Manage Delinquent Debt
6: Reporting

SOURCE(S)

1: Recognize Revenue (Including Financing Sources)

05.01.01	The system should recognize revenue from exchange transactions when goods or services are sold to the public or another Government entity.	SFFAS-7, 32
05.01.02	When a transaction with the public or another Government entity is at a price that is unusual or nonrecurring, the system should recognize a gain or loss rather than revenue or expense (so as to differentiate such transactions).	SFFAS-7, 33
05.01.03	The system must recognize revenue when services are performed for the public or another government entity (except for specific services produced to order under a contract).	SFFAS-7, 34a
05.01.04	When specific goods are made to order under a contract or specific services are produced under a contract (either short or long term), the system should recognize revenue in proportion to the estimated total costs for the goods or services acquired to fulfill the contract.	SFFAS-7, 34b
05.01.05	When goods are kept in inventory so that they are available to customers when ordered, the system should recognize revenue only when the goods are delivered to the customer.	SFFAS-7, 34c
05.01.06	When services are rendered continuously over time, or the right to use an asset extends continuously over time (such as the use of borrowed money or the rental of space in a building), the system should recognize revenue in proportion to the passage of time or the use of the asset.	SFFAS-7, 34d
05.01.07	When an asset other than inventory is sold, the system should recognize any gain (or loss) when the asset is delivered to the purchaser.	SFFAS-7, 34e

05.01.08	When advance fees or payments are received, such as for large-scale, long-term projects, the system should recognize revenue only after costs are incurred from providing the goods and services (regardless of whether the fee or payment is refundable).	SFFAS-7, 35
05.01.09	To the extent that realization of the full amount of revenue is not probable due to returns, allowances, price predetermination, or other reasons apart from credit losses, the system should reduce recognized revenue by separate provisions (such as through the use of a sales return account) for amounts that can be reasonably estimated. The amount of such provisions should be reflected as revenue adjustments, rather than cost of operations, and should be separately shown.	SFFAS-7, 39
05.01.10	The system should recognize revenue arising from donations. Such inflows of resources must meet the recognition criteria for assets. (Revenue should be measured at the estimated fair market value of the contribution/donation.)	SFFAS-7, 60
05.01.11	The system must recognize appropriations used as a financing source. (Until used, appropriations are not a financing source but are recognized as capital, and placed in a capital account.)	SFFAS-7, 70
05.01.12	To the extent a government entity receives goods and services from another government entity without reimbursing the other entity for all related costs, the system should recognize an imputed financing source equal to the imputed cost. This offsets any effect of imputed cost on net results of operation for the period.	SFFAS-7, 71
05.01.13	To the extent that a government entity incurs costs, such as pension costs, that are paid in total or in part by other entities, the system should recognize an imputed financing source equal to the imputed costs.	SFFAS-7, 71
05.01.14	When interest is received on money borrowed in an intragovernmental transaction, the system should recognize the interest as exchange revenue when the source of the borrowed funds is predominantly exchange revenue. The system should recognize the interest as nonexchange revenue when the source of the borrowed funds is predominantly nonexchange revenue or other financing source.	SFFAS-7, 34d
05.01.15	The system should recognize unearned revenue when cash is received for advance fees or payments. The system should also recognize unearned revenue prior to the receipt of cash if the agency requests advances or progress payments, and such requests establish claims to cash based on legal provisions (such as payment due dates).	SFFAS-7, 35

05.01.16	The system should recognize exchange revenue regardless of whether the entity retains the revenue for its own use or transfers it to other entities.	SFFAS-7, 41
05.01.17	The system must be able to provide a revenue source code structure to identify and classify types of revenue and receipts received by an agency so that they are represented properly on the agency's financial statements.	JFMIP SR-99-4, 17
05.01.18	The system should recognize revenue transferred to another collecting entity on a basis similar to that applied by the other entity.	SFFAS-7, 42
05.01.19	The system should recognize and measure exchange revenue under the exchanged revenue standards regardless of whether the related costs are recognized.	SFFAS-7, 43
05.01.20	Under exceptional circumstances, the system should recognize virtually no cost in connection with earned revenue that is collected.	SFFAS-7, 43

2: Establish Receivables, Maintain and Update Account Information

05.02.01	The system must record a receivable when the entity establishes a claim to cash or other assets from other entities, based on either goods and services provided or on legal provisions. (If an exact amount is not known, then a reasonable estimate should be made.)	SFFAS-1, 40
05.02.02	When cash has not yet been received at the time revenue is recognized, the system must record a receivable.	SFFAS-7, 37
05.02.03	The system must record the establishment of receivables along with the corresponding revenues, expenditure reductions, or other appropriate offsets.	JFMIP SR-99-4, 34
05.02.04	The system must track receivables to be collected under installment payment plans, including those plans for which such collections have been rescheduled.	JFMIP SR-99-4, 34
05.02.05	The system must accept transactions from other systems in a standard format to allow for standardized data flow into the core financial system.	JFMIP SR-99-4, 35
05.02.06	The system must maintain accounts for reimbursable orders and be able to identify government and nongovernment accounts.	JFMIP SR-99-4, 35
05.02.07	The system must maintain data for receivables referred to other Federal agencies, and/ or outside organizations for collections.	JFMIP SR-99-4, 35

05.02.08	The system must maintain detailed information by account (e.g., individual, employee, private sector organization, state or local government, or other federal agencies) sufficient to provide audit trails and to support billing and research activities.	JFMIP SR-99-4, 35
05.02.09	The system must update each account when billing documents are generated and collections are received.	JFMIP SR-99-4, 35
05.02.10	The system must provide for the automatic calculation and assessment of interest, administrative charges, and penalty charges on overdue receivables.	JFMIP SR-99-4, 35
05.02.11	The system must allow for the waiver of interest, administrative charges, and penalties on overdue receivables with appropriate authority.	JFMIP SR-99-4, 35
05.02.12	The system must provide an on-line query capability for accounts receivable as well as other revenue account information.	JFMIP SR-99-4, 35
05.02.13	The system must provide information, on a summary basis and on individual receivables (such as the age of receivables) to allow for management and prioritization of collection activities.	JFMIP SR-99-4, 35
05.02.14	The system must match receipts to the appropriate receivable(s) and update system balances.	JFMIP SR-99-4, 35
05.02.15	The system must update receivables on a document-by-document basis, classifying and posting them against principal, interest, fees, etc., as appropriate.	JFMIP SR-99-4, 35
05.02.16	The system must record adjustments to bills and post the adjustments to customer accounts.	JFMIP SR-99-4, 35
05.02.17	The system must maintain a history of billings and receipts for each receivable and account, in accordance with agency requirements.	JFMIP SR-99-4, 36
05.02.18	The system must allow authorized personnel to add, modify, or delete nonfinancial account data.	JFMIP SR-99-4, 35
05.02.19	The system must maintain data on individual accounts receivable along with references to the appropriate transactions supporting the receivable.	JFMIP SR-99-4, 35
05.02.20	[This requirement deleted.]	
05.02.21	The system must be able to identify receivables which have been reduced by some means other than cash collections, such as waivers or write-offs.	JFMIP SR-99-4, 36

05.02.22	The system must reestablish a receivable for checks returned due to insufficient funds (NSF).	JFMIP SR-99-4, 36
05.02.23	[This requirement deleted.]	
05.02.24	The system should record losses on receivables when it is more likely than not (more than 50% chance of loss occurrence) that the receivables will not be totally collected. The allowance for uncollectible amounts should be reestimated on each annual financial reporting date and when information indicates that the latest estimate is no longer correct.	SFFAS-1, 44
05.02.25	The system should record an allowance for uncollectible amounts to reduce the gross amount of receivables to net realizable value.	SFFAS-1, 45
05.02.26	The system should record an interest receivable for the amount of interest income earned but not received for an accounting period.	SFFAS-1, 53
05.02.27	The system should recognize no interest on accounts receivable or investments that are determined to be uncollectible unless the interest is actually collected.	SFFAS-1, 54
05.02.28	The system must provide the ability to uniquely record, classify, and report the status of reimbursable funds received and used by customer and agreement in addition to the standard account structure.	JFMIP SR-99-4, 36
05.02.29	The system should be able to distinguish between entity receivables and non-entity receivables.	SFFAS-1, 43
05.02.30	The system should account for interest receivable from federal entities separately from interest receivable from the public.	SFFAS-1, 56
05.02.31	The system should recognize interest receivable as it is earned on investments in interest-bearing securities and also on outstanding accounts receivable and other U.S. government claims against persons and entities in accordance with provisions in 31. U.S.C. 3717, Interest and Penalty Claims.	SFFAS-1, 53

3: Generate Bills/Statements

05.03.01	The system must support the calculation, generation, and posting of customer bills based upon billing source, event and/or time period, and type of claim, in accordance with agency requirements. Bases used for billing may include: percentage of reimbursable obligations, accrued expenditures, or costs, using data recorded by the cost accumulation function; fee schedules for goods or services; duplicate payments; erroneous payments; and payment schedules or other agreements with other entities.	JFMIP SR-99-4, 34

05.03.02	The system must be able to print bills, accommodating the generation of standard government forms such as the SF-1080 or SF-1081, as well as turnaround documents to be used as a remittance advice.	JFMIP SR-99-4, 35
05.03.03	The system must have capabilities to support bills and collections between Federal agencies throughout the use of an electronic system, including recording collections and payments between agencies with supporting documentation.	JFMIP SR-99-4, 35
05.03.04	[This requirement deleted.]	
05.03.05	The system must allow authorized personnel to update the records of those transactions pertaining to manually prepared bills.	JFMIP SR-99-4, 35
05.03.06	The system must date bills using an internally generated date or with the date supplied by an authorized user.	JFMIP SR-99-4, 35
05.03.07	The system must print account statements as well as bills.	JFMIP SR-99-4, 35
05.03.08	[This requirement deleted.]	
05.03.09	The system must generate dunning (collection) notices for overdue receivables, in accordance with Treasury requirements.	JFMIP SR-99-4, 35
05.03.10	[This requirement deleted.]	
05.03.11	The system must provide users with the ability to customize dunning process parameters and dunning letter text.	JFMIP SR-99-4, 35

4: Record Collections

05.04.01	[This requirement deleted.]	
05.04.02	The system must provide information to allow for the offset of funds due to delinquent indebtedness by using the appropriate means, such as administrative offset, federal employee salary offset, or income tax refund offset.	JFMIP SR-99-4, 36
05.04.03	The system must record complete and partial receipts against accounts, in accordance with the Debt Collection Act of 1982 and other applicable regulations.	JFMIP SR-99-4, 36
05.04.04	The system should be able to provide the capability to record the receipt of funds either by currency (e.g., cash, electronic funds transfer) or check and the deposit of such funds in accordance with Treasury and agency regulations.	JFMIP SR-99-4, 36
05.04.05	[This requirement deleted.]	

05.04.06	[This requirement deleted.]	
05.04.07	[This requirement deleted.]	
05.04.08	The system must be able to process cash or credit card receipts against outstanding receivables.	JFMIP SR-99-4, 36
05.04.09	The system must be able to record deposits and related debit vouchers for reconciliation to deposit confirmation information provided by treasury or the banking system.	JFMIP SR-99-4, 36
05.04.10	The system must have the ability to apply receipts to more than one receivable.	JFMIP SR-99-4, 36
05.04.11	The system must record revenues, expenditure reductions, or other appropriate offsets associated with collections for which no receivable was previously established.	JFMIP SR-99-4, 36
05.04.12	The system must provide the capability to capture TIN data for the debtor overdue with associated TIN data to Treasury for possible offsets.	JFMIP SR-99-4, 37
05.04.13	The system must comply with the Internal Revenue Services requirements for Tax Refund Offset Program and Treasury Offsets Program requirement.	JFMIP SR-99-4, 37

5: Manage Delinquent Debt

05.05.01	[This requirement deleted.]	
05.05.02	The system must be able to provide information to allow either manual or automated reporting of delinquent accounts to commercial credit bureaus and referral to collection agencies or other appropriate governmental organizations.	JFMIP SR-99-4, 35
05.05.03	[This requirement deleted.]	
05.05.04	[This requirement deleted.]	
05.05.05	The system must be able to maintain information needed to support IRS 1099Cs in the amounts of debts forgiven.	JFMIP SR-99-4, 36
05.05.06	The system must be able to record the write-offs, delinquent or uncollectible receivables (including interest, penalties, and administrative charges), and data to monitor closed accounts.	JFMIP SR-99-4, 35

05.05.07	Based on predetermined agency guidelines, the system must be able to identify and report on delinquent receivables that need to be written off as bad debts.	JFMIP SR-99-4, 35
05.05.08	To the extent that the realization of the full amount of revenue is not probable due to credit losses, the system should increase expenses and its allowance for bad debts, if the bad debts can be reasonably estimated.	SFFAS-7, 38
05.05.09	[This requirement deleted.]	

6: Reporting

05.06.01	An entity should report receivables from federal entities separately from receivables from nonfederal entities in financial statements.	SFFAS-1, 42
05.06.02	An entity should disclose in its financial statements the major categories of receivables by amount, type, methodology used to estimate the allowance for uncollectible amounts, and the total allowance.	SFFAS-1, 52
05.06.03	Until the interest payment requirement is officially waived, an entity should disclose in its financial statements interest accrued on uncollectible receivables.	SFFAS-1, 55
05.06.04	An entity should account for and report interest receivable from federal entities separately from interest receivable from the public.	SFFAS-1, 56
05.06.05	In its financial statements, an entity should not net advances and prepayments (assets) it paid out against advances and prepayments it received (liabilities).	SFFAS-1, 60
05.06.06	An entity should account for, and report on, advances and prepayments made to federal entities separately from advances and prepayments made to nonfederal entities.	SFFAS-1, 61
05.06.07	An entity that provides goods or services to the public or another government entity should disclose in its financial statements any differences in the pricing policy from full cost or market pricing guidelines in exchange transactions with the public, as set forth in OMB Circular A-25 or in subsequent amendments in circulars that sets forth pricing guidance.	SFFAS-7, 44a
05.06.08	An entity that provides goods or services to the public or another government entity should disclose in its financial statements those exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or market price.	SFFAS-7, 44b

05.06.09   An entity that provides goods or services to the public or another   SFFAS-7, 44c
            government entity should disclose in its financial statements the
            nature of those intragovernmental exchange transactions in which the
            entity provides goods or services at a price less than the full cost or
            does not charge a price at all. Disclosures must include an
            explanation of the amount and the reason for the disparity between
            the billing (if any) and full cost.

05.06.10   An entity that provides goods or services to the public or another   SFFAS-7, 44d
            government entity should disclose in its financial statements the full
            amount of the expected loss when specific goods are made to order
            under a contract, or specific services are produced to order under a
            contract, and a loss on the contract is probable and measurable.

CHAPTER 6

MANAGERIAL COST ACCOUNTING

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.

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 rekeying 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 nonfinancial (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.

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 which establishes specific functional requirements for cost accounting systems. In addition, DoD has established cost accounting requirements and processes in its Financial Management Regulation (DoD 7000.14-R).

MANAGERIAL COST ACCOUNTING

Functional Requirements
1: System Administration
2: Data Capture
3: Cost Assignment
4: Cost and Revenue Calculations
5: Cost Monitoring/Reporting
6: Core Financial System Requirements
7: Reporting

SOURCE(S)

1: System Administration

06.01.01	The cost accounting system must support the information requirements in FFMSR-8, Chapter II, and use the data classification structure described there.	FFMSR-8, III-1
06.01.02	Where possible and practical, the managerial cost accounting system should access the appropriate tables or data structures in the other system rather than maintaining its own duplicate set of data elements.	FFMSR-8, III-2
06.01.03	If the cost accounting system maintain its own set of data classification tables, then reconciliation and replication of duplicated data between the systems must be easy, frequent, and reliable.	FFMSR-8, III-2
06.01.04	The cost accounting system must allow authorized users to change data classification elements and use the change elements for editing and reporting purposes.	FFMSR-8, III-2
06.01.05	The cost accounting system must maintain rules for assigning costs to cost objects.	FFMSR-8, III-2
06.01.06	The cost accounting system's cost assignment rules must specify cost assignment method(s) used (direct tracing, allocation, etc.), for a particular cost object and how the method(s) is applied.	FFMSR-8, III-2; SFFAS-4, 124-137
06.01.07	Security for the cost accounting system must be established and maintained following the computer security policies set forth in OMB.	FFMSR-8, III-3; OMB Circ. A-130, App.III
06.01.08	The cost accounting system must be able to archive data for periods required for compliance with applicable standards, laws, and regulations.	FFMSR-8, III-3

06.01.09   [This requirement deleted.]

06.01.10   [This requirement deleted.]

06.01.11   [This requirement deleted.]

06.01.12   The cost accounting system must satisfy the "minimum criteria",   SFFAS-4, 71
            including responsibility segments; full costing; costing methodology;
            performance measurement; reporting frequency; standard general
            ledger; precision of information; special situations; and
            documentation, contained in SFFAS-4, paragraph 71.

06.01.13   [This requirement deleted.]

06.01.14   The job order cost system must base the development of its job   DoD FMR 04, 20, 200301
            orders on the criteria delineated in DoD FMR 04, 20, 200301.

2: Data Capture

06.02.01   The cost accounting system must capture several types of data (such   FFMSR-8, III-3
            as data on costs, units, exchange revenues, and gains and losses)
            from other systems or by direct input from authorized users.

06.02.02   The cost accounting system must capture all data needed to   FFMSR-8, III-4
            determine the costs of outputs and the total net cost of the entity's
            operations, and must include appropriate disclosures of the
            components of net cost. The data capture must also include
            information on units produced.

06.02.03   The cost accounting system must capture summary information (the   FFMSR-8, III-4
            system is not required to capture detailed transactions) on all costs,
            and units, from the core financial system, as well as any other
            systems of original entry for cost transactions.

06.02.04   The cost accounting system must allow for direct input of cost   FFMSR-8, III-4
            information by authorized users, with an appropriate audit trail, in
            order to capture costs that are not entered into any other system.

06.02.05   For costs entered directly into the cost accounting system, it must   FFMSR-8, III-4
            summarize and send them to the core financial system for reporting
            to the general ledger.

06.02.06   [This requirement deleted.]

06.02.07   [This requirement deleted.]

06.02.08   [This requirement deleted.]

06.02.09	The cost accounting system should accumulate and report data on the full cost of the output. (Full cost includes the responsibility segment's direct costs and indirect costs associated with the identifiable supporting services provided by responsibility segments and other entities.)	SFFAS-4, 89 - 91; DoD FMR 04, 19, 190101B
06.02.10	The cost accounting system must include the direct costs defined in SFFAS-4, paragraph 90.	SFFAS-4, 90; DoD FMR 04, 19, 190101B
06.02.11	The cost accounting system must identify and tabulate the indirect costs defined in SFFAS-4, paragraph 91.	SFFAS-4, 91; DoD FMR 04, 19, 190101B
06.02.12	The cost accounting system must identify and tabulate the cost elements presented in SFFAS-4, paragraphs 93 through 104.	SFFAS-4, 93-104
06.02.13	The cost accounting system must identify and tabulate the cost of goods and services received from other entities (inter-entity costs) in calculating the entity's full cost of goods and services.	SFFAS-4, 105
06.02.14	The "providing" entity's cost accounting system should record/recognize the full cost of goods and services provided to other entities regardless of whether full reimbursement is received.	SFFAS-4, 108
06.02.15	The "receiving" entity's cost accounting system should record/recognize the full cost of goods and services received from other entities as an expense or an asset.	SFFAS-4, 109
06.02.16	For non-reimbursed or partially reimbursed goods and services for which the providing entity does not provide complete cost information, the "receiving" entity should make and record a reasonable estimate of the costs.	SFFAS-4, 109
06.02.17	The "receiving" entity should recognize as a financing source the difference between the full cost of goods and services it receives from another entity and the reimbursement it made for those goods and services.	SFFAS-4, 109
06.02.18	The "providing" and "receiving" entities' cost accounting systems need to recognize only the cost of material, individual inter-entity transactions based on the factors listed in SFFAS 4, paragraph 112.	SFFAS-4, 112
06.02.19	The cost accounting system should accumulate costs for responsibility segment(s) by type of resource (employees' labor, materials, utilities, etc.) and for each output (good or service) produced.	SFFAS-4, 119

06.02.20	The cost accounting system must be integrated with the entity's core accounting system and each system must draw costs from a common data source. Costs must be reconcilable between various output reports.	SFFAS-4, 43-45; DoD FMR 04, 19, 190102C
06.02.21	The cost accounting system should accumulate reliable and useful cost information in sufficient detail for management to meet its decision making needs while avoiding unnecessary precision and refinement of data.	SFFAS-4, 71
06.02.22	The cost accounting system should distinguish between funded and unfunded costs (in order to implement cost-based budgets).	DoD FMR 04, 20, 200102B
06.02.23	The cost accounting system should include unallowable costs (costs for which the entity cannot legally be reimbursed by a customer) as a cost of operations.	DoD FMR 04 19, 190205
06.02.24	The cost accounting system may use standard costs for estimating, accumulating, and reporting the costs of direct material and direct labor only when the four criteria in DoD FMR 04, 19, 190207A are met.	DoD FMR 04, 19, 190207A.1-4
06.02.25	The cost accounting system shall group business unit general and administrative expenses in a separate indirect cost pool to be allocated to final cost outputs.	DoD FMR 04, 19, 190210B
06.02.26	For allocating general and administrative expenses, items produced or worked on for stock or product inventory must be accounted for as final cost objectives as stipulated in DoD FMR 04, 190210G.	DoD FMR 04, 19, 190210G
06.02.27	The job order cost system must be subsidiary to, but integrated with, the pertinent general accounting system.	DoD FMR 04, 20, 200201
06.02.28	The job order cost accounting system will use job order numbers assigned by the appropriate accounting department for each defined cost output (objective).	DoD FMR 04, 20, 200302
06.02.29	The job order cost system should utilize standard shop rates that include direct and indirect labor and indirect material costs, as stipulated in DoD FMR 04, 20, 200304C.	DoD FMR 04, 20, 200304C
06.02.30	The job order cost system should provide sufficient detail to track all costs back to source documents (such as time cards, labor hour assignment tickets, material source documents, etc.).	DoD FMR 04, 20, 200310
06.02.31	The job order cost system should accumulate unfunded costs (such as military labor, unfunded civilian labor, unfunded material, etc.) in accordance with DoD FMR 04, 20, 200311.	DoD FMR 04, 20, 200311

06.02.32	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.	DoD FMR 04, 20, 2004
06.02.33	The process cost accounting system must be fully integrated with the general ledger accounting system.	DoD FMR 04, 21, 210201
06.02.34	The process cost accounting system should clearly identify the cost centers and products to be produced.	DoD FMR 04, 21, 210301
06.02.35	The process cost accounting system must utilize standard costs, accumulate actual costs, and identify variances between the two to allow for a managerial analysis of efficiency and effectiveness.	DoD FMR 04, 21, 210303
06.02.36	The process cost accounting system must provide sufficient detail to track all costs back to source documents (such as time cards, labor hour assignment tickets, material source documents, etc.).	DoD FMR 04, 21, 210304

3: Cost Assignment

06.03.01	The cost accounting system must distribute indirect costs periodically (no less than annually [for financial statement preparation]) in accordance with management's reporting and analysis needs.	FFMSR-8, III-6
06.03.02	The cost accounting system must support one or more of the costing methodologies (such as activity-based costing, job order costing, process costing, and standard costing) that comply with the principles in SFFAS-4.	FFMSR-8, III-6
06.03.03	The cost accounting system must send the summarized impact of cost assignments to the core financial system for posting to the general ledger and for external reporting.	FFMSR-8, III-6
06.03.04	The cost accounting system must assign supporting segments' costs to the responsibility segments that received the goods and services (referred to as intra-entity cost assignments).	SFFAS-4, 122
06.03.05	The cost accounting system must assign the following costs to a segment's outputs: (1) the segment's direct and indirect costs, (2) other responsibility segments' costs assigned to the segment, and (3) inter-entity costs for goods and services received.	SFFAS-4, 123
06.03.06	Costs that can be traced to an activity (or output) must be assigned to it directly by a cost accounting system.	SFFAS-4, 139
06.03.07	The cost accounting system must assign indirect common costs to outputs or activities that share resources.	SFFAS-4, 140

06.03.08	The cost accounting system should assign indirect common costs to outputs or services on a cause-and-effect basis, if feasible, or through reasonable allocation.	SFFAS-4, 140
06.03.09	The cost accounting system must allocate each type of cost only once, and on only one basis, to any output or activity (cost objective).	DoD FMR 04, 19, 190202A & B
06.03.10	The cost accounting system must properly allocate costs between accounting periods.	DoD FMR 04, 19, 190206
06.03.11	The cost accounting system must assign the cost of compensated absences to the accounting period(s) in which earned.	DoD FMR 04, 19, 190208A
06.03.12	The cost accounting system shall allocate pro-rata, on an annual basis, the cost of compensated absences to the applicable outputs/activities of the entity.	DoD FMR 04, 19, 190208B
06.03.13	The cost accounting system shall assign depreciation on tangible assets to the cost accounting periods in accordance with criteria stipulated in DoD FMR 04, 19, 190209A.1-2. The assignment of depreciation cost will be consistent with the methods used by the core accounting system.	DoD FMR 04, 19, 190209A
06.03.14	The cost accounting system shall allocate depreciation costs to outputs/activities in accordance with criteria stipulated in DoD FMR 04, 19, 190209B, 1-3.	DoD FMR 04, 19, 190209B
06.03.15	The cost accounting system must allocate business unit general and administrative expenses to outputs based on their beneficial or causal relationship.	DoD FMR 04, 19, 190210A
06.03.16	The cost accounting system must allocate business unit general and administrative expenses for the accounting period to final cost outputs by means of a cost input basis representing the total activity of the unit.	DoD FMR 04, 19, 190210C
06.03.17	The cost accounting system must have the capability to allocate headquarters expenses to responsibility segments/outputs in accordance with DoD FMR 04, 19, 190210D.1 & 2.	DoD FMR 04, 19, 190210D
06.03.18	The cost accounting system must have the capability to segregate headquarters function expenses for responsibility segments that perform headquarters functions and operational activities, and allocate those expenses to the benefiting segments.	DoD FMR 04, 19, 190210F
06.03.19	The cost accounting system must assign the cost of deferred compensation (except annual leave, sick leave and pension costs) to the appropriate cost accounting period, as stipulated in DoD FMR 04, 19, 190215B, C & D.	DoD FMR 04, 19, 190215B-D

06.03.20	The job order cost system must be able to update appropriate general ledger control accounts, such as work in process (in house), construction in progress (in house), cost of goods sold, etc.	DoD FMR 04, 20, 200202
06.03.21	The job order cost system must add unfunded costs financed by other DoD organizations or prior appropriations to shop rate charges; and must do the same when billing customers.	DoD FMR 04, 20, 200305B
06.03.22	General and administrative expenses are to be accumulated by the system in the activity's indirect cost accounts and equitably charged to customers by prorating the expenses to job orders.	DoD FMR 04, 20, 200309

4: Cost and Revenue Calculations

06.04.01	The cost accounting system must be able to calculate and match exchange revenues related to the specific costs incurred for inventory, or to related property being produced to order under a contract.	FFMSR-8, III-8
06.04.02	The cost accounting system must support the inventory system or other property systems by accumulating costs from multiple sources for inventory and related property that has been acquired, is being repaired, or is in production.	FFMSR-8, III-7
06.04.03	The cost accounting system must provide accumulated costs, including applicable indirect costs, to the appropriate systems for recording as to appropriate asset or expense type.	FFMSR-8, III-8
06.04.04	[This requirement deleted.]	
06.04.05	The cost accounting system must send calculated revenue amounts to the appropriate system(s) for billing and recording.	FFMSR-8, III-8
06.04.06	The cost accounting system must accumulate costs for, and determine the full cost of, general property, plant, and equipment under construction.	FFMSR-8, III-8
06.04.07	The cost accounting system must maintain current period costs for each construction project and item of property, as well as the total cost for each item.	FFMSR-8, III-8
06.04.08	For completed projects, the cost accounting system must transfer construction in progress amounts to the appropriate asset account and pass the information to the core financial system and property management system(s) for asset valuation purposes.	FFMSR-8, III-8

06.04.09	The cost accounting system must capture and classify the costs of acquiring, constructing, improving, and reconstructing or renovating heritage assets, National Defense PP&E, and stewardship land (including preparing it for use).	FFMSR-8, III-9
06.04.10	The cost accounting system must accumulate and maintain for 5 years costs that are related to stewardship assets (for stewardship reporting purposes).	FFMSR-8, III-9
06.04.11	The job order cost system must calculate actual shop rates from the same database used to prepare general ledger control account entries.	DoD FMR 04, 20, 200305A
06.04.12	The cost accounting system must accumulate acquisition cost of national defense property, plant, and equipment for reporting as expenses in the period incurred.	SFFAS-8, 3-66; SFFAS-6, 53
06.04.13	The cost accounting system must accumulate costs for stewardship land, including costs to prepare it for its intended use, for reporting as expense in the period incurred.	SFFAS-6, 68; SFFAS-8, 4-77 & 80
06.04.14	The cost accounting system must 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.	SFFAS-6, 61
06.04.15	[This requirement combined with 06.04.14]	
06.04.16	The managerial cost accounting system should cost/value Federal mission PP&E at total cost or latest acquisition cost.	SFFAS-8, 3-60
06.04.17	The managerial cost accounting system should accumulate costs incurred to bring National Defense PP&E to a form and location suitable for its intended use for reporting as expenses in the period incurred.	SFFAS-8, 3-64
06.04.18	The system should recognize exchange revenue in determining the net cost of operations of the reporting entity during the period.	SFFAS-7, 41

5: Cost Monitoring/Reporting

| 06.05.01 | The cost accounting system must be able to produce the Statement of Net Costs, which is one of the agency's required financial statements; or at least produce the data needed for it. | FFMSR-8, III-9 |
| 06.05.02 | The cost accounting system must be able to produce the data needed for reporting on stewardship resources. | FFMSR-8, III-8 |

06.05.03	The cost accounting system must accumulate costs in agency-defined cost centers that are associated with agency-defined performance measures.	FFMSR-8, III-9
06.05.04	The cost accounting system must accumulate numerically valued agency-defined output/outcome information.	FFMSR-8, III-9
06.05.05	The cost accounting system must calculate the unit cost of outputs/outcomes.	FFMSR-8, III-10
06.05.06	The cost accounting system must produce unit cost reports by output.	FFMSR-8, III-10
06.05.07	The cost accounting system must produce project, job order, and work order reports showing costs for a project from its inception up to the current date.	FFMSR-8, III-10
06.05.08	The cost accounting system must produce contract reports showing the revenues and costs associated with each contract.	FFMSR-8, III-10
06.05.09	General management and administrative support costs that cannot be traced, assigned, or allocated to specific responsibility segments or outputs should be reported in the entity's financial statements as costs not assigned to programs.	SFFAS-4, 92
06.05.10	A job order cost system should easily forward cost data to the accounting department. Such data must be recorded by that department in subsidiary job cost ledgers and used to update the appropriate general ledger control accounts.	DoD FMR 04, 20, 200302
06.05.11	Inter-entity expenses/assets and financing sources must be eliminated for any consolidated financial statements covering both receiving and providing entities. All inter-entity costs are to be recognized based on the criteria in SFFAS-4, paragraph 112.	SFFAS-4, 109, 111, 112
06.05.12	The job order cost system must maintain or update all subsidiary accounts necessary to satisfy management's information requirements.	DoD FMR 04, 20, 200308
06.05.13	The job order cost system must be able to produce any required management reports (such as month-end reports).	DoD FMR 04, 20, 2005
06.05.14	The process cost accounting system must update the appropriate general ledger control accounts, such as work in process (in house), construction in progress (in house), etc.	DoD FMR 04, 21, 210202
06.05.15	The process cost accounting system must maintain or update the subsidiary accounts necessary to satisfy management's information requirements.	DoD FMR 04, 21, 210307

06.05.16	The process cost accounting system must produce required cost reports (such as month-end reports).	DoD FMR 04, 21, 2104

6: Core Financial System Requirements

06.06.01	To support cost recognition process, the system must be able to provide the ability to post accruals to recognize costs. The cost of goods and services used, consumed, given away, lost, or destroyed must be recognized within the period of time the event occurred, regardless of when ordered, received, or paid for. Similarly, revenues must be recognized when earned.	JFMIP SR-99-4, 38
06.06.02	To support cost recognition process, the core financial system must be able to reduce asset balances such as inventories and prepaid expenses as they are used and expensed.	JFMIP SR-99-4, 38
06.06.03	To support cost recognition, accumulation and assignment processes, the system must be able to use the agency's accounting classification structure to identify information, such as fund, program, organization, project, activity, and cost center.	JFMIP SR-99-4, 38
06.06.04	To support the cost accumulation process, the system must be able to support the ability to capture fees, royalties, rents and other charges imposed by the agency for services and things of value it provides. These costs should be captured at the lowest level to reflect actual costs incurred by the agency in providing goods and services.	JFMIP SR-99-4 39
06.06.05	To support the cost accumulation process, the system must be able to identify all costs incurred by the agency in support of activities of revolving funds, trust funds, or commercial functions, including the applicable portions of the related salaries and expense accounts identified with those activities.	JFMIP SR-99-4, 39
06.06.06	To support the cost accumulation process, the system must be able to provide for a variety of information to support the managerial cost accounting decision-making process, the management of the agency, and external reporting. This must include cost reports to be utilized in the analysis of programmatic activities; schedules and operating statements in support of financial statement preparation and audit; meaningful cost information needed to support performance measures; ability to transfer cost information directly to and from other systems; cost information for comparison to other program data to determine compliance with planned budgeted activities; and support of the billing process by providing cost information to the receivable function for producing bills.	JFMIP SR-99-4, 39

06.06.07	To support the cost assignment process, the core financial system must be able to identify costs based on the agency's accounting classification structure.	JFMIP SR-99-4, 39
06.06.08	To support the cost distribution process, the system must be able to assign costs to entities or cost centers regardless of how they have originally been posted to the system (e.g., for financial statement presentation).	JFMIP SR-99-4, 40
06.06.09	To support the cost assignment process, the core financial system must have an audit trail that can trace transactions from the original cost pool to the final cost object.	JFMIP SR-99-4, 40
06.06.10	To support the cost recognition process, the system must be able to support managerial cost accounting by providing the capability to measure and report the costs of each segment's outputs.	JFMIP SR-99-4, 38
06.06.11	To support the cost distribution process, the system must be able to identify and record direct costs incurred, including input on costs from feeder systems, such as inventory, travel, or payroll.	JFMIP SR-99-4, 40
06.06.12	To support the cost distribution process, the system must be able to assign indirect costs to interim and final cost objects using a method consistent with agency cost accounting standards. Indirect costs will be assigned on a basis that best provides for a causal/ beneficial relationship between the costs being distributed and the cost object receiving the cost. Indirect cost assignment may be based on total cost incurred, direct labor hours used, square footage, metered usage, or any other reasonable basis.	JFMIP SR-99-4, 40
06.06.13	To support the cost distribution process, the system must be able to allow for multilevel assignment and reassignment.	JFMIP SR-99-4, 40
06.06.14	To support the cost distribution process, the system must be able to support the use of historical data to conduct variance analysis, adjustment of rates, and disposition of variance by performing periodic assignments to adjust cost based on estimated rates to the actual costs incurred for the period.	JFMIP SR-99-4, 40
06.06.15	To support the revolving fund process, the system must be able to provide capability to support use of revolving funds for working capital programs.	JFMIP SR-99-4, 40
06.06.16	To support the revolving fund process, the system must be able to provide capability to create and track service level agreements for customer projects, including the project or reimbursable agreement number, the client organization, and funding citation.	JFMIP SR-99-4, 40

06.06.17	To support the revolving fund process, the system must be able to provide the ability to link orders and expenses directly to a service level agreement if appropriate.	JFMIP SR-99-4, 40
06.06.18	To support revolving fund process, the system must be able to provide capability to verify fund availability for service orders directly attributable to a particular customer of the revolving fund operation.	JFMIP SR-99-4, 40
06.06.19	To support the revolving fund, the system must be able to provide capability to support funding to the revolving fund through the use of advances or through reimbursement.	JFMIP SR-99-4, 40
06.06.20	To support the revolving fund process, the system must be able to support assignment of costs incurred by the revolving fund through one of the following methods: direct, assignment or indirect assignment.	JFMIP SR-99-4, 40
06.06.21	To support the revolving fund process, the system must be able to provide capability to establish/ use multiple assignment methods, such as fixed fee, square footage, FTE.	JFMIP SR-99-4, 40
06.06.22	To support the revolving fund process, the system must be capable of generating summary statements by revolving fund customer and/or project.	JFMIP SR-99-4, 40
06.06.23	To support the revolving fund process, the system must be able to bill customers based on appropriate fee structures.	JFMIP SR-99-4, 40

7: Reporting

06.07.01	An entity should disclose in its financial statements (such as the Statement of Net Cost) unassigned general management and administrative support costs (such as general management and administrative cost that can not be traced, assigned, or allocated to segments and their output) as costs not assigned to programs.	SFFAS-4, 92
06.07.02	An entity should eliminate inter-entity expenses/assets and financing sources for consolidated financial statements.	SFFAS-4, 109

CHAPTER 7

HUMAN RESOURCES AND PAYROLL

A federal agency's human resources and payroll systems must be designed and implemented in order to:

-- operate in accordance with laws, regulations, and judicial decisions;
-- completely, accurately and promptly pay employees and withhold their deductions;
-- completely, accurately and promptly generate personnel/payroll records and
   transactions;
-- provide timely access to complete, correct, and accurate information to those
   within and outside of the agency who require the information;
-- interact timely and properly with core financial system; and
-- provide adequate internal controls to ensure that the personnel/payroll system(s)
   is operating as intended.

JFMIP has established requirements for Federal human resources and payroll systems in JFMIP SR-99-5. This document contains systems requirements for human resource and personnel management, time and attendance, and payroll processing. The requirements are applicable to both civilian and military personnel/payroll systems.

Human resources and payroll functions are necessarily closely linked. An individual's payroll record is created only after Personnel has hired (enlisted/appointed) the person and has brought him/her onto the organization's rolls and established his/her salary, grade, entitlements, etc. Any changes to the basic authorizations and entitlements must be made by Personnel before being reflected in the payroll system.

Although DoD has been reducing the magnitude of its operations and the size of its workforce, it still employs over a half of a million civilians and over 2 million military personnel. The Department's personnel (civilian and military) costs and benefits annually total tens of millions of dollars and represent a significant portion of the Department's operating expenses.

HUMAN RESOURCES AND PAYROLL

Functional Requirements

1: Human Resource Data Collection/Maintenance and Personnel Processing
2: Time and Attendance Processing
3: Leave Processing
4: Payroll Withholdings/Deductions Processing
5: Computing Gross Pay
6: Payroll Processing and Distribution
7: Military Pay
8: Reporting

SOURCE(S)

1: Human Resource Data Collection/Maintenance and Personnel Processing

07.01.01   [This requirement deleted.]

07.01.02   [This requirement deleted.]

07.01.03   The human resources system must provide for support capabilities to   JFMIP SR-99-5, 17
electronically generate, approve and process the full range of
monetary and honorary awards for employees, and be flexible
enough to tailor to individuals agency needs.

07.01.04   [This requirement deleted.]

07.01.05   The human resources system must fully document the associate   JFMIP SR-99-5, 14
personal actions with all regulatory required information such as legal
authority and nature of actions.

07.01.06   The human resources system must process (with both current and   JFMIP SR-99-5, 14
future effective dates) the full range of individual and mass personnel
actions such as appointments, reinstatements, transfers, promotions,
separations, retirements, terminations, furloughs, change to lower
grads, reassignments, pay, movements, pay changes (including
locality and national adjustments, allowances, differentials, premium
pay, movement between pay plans or schedules, and pay and grad
retention), and details. There is also a need for the capability to
correct or cancel theses actions and to provide the necessary audit
trail.

07.01.07   [This requirement deleted.]

07.01.08   [This requirement deleted.]

07.01.09	The system should maintain individual retirement data, including service history and fiscal history for each employee. Maintain separate records for military (post- 1956) and civilian deposits.	JFMIP SR-99-5, 24
07.01.10	The human resources system must record incumbent related information such as date of hire, service computation date, retirement service date, severance pay date, Civil Service Retirement System, Federal Employees Retirement System, Federal Employee Group Life Insurance and Thrift Saving Plan eligibility dates, Federal Employee Health Benefit enrollment date, step increase and prior military service information must also be recorded. There is also a need for the capability to correct or cancel these actions, and provide the necessary audit trail.	JFMIP SR-99-5, 14
07.01.11	The human resources system must provide for automatic data conversion and electronic transfer of required data to the OPM and other recipients of Governmentwide reporting information.	JFMIP SR-99-5, 27
07.01.12	The human resources system must enable managers and human resources staffs to track past, current and pending personnel actions.	JFMIP SR-99-5, 14
07.01.13	[This requirement deleted.]	
07.01.14	The personnel system must generate a Monthly Employee Report (SF 113A) and a Monthly FTE Report (SF 113G) to OPM.	JFMIP SR-99-5, 28
07.01.15	[This requirement deleted.]	
07.01.16	[This requirement deleted.]	
07.01.17	[This requirement deleted.]	
07.01.18	[This requirement deleted.]	
07.01.19	[This requirement deleted.]	
07.01.20	[This requirement deleted.]	
07.01.21	[This requirement deleted.]	
07.01.22	[This requirement deleted.]	
07.01.23	[This requirement deleted.]	
07.01.24	The human resources system must be able to provide organizational decision support for manager that will simplify their organization and position design decisions (e.g., Budget and Full Time Equivalent (FTE) management, activity based costing, work effort as related to performance measures and indicators).	JFMIP SR-99-5, 12

07.01.25	The human resources system should enable managers to electronically initiate the full range of recruitment-based actions (e.g., internal and external recruitment actions, reassignment actions, details) and flow these actions to the appropriate individuals and offices for approvals and processing.	JFMIP SR-99-5, 13
07.01.26	The human resources system using position based requirements should provide expert or decision support to generate documentation needed to complete the recruitment process. This includes preparation of vacancy announcements which contain specific selection criteria (e.g., knowledge, skills and liabilities (KSAs) and abilities, and conditions of employment).	JFMIP SR-99-5, 13
07.01.27	[This requirement deleted.]	
07.01.28	The human resources system should accommodate external reports needs including those required by Treasury, OPM, The Department of Labor, the Federal Retirement Thrift Investment Board, and others.	JFMIP SR-99-5, 26
07.01.29	[This requirement deleted.]	
07.01.30	[This requirement deleted.]	
07.01.31	The human resources system should support a full identification of position requirements. For example, managers should be able to annotate a position's unique requirements such as mobilization responsibilities, drug testing requirements, position sensitivity, financial disclosures obligations, position-based skill and competency requirements, and a wide variety of other position-based requirements that emerge and change over time.	JFMIP SR-99-5, 12
07.01.32	[This requirement deleted.]	
07.01.33	The human resources system should automatically generate documents which facilitate related human resources activities (e.g., recruitment, performance management, and training development).	JFMIP SR-99-5, 12
07.01.34	[This requirement deleted.]	
07.01.35	[This requirement deleted.]	
07.01.36	The human resources system allow managers to structure organizations under their control and quickly develop classification documents through the use of standard position descriptions or generation of a new classification determinations through the use of expert or decision support systems as appropriate to their requirement.	JFMIP SR-99-5, 12

07.01.37	The system must process and compute pay and deductions for multiple positions under different appointment authorities, and different pay, leave, and benefit entitlements.	JFMIP SR-99-5, 22
07.01.38	[This requirement deleted.]	
07.01.39	The human resources system must automatically generate personnel action reminders that will prompt management decisions on such actions as within-grade-increase, completion of probationary period and temporary appointments, and any similar time-sensitive actions. It also should enable on-line approval or disapproval of such recurring actions.	JFMIP SR-99-5, 14
07.01.40	[This requirement deleted.]	
07.01.41	The human resources system must provide for transfers for separating or transferring employees with the next regular payroll.	JFMIP SR-99-5, 28
07.01.42	The human resources system must process management and employee requested personal actions by either the generation of paper SF-50 or the electronic storage of data associated with the SF-50. Also included in this process are those actions ancillary to employment, such as requesting security investigations, arranging physical examination and identifying drug testing requirements, requesting and approving SF-75 information, and the administration of the in-processing activities.	JFMIP SR-99-5, 14
07.01.43	The human resources system must support retirement calculations for all categories of employees under all applicable retirement programs to the agency.	JFMIP SR-99-5, 16
07.01.44	[This requirement deleted.]	
07.01.45	[This requirement deleted.]	
07.01.46	[This requirement deleted.]	
07.01.47	The human resources system must generate retention records for a Reduction in Force (RIF) based on competitive position, tenure, and retention requirements.	JFMIP SR-99-5, 28
07.01.48	The human resources system must preclude duplicate data entry by electronically producing position-embedded performance criteria necessary to generate individual performance appraisal plans.	JFMIP SR-99-5, 17
07.01.49	The human resource system should be sufficiently flexible to allow for multiple performance rating configuration and evaluation methods.	JFMIP SR-99-5, 17

07.01.50   The human resources system should provide for electronic routing,   JFMIP SR-99-5, 17
            completion, approval, and recording of the performance plan and
            resulting rating from management and human resources office.

07.01.51   The human resources system should have the capability to create,   JFMIP SR-99-5, 17
            monitor, and maintain performance improvement plans.

07.01.52   The human resources system must provide the capability to track and   JFMIP SR-99-5, 17
            record the full range of employee, management or third party
            generated appeals and grievances. This includes events such as
            performance and conduct cases, Uniform Labor Practices, and
            Labor contract administration.

07.01.53   The human resources system tracking functionality must include such   JFMIP SR-99-5, 17
            information as case nature, case date, case steps and resolution.

07.01.54   The human resources system should support the conversion of the   JFMIP SR-99-5, 14
            paper Official Personnel Folder (OPF) to an electronic medium,
            which will help agencies to reduce the significant operational burden
            of maintaining paper OPFs while affording human resources
            professionals, managers and employees easier access to historical
            employment information.

07.01.55   The human resources system must preclude duplicate data entry by   JFMIP SR-99-5, 14
            automatically accessing position and employee information already
            residing within the system.

07.01.56   The human resources system should facilitate full manger   JFMIP SR-99-5, 12
            empowerment of delegated position classification authority.

07.01.57   The human resources system should provide sufficient flexibility to   JFMIP SR-99-5, 12
            enable management to account for total work force utilization that
            can encompass the efforts and associated costs of contractors,
            military members, and volunteers.

07.01.58   The human resources system should have the flexibility to allow   JFMIP SR-99-5, 13
            managers to electronically receive and act upon referral lists,
            resumes that contains appropriate candidates qualification
            information, and fully take into account regulatory requirements.

07.01.59   The human resources system should also provide the capability to   JFMIP SR-99-5, 13
            process reduction in force actions including the determination of
            retention rights, issuance of notices, and generation of required
            documentation.

07.01.60   The system must provide the capability to produce pertinent   JFMIP SR-99-5, 12
            information in response to classification appeals.

07.01.61	The system must provide a means for applicants and employees to apply as either external or internal candidates for vacant positions.	JFMIP SR-99-5, 13
07.01.62	The system must have the capability to enable maximum employee access to self-service personal benefits information and automated transaction processing so that employees may manage their own benefits.	JFMIP SR-99-5, 16
07.01.63	Benefits Administration systems coverage must include Federal Employees Health Benefits Life Event and Open Season Elections; Thrift Savings Plan Life Event and Open Seasons Elections; Federal Employees Group Life Insurance Live Event and Open Season Elections; Miscellaneous Changes (e.g., address, name, emergency contact information; and Alternative data and processing entry points for individuals with disabilities in compliance with the American Disability Act.	JFMIP SR-99-5, 16
07.01.64	In support of work force development, the system must provide the capability to use position and personal data already residing within the system to facilitate on-line initiation of the full range of work force development activities, which include nomination, approval, enrollment, evaluation, and personnel record documentation.	JFMIP SR-99-5, 18
07.01.65	In support of work force development functions, the system must record essential data relative to the cost and source of developmental activities and enable analysis of such activities to determine future budget needs and return on investment.	JFMIP SR-99-5, 18
07.01.66	In support of employee development programs, the system must support the planning, development, delivery of training and career development programs to meet agency and employee needs, and track completion of training by employees.	JFMIP SR-99-9, 18
07.01.67	In support of developing training budgets, the system should support the preparation of financial projections and implementation of controls which maximize the utilization of training funds.	JFMIP SR-99-5, 18
07.01.68	To evaluate development and training activities, the system must support the evaluation of the effectiveness and quality of course design, program content, delivery methodology and instructional value.	JFMIP SR-99-5, 18

2: Time and Attendance Processing

07.02.01	[This requirement deleted.]	
07.02.02	In T&A system, approvals shall be made individually for each employee, and a handwritten or an automated signature shall be provided for each time and attendance reports.	DoD FMR 08, 02, 020402B
07.02.03	The T&A system must collect actual hours or days worked, and other pay related data, e.g., piecework, fee basis units/ dollars, and differentials for each employee.	JFMIP SR-99-5, 19
07.02.04	The T&A system collect work and leave hours based upon an established tour of duty, including alternative work schedule/flextime hours information. This requires pre-approved or positive acknowledgment from the approving official that the employee worked the established tour and that time and attendance data is approved.	JFMIP SR-99-5, 19
07.02.05	[This requirement deleted.]	
07.02.06	The T&A system must support the collection of labor distribution hours based on the classification code structure defined in the JFMIP Core Requirements document.	JFMIP SR-99-5, 25
07.02.07	The T&A system must provide capabilities for the collection of time and attendance data on a pay period basis, e.g., daily, weekly, biweekly, semi-monthly, and/or monthly basis.	JFMIP SR-99-5, 19
07.02.08	The T&A system must calculate and adjust weekly, biweekly, pr pay period hours based on Fair Labor Standards Act (FLSA) , Title 5, and other statutory and regulatory requirements.	JFMIP SR-99-5, 19
07.02.09	The T&A system must accept time and attendance data through various processing modes e.g., automated time entry or internet.	JFMIP SR-99-5, 19
07.02.10	The T&A system must support the correction of current- and prior-pay period time and attendance records.	JFMIP SR-99-5, 19
07.02.11	The T&A system must collect data on employees who work temporarily in other or multiple pay classifications.	JFMIP SR-99-5, 19
07.02.12	The T&A system must be able to capture data in days, fractions of hours, or other units of measure as required.	JFMIP SR-99-5, 19
07.02.13	The T&A system must generate reports to monitor T&A data.	JFMIP SR-99-5, 19
07.02.14	[This requirement deleted.]	

07.02.15	The T&A system must be able to receive electronic or other appropriately, documented approvals from authorized approving officials, and then release data for further system processing.	JFMIP SR-99-5, 19
07.02.16	[This requirement deleted.]	
07.02.17	The T&A system data must be contained in a computer file and displayed on a terminal, a single automated code may be entered by the supervisor to approve the information contained in the file provided that the data elements itemized in DoD FMR 08020205 are contained in the file.	DoD FMR 08, 02, 020402D
07.02.18	[This requirement deleted.]	
07.02.19	The system must protect data from unauthorized changes to completed time and attendance reports, regardless of where they are retained.	DoD FMR 08,02, 020702
07.02.20	The T&A system must determine premium pay entitlements based on schedule tour, actual hours worked and leave data.	JFMIP SR-99-5, 19
07.02.21	The human resources system must accumulate cost information for use in budgeting and controlling costs; performance measurement; determining fees and prices for services; assessing programs; and management decision making. Labor costs are an integral part of determining the doing business.	JFMIP SR-99-5, 25
07.02.22	The human resources system must accumulate work units by cost object (e.g., organization and activity), and responsibility center and be provided to other systems performing cost accounting functions.	JFMIP SR-99-5, 25
07.02.23	To support time and attendance processing, the T&A system must edit T&A data at the earliest time to ensure that the data are complete, accurate, and in accordance with legal requirements.	JFMIP SR-99-5, 19

3: Leave Processing

07.03.01	[This requirement deleted.]	
07.03.02	The payroll system must automatically convert leave taken in excess of available balance, based upon an established leave priority policy. When appropriate, provide for management review (e.g., to determine advance, leave without pay, or absence without leave).	JFMIP SR-99-5, 21
07.03.03	For each pay period, the payroll system must accrue each type of leave to which an employee is entitled, including partial accruals and carryovers. Special accrual rules for employees using donated leave, etc., must be accommodated.	JFMIP SR-99-5, 20

07.03.04   The payroll system must process variable leave accruals for part-time employees. The accruals shall be based on actual hours in a pay status.   JFMIP SR-99-5, 20

07.03.05   The payroll system must determine compensatory time or credit hours to be forfeited or paid as appropriate based on predetermined elapsed time limits; maximum carry over limits; and maximum earning ceilings.   JFMIP SR-99-5, 20

07.03.06   The payroll system must maintain detailed audit trail and control data that ensure that all reported leave hours have been processed accurately and that the hours used in pay calculations are correct.   JFMIP SR-99-5, 20

07.03.07   The human resources system should provide the capability to track and report pay associated with job-related injury time (continuation of pay (COP)).   JFMIP SR-99-5, 24

07.03.08   The payroll system must provide capabilities for fiscal year-end, leave-year- end and calendar year-end processing and forfeitures in accordance with established Governmentwide and agency guidelines.   JFMIP SR-99-5, 20

07.03.09   The payroll system must process leave forfeiture and carryover for each employee.   JFMIP SR-99-5, 20

07.03.10   The payroll system must modify leave accruals, and/ or balances for employees who change leave systems, or work schedules (i.e., full-time to part-time, etc).   JFMIP SR-99-5, 21

07.03.11   The payroll system must process both current period and prior period leave transactions on an effective pay period basis.   JFMIP SR-99-5, 20

07.03.12   The payroll system must provide capabilities for recomputing leave balances resulting from prior-period hour adjustments or retroactive entitlement changes for each period, subsequent to the effective period of the change in the following period. Such recomputations will be processed in the following order: (1) retroactive entitlement changes, and then (2) prior period hour adjustments.   JFMIP SR-99-5, 21

07.03.13   The T&A/payroll system must record and report the number of hours of leave (by type), credit hours, and compensating time used.   DoD FMR 08, 02, 020205F

07.03.14   [This requirement deleted.]

07.03.15	The personnel system must maintain leave records that show for each employee or service member: 1) the rate of accrual for each type of leave, 2) the hours or days accrued, used, and available by leave type, 3) any advance leave authorized, including the date through which, the leave is authorized, the type of leave advanced, and the total hours or days advanced, 4) any leave received or given under a leave sharing program authorized in 5 USC.6331 et reg., and 5) the number of hours for any leave ceiling, by type of leave.	DoD FMR 08, 05, 050103; DoD FMR 08, 05, 050505; DoD FMR 08, 05, 05050202
07.03.16	[This requirement deleted.]	
07.03.17	The payroll system should process leave for each reported leave type at the end of each effective pay period. Process advances, accruals, and restored leave before usage are applied to the appropriate available balance.	JFMIP SR-99-5, 20
07.03.18	[This requirement deleted.]	
07.03.19	The payroll system must offset the dollar amount of advanced-leave balances (computed at the rate of pay in effect when the leave was taken) against the dollar amount of earnings for pay period of separation and any unused annual leave (based on the current pay rate) on termination of an employee from federal employment. Calculate indebtedness for leave advances upon separation and accommodate requests for waiver of collections for leave advances.	JFMIP SR-99-5, 23
07.03.20	The system must provide for the performance of all activities associated with determination of proper leave balances.	JFMIP SR-99-5, 20
07.03.21	The human resources/ payroll system should process leave accrual units for special category employees, e.g., firefighters, etc.	JFMIP SR-99-5, 20
07.03.22	To support leave processing, the payroll system must offset advanced sick leave balances against subsequent pay period accruals of sick leave.	JFMIP SR-99-5, 20

4: Payroll Withholdings/Deductions Processing

07.04.01	The human resources-payroll system should provide data to establish receivables or follow up on types of leave that may result in an employee indebtedness, including health life insurance premiums for employees on approved leave without pay and certain jury duty fees while on court leave.	JFMIP SR-99-5, 24

07.04.02   The payroll system must provide for percentage computation of deductions that are subject to annual or regulatory limits (e.g., the current rate for feral taxes on supplement payments, Thrift Savings plans TSP. contraptions, and Social Security taxes).   JFMIP SR-99-5, 23

07.04.03   [This requirement deleted.]

07.04.04   The payroll system must calculate the following deductions for each employee: (1) mandatory deductions (e.g., Retirement, federal, state, local and FICA taxes), (2) voluntary deductions (e.g., state and local taxes for multiple taxing authorities, life insurance, health insurance, thrift saving, deductions, allotments, and bonds and pre-tax deductions for transportation benefits), and (3) involuntary deductions (e.g., IRS levies, garnishment and administrative debt collection).   JFMIP SR-99-5, 23

07.04.05   The payroll system must provide the capability to handle deductions that apply to various pay periods and/or have specified limitations, e.g., garnishment pay-off amount.   JFMIP SR-99-5, 23

07.04.06   The payroll system must adjust taxable gross pay by deducting untaxed items (e.g., thrift saving deductions) and civil service retirement annuity offsets.   JFMIP SR-99-5, 23

07.04.07   [This requirement deleted.]

07.04.08   The payroll system must prorate insurance premium deductions for part-time, seasonal, and applicable accessions and separating employee using the daily pro-ratio rule.   JFMIP SR-99-5, 23

07.04.09   The payroll system must accelerate deductions for employees paid an annual salary in less than one year (e.g., teachers).   JFMIP SR-99-5, 23

07.04.10   [This requirement deleted.]

07.04.11   [This requirement deleted.]

07.04.12   The payroll system must subtract deductions calculated in the order of precedence specified by OPM or other laws and regulations, while ensuring that net pay is not negative. Follow appropriate rules for taking no deductions within a priority level or partial deductions, if allowed.   JFMIP SR-99-5, 23

07.04.13   The payroll system must determine when a bond may be issued, given its type, denomination per pay deduction and balance from previous pay deductions.   JFMIP SR-99-5, 23

07.04.14   The payroll system must deduct some items in every pay period and others in selected pay periods only. e.g., discretionary allotments.   JFMIP SR-99-5, 23

07.04.15   The payroll system must offset the dollar amount of other receivables   JFMIP SR-99-5, 24
            owed the agency against earnings for pay period of separation or, if
            applicable, lump sum payments.

07.04.16   The payroll system must deduct 7.25 percent of the basic pay of an   5 USC 8334(a)(1)
            employee for Civil Service Retirement System (CSRS) contributions.

07.04.17   The payroll system must calculate health benefits for full time   5 USC 8906(b)(3)
            employees based on the type of insurance plans maintained by OPM.

07.04.18   The payroll system must calculate health benefits for part time   5 USC 8906(b)(3)
            employees based on the ratio of the number of scheduled part-time
            hours to the number of scheduled regular hours for an employee on a
            full-time basis.

07.04.19   The payroll system must calculate an eligible employee's basic   5 USC8701(c)
            amount of group life insurance using the following process:
            (1) Obtain the annual rate of basic pay earned by the employee,
            round to the next higher multiple of $1,000, and add $2,000,
            (2) $10,000. In the case any former employee entitled to coverage
            under this chapter.

07.04.20   [This requirement deleted.]

07.04.21   The payroll system must ascertain, after applying the withholding   DoD FMR 08, 04,
            precedence of deductions, if the remaining available pay is sufficient   040202
            to entirely fund the next deduction. The deduction, if voluntary, will
            not be made if the remaining earnings are not sufficient. If the next
            deduction is mandatory, it will be made to full extent of the remaining
            available earnings, in which case the net pay will be zero.

07.04.22   The payroll system must determine, among multiple garnishments for   DoD FMR 08, 04,
            alimony and child support, if those filed earliest are withheld first.   0201I

07.04.23   The payroll system must be able to determine, when garnishing for   DoD FMR 08, 04,
            both court-ordered alimony and child support, if funds are sufficient   0201I
            to pay both ordered in a single garnishment. If earnings are not
            sufficient for both, a proportionate share should be provided to each
            to the extent gross pay is available.

07.04.24   When a bankruptcy court orders that a certain amount of net pay   DoD FMR 08, 04,
            shall be paid an employee regardless of deductions, the payroll   041301A
            system must deduct the amount of net pay from gross pay first. Any
            remaining deductions shall then be withheld in accordance with DoD
            FMR 08, 04, 040201 and DoD FMR 08, 04,040202.

07.04.25   [This requirement deleted.]

07.04.26	The payroll system must interface with the general ledger and cost accounting systems to ensure prompt and accurate collection of the following: (1) health and life insurance premiums from employees on unpaid leave, (2) court reimbursements for time served as a juror while on court leave. Amounts of leave accrued and used in their related values shall be maintained to compute leave expenses and liabilities by designated classifications and to report externally.	DoD FMR 08, 05, 050107
07.04.27	The human resources-payroll system should compute the maximum variable deductions for levies, garnishments, and/ or offsets based on appropriate limitations of each type of deduction.	JFMIP SR-99-5, 23
07.04.28	[This requirement deleted.]	
07.04.29	The human resource system should ensure that leave without pay (LWOP) or furloughs for retirement, Office of Workers Compensation Program (OWCP), education, and military purposes is separately designed and does not affect Within Grade Increase (WGI), etc.	JFMIP SR-99-5, 20
07.04.30	The human resources- payroll system should ensure that deductions do not exceed gross pay, as established by appropriate laws and regulations.	JFMIP SR-99-5,23
07.04.31	The human resources/ payroll system should electronically compare leave, benefits, and payments, for adjusted time and attendance data with prior period data and automatically compute differences.	JFMIP SR-99-5, 23

5: Computing Gross Pay

07.05.01	The payroll system must process both current period and prior period adjustments as an integral part of the payroll cycle.	JFMIP SR-99-5, 22
07.05.02	The payroll system must calculate differentials based on applicable hours that are certified by an approving official.	JFMIP SR-99-5, 22
07.05.03	The payroll system must be able to compute various types of pay entitlements, e.g. Foreign and nonfreezing allowances, differentials, awards, and premium pay. It should also make retroactive calculations based on prior-period hours adjustments, changes to an employees entitlement (for earnings or deductions) or mass table changes.	JFMIP SR-99-5, 22
07.05.04	The payroll system must compute pay for various types of employee, e.g., firefighters, law enforcement officers, emergency medical technicians, teachers, etc.	JFMIP SR-99-5, 22

07.05.05	The payroll system must (1) compute employee earnings for partial pay periods when entitlement dates do not coincide with the pay period's beginning and ending dates, and (2) process earnings adjustments on a begin-date/end-date basis.	JFMIP SR-99-5, 22
07.05.06	The payroll system must calculate pay at the end of each period after properly authorized inputs have been received from the Time and Attendance Processing Function, and after personnel action processing is completed.	JFMIP SR-99-5, 22
07.05.07	The payroll system must calculate overtime based on FLSA or Title 5 requirements.	JFMIP SR-99-5, 22
07.05.08	The payroll system must calculate allowances, premiums and differentials as defined by law or regulation. These may be set dollar amounts or computed as a percentage of pay, applying caps or other limitations when applicable.	JFMIP SR-99-5, 22
07.05.09	[This requirement deleted.]	
07.05.10	The payroll system must accommodate information requirements to support supplemental pay actions and recertified checks.	JFMIP SR-99-5, 22
07.05.11	[This requirement deleted.]	
07.05.12	The payroll system must not allow a single lump-sum pay advance that exceeds three months' net pay for those employees authorized a permanent change of station to a foreign area.	DoD FMR 08, 03, 030901B
07.05.13	The payroll system must limit repayments of salary advances to civilians being made by payroll deduction to a maximum of 26 pay periods.	DoD FMR 08, 03, 030905A
07.05.14	The payroll system must collect in full the outstanding balance of a salary advance when an employee separates or transfers.	DoD FMR 08, 03, 030905C
07.05.15	The payroll system must not allow employees more than one payroll advance at a time unless circumstances warrant and the employee has not received the full amount of the maximum advance consistent with the employee's pay grade.	DoD FMR 08, 03, 030906G
07.05.16	[This requirement deleted.]	
07.05.17	[This requirement deleted.]	
07.05.18	[This requirement deleted.]	
07.05.19	[This requirement deleted.]	

07.05.20	The payroll system must prohibit employees and service members engaged in civil payroll functions from maintaining or servicing their own payroll and personnel records.	DoD FMR 08, 01, 010406A4
07.05.21	[This requirement deleted.]	
07.05.22	The agency system must provide for the reconciliation of human resources and payroll data within the system, for comparison and reconciliation with that of disbursing, accounting, and other administrative systems/ subsystems/ modules to ensure accuracy, completeness, and data integrity.	JFMIP SR-99-5, 27
07.05.23	To support pay processing, the payroll system perform statutory limit and reasonableness tests on gross pay.	JFMIP SR-99-5, 22
07.05.24	The payroll system must compute gross pay as the sum of each rate of pay times the number of units related to it, minus retirement annuity offsets, if applicable, plus all appropriate allowances and/or other gross pay components. The system must also classify and total deductions, subtract total deductions from gross pay, and apply formulas or utilize tables to determine employer contributions required for certain payroll taxes and benefits.	JFMIP SR-99-5, 22

6: Payroll Processing and Distribution

07.06.01	The human resources & payroll systems should process prior period, current, and future period pay actions, based on effective dates.	JFMIP SR-99-5, 22
07.06.02	[This requirement deleted.]	
07.06.03	[This requirement deleted.]	
07.06.04	[This requirement deleted.]	
07.06.05	[This requirement deleted.]	
07.06.06	[This requirement deleted.]	
07.06.07	[This requirement deleted.]	
07.06.08	[This requirement deleted.]	
07.06.09	The payroll system must support payroll adjustments and regular calculations that cross fiscal and/or calendar years, and provide needed information to the core financial and other information systems.	JFMIP SR-99-5, 23

07.06.10	The payroll system must record gross pay, deductions, and net pay while generating information to update other functions and systems, including the standard general ledger maintained in the core financial system.	JFMIP SR-99-5, 24
07.06.11	The human resources & payroll system should allow employees to update personal information, at the employee's discretion, e.g., tax withholding information, savings bond information, electronic funds transfer information, and allotments.	JFMIP SR-99-5, 24
07.06.12	[This requirement deleted.]	
07.06.13	The payroll system must be able to generate payment for severance pay, not exceeding the amount authorized for each employee, on a pay period basis and provide for Department of Defense employees, the option of a lump sum payment.	JFMIP SR-99-5, 24
07.06.14	The payroll system must make electronic funds transfer payments as well as other methods of payments, including off- cycle and third party payments.	JFMIP SR-99-5, 24
07.06.15	[This requirement deleted.]	
07.06.16	The payroll system must be able to generate payments to the beneficiaries of employees owed unpaid compensation.	JFMIP SR-99-5, 24
07.06.17	[This requirement deleted.]	
07.06.18	[This requirement deleted.]	
07.06.19	[This requirement deleted.]	
07.06.20	[This requirement deleted.]	
07.06.21	[This requirement deleted.]	
07.06.22	The payroll system produce employee earnings statements detailing the compositions of gross pay, deductions, net pay for pay period and year to date (electronic and copies).	JFMIP SR-99-5, 27
07.06.23	[This requirement deleted.]	
07.06.24	The payroll must maintain data that is reconciled to pass to the core financial system and cost accounting modules to update Fund Balances with Treasury and other asset, expense, and liability accounts, appropriation accounts, and relevant cost centers for payroll, including employer contributions.	JFMIP SR-99-5, 28

07.06.25   The payroll system should make information available to other   JFMIP SR-99-5, 24
            functions , to generate internal and external payroll reports not
            created directly in the Pay Processing function.

07.06.26   The payroll system must maintain each pay record by the pay period   JFMIP SR-99-5, 24
            in which it was calculated and by the pay period to which it applies
            (the effective pay period).

07.06.27   The payroll system must produce data required by the U.S.   JFMIP SR-99-5, 27
            Treasury; IRS, the Social Security Administration, the Department of
            Labor ;OPM; OMB; DHHS; and state and local taxing authorities.

07.06.28   The payroll system must produce all reports and vouchers necessary   JFMIP SR-99-5, 27
            to recognize payroll expenses, establish related receivables, and
            disburse all related payments. It must also produce supporting detail
            registers or subsidiary ledgers.

07.06.29   The payroll system must produce managerial reports to facilitate   JFMIP SR-99-5, 27
            monitoring of human resources costs, leave authorizations, and
            personnel actions by human resources/payroll staff members and by
            operational supervisors or managers.

07.06.30   [This requirement deleted.]

07.06.31   The payroll system must provide for tax deduction reporting and   JFMIP SR-99-5, 28
            reconciliation, as well as correction processing. These functions
            should be available for each tax authority (federal, state, local).

07.06.32   The payroll system must derive summary totals for earnings,   JFMIP SR-99-5, 28
            deductions, contributions, and paid hours for internal control purposes
            and to facilitate reporting.

07.06.33   The payroll system must generate any reports of pay and benefit   JFMIP SR-99-5, 28
            transactions required by the agency core financial system.

07.06.34   [This requirement deleted.]

07.06.35   The payroll system must accommodate information requirements for   JFMIP SR-99-5, 24
            accounting transactions for accruals of pay and benefits during the
            year. This process is to provide for accruing and reversing
            accounting information relative to pay and benefits on other than a
            monthly basis.

07.06.36   The payroll system must provide a means for correcting accounting   JFMIP SR-99-5, 24
            transactions for an employee for one or more past pay periods. The
            correction should also generate adjusting accounting transactions to
            reverse the improper charges and record the correct charges.

07.06.37   The payroll system must notify agency payroll and personnel office   JFMIP SR-99-5, 28
            staff of incorrect or missing data.

07.06.38	The payroll system must store audit trail data in the standard Human resources/payroll data files.	JFMIP SR-99-5, 28
07.06.39	The payroll system must generate detail registers or subsidiary ledgers which support all vouchers, accounting entries, and disbursements authorized by the payroll office.	JFMIP SR-99-5, 28
07.06.40	The payroll system must provide a report for health benefit deductions not taken (e.g., for an employee on leave without pay).	JFMIP SR-99-5, 28
07.06.41	The payroll system must provide a report of employee debt, caused by prior-period adjustments or current-period computation, to be used in administrative collection.	JFMIP SR-99-5, 28
07.06.42	The payroll system must provide an output matrix of reports that describes a report by its title, purpose, frequency, distribution level, and the media used to distribute.	JFMIP SR-99-5, 27
07.06.43	[This requirement is now 07.01.47.]	
07.06.44	[This requirement deleted.]	
07.06.45	[This requirement deleted.]	
07.06.46	The Human resources & payroll system should generate reports at specific time intervals or upon request, including reports that span fiscal year, calendar years, or other time periods.	JFMIP SR-99-5, 26
07.06.47	The human resources & payroll systems user outputs produced must include all vouchers and reports necessary to recognize payroll expenses and authorize related disbursements.	JFMIP SR-99-5, 26
07.06.48	[This requirement deleted.]	
07.06.49	The human resources & payroll system's report processing aspect accesses and formats data as required to satisfy regulatory, managerial, and accounting information requirements.	JFMIP SR-99-5, 26
07.06.50	[This requirement deleted.]	
07.06.51	The human resources & payroll system should be able to accept data from multiple media that recognizes the unique data input requirements of interface systems.	JFMIP SR-99-5, 30
07.06.52	The payroll system must subject all transactions from interfacing systems to the standard human resources/payroll system edits, validations, and error-correction procedures.	JFMIP SR-99-5, 30

07.06.53	The payroll system must have the capability to (1) customize data input, processing rules, and edit criteria, and (2) provide agencies with the flexibility in defining internal system operating procedures and in supporting agency requirements.	JFMIP SR-99-5, 30
07.06.54	The human resources/ payroll system must be able to identify and process transactions that enter and update the standard human resources/payroll system from other systems.	JFMIP SR-99-5, 30
07.06.55	[This requirement deleted.]	
07.06.56	[This requirement deleted.]	
07.06.57	The human resources/ payroll system should allow users to customize output for reporting and providing interfaces to other systems necessary to meet agency requirements for external processing (e.g., retirement processing, general ledger posting, budget formulation, budget reconciliation, and budget execution).	JFMIP SR-99-5, 30
07.06.58	[This requirement deleted.]	
07.06.59	[This requirement deleted.]	
07.06.60	[This requirement deleted.]	
07.06.61	To maintain data, the payroll system must capture the overtime rate in effect when compensatory time is earned for future pay out.	JFMIP SR-99-5, 24
07.06.62	The human resources payroll system should support the unemployment compensation for employees processing and responding to ES 931 Request for Wage and Separation Information-UCFE requests.	JFMIP SR-99-5, 24
07.06.63	To support pay processing, the payroll system must maintain data to support preparation of notifications of employee indebtedness.	JFMIP SR-99-5, 24
07.06.64	To support pay processing the payroll system must use posted time, scheduled tours, and partial pay period computations for accrual processing.	JFMIP SR-99 5, 24
07.06.65	To support pay processing, the payroll system must provide information to analyze detailed pay transactions and establish each as either a disbursement or as a debt due to the government.	JFMIP SR-99-5, 24
07.06.66	To support reporting, reconciliation, and records retention functions, the payroll system must maintain an employee history of the employee with the information comparable to that in the employee's OPF.	JFMIP SR-99-5, 26

07.06.67	To support reporting, reconciliation, and records retention functions, the payroll system must maintain a pay history showing gross pay by type, deductions by type, and net pay for each pay period.	JFMIP SR-99 5, 26
07.06.68	To support reporting, reconciliation, and records retention functions, the payroll system must maintain a time and attendance history showing hours, or days worked by type of pay for each pay period.	JFMIP SR-99-5, 26
07.06.69	To support reporting, reconciliation, and records retention, the payroll system must maintain an leave history showing beginning balances, leave accruals, leave usage, and ending balances, by type for each period.	JFMIP SR-99-5, 26
07.06.70	To support internal reporting functions, the payroll system must provide the capability to generate routine human resources and payroll reports that are prescribed by the functional users.	JFMIP SR-99-5, 26
07.06.71	To support internal reporting functions, the payroll system must contain ad-hoc reporting, and include data browsing tools with rapid response.	JFMIP SR-99-5, 26
07.06.72	To support reconciliation functions, the payroll system must provide for transfers for separating or transferring employees with the next regular payroll.	JFMIP SR-99-5, 28
07.06.73	To support reconciliation functions, the payroll system must provide disbursement voucher data for verification and certification of the payroll process.	JFMIP SR-99-5, 28
07.06.74	To support reconciliation functions, the payroll system must compile employee data related to health insurance enrollment for validations purposes.	JFMIP SR-99-5, 28
07.06.75	The payroll system must be able to accept, process, and report on transactions with other internal and external systems. The system must record and track such transactions and related information in order to provide the basis for central control.	JFMIP SR-99-5, 30
07.06.76	The payroll system must provide information to analyze detailed pay transactions and establish each as either disbursement or as a debt due to the government.	JFMIP SR-99-5, 24
07.06.77	The payroll system must provide disbursement voucher data for verification and certification of the payroll process.	JFMIP SR-99-5, 28
07.06.78	The payroll system must maintain and/or dispose of payroll records in accordance with governmentwide and agency specific guideline.	JFMIP SR-99-5, 29

7: Military Pay

07.07.01	The military pay system must compute a service member's monthly pay as if each month had 30 days.	DoD FMR 7A, 02, 020201A
07.07.02	The military pay system must compute a service member's pay and allowances at the rate of 1/30 of the monthly rate for each day served when less than the full month is served.	DoD FMR 7A, 02, 020201B
07.07.03	The military pay system must deduct 1/30th of 1 month's pay for each day the service member is in a nonpay status during a month.	DoD FMR 7A, 02, 020202A
07.07.04	The military pay system must compute a service member's forfeiture of pay and allowances for unauthorized absences and other lost time in accordance with Table 3-2, DoD FMR 7A.	DoD FMR 7A, 03, 030201
07.07.05	The military pay system must compute monthly pay by dividing the annual salary into 12 equal installments.	DoD FMR 7A, 02 020203
07.07.06	The military pay system must compute the pay of an enlisted member who accepts an appointment as an officer at the greater of: 1. the pay and allowances to which such member would be entitled if the member had remained in the last enlisted grade held before the appointment as an officer and had continued to receive increases in pay and allowances authorized for that grade, or 2. the pay and allowances to which the member thereafter becomes entitled as an officer.	DoD FMR 7A, 02, 020301A
07.07.07	The military pay system must compute the pay of a warrant officer who accepts an appointment as an officer at the greater of: 1. the pay and allowances to which the member thereafter becomes entitled as a commissioned officer, or 2. the pay and allowances to which such member would be entitled if the member had remained in the last warrant officer grade held before appointment as a commissioned officer and continued to receive increases in pay and allowances authorized for that grade, or 3. the pay and allowances to which entitled under subparagraph 020301A, DoD FMR 7A, before appointment as an officer, in the case of an officer who was formerly an enlisted member.	DoD FMR 7A, 02, 020301B
07.07.08	For reserve members called to active duty, the military pay system must compute the pay and allowances for the necessary travel time from the reservist's home to first duty station and from last duty station to home (Except when released from active duty for retirement, dismissed, discharged from active duty or upon resignation).	DoD FMR 7A, 02, 020501

07.07.09 For service members on authorized leave the military pay system must compute pay and allowances in accordance with Table 3-1, DoD FMR 7A.

DoD FMR 7A, 03, 030301, table 3-1

07.07.10 The military pay system must compute pay and allowances for service members under investigation or determined to be serving in fraudulent enlistments for the periods shown in table 4-1, DoD FMR 7A.

DoD FMR 7A, 04, 0402

07.07.11 The military pay system must compute the basic pay and allowances for a service member whose physical condition would ordinarily warrant rejection for military service, yet was not discovered at time of enlistment/induction, see Table 4-1, DoD FMR 7A.

DoD FMR 7A, 04, 0405

07.07.12 The military pay system must compute special pay, continuation pay, bonuses, incentive pay, etc., for service members as authorized in DoD FMR vol. 7A, chapters 5 through 24.

DoD FMR 7A, 5-24

07.07.13 The military pay system must compute a service member's authorized allowances (BAS, BAQ, FSA, etc.) in accordance with DoD FMR 7A, chapters 25 through 31.

DoD FMR 7A, 25-31

07.07.14 The military pay system must compute advance pay and allowances, as well as casual and partial pay, as authorized in DoD FMR 7A, chapter 32.

DoD FMR 7A, 32

07.07.15 The military pay system must compute payment for unused accrued leave for a service member who is discharged under honorable conditions.

DoD FMR 7A, 35, 350101

07.07.16 The military pay system must compute a service members' allotments in accordance with DoD FMR 7A, chapters 41 through 43.

DoD FMR 7A, 41-43

07.07.17 The military does not pay for unauthorized absence on the 31st day of the month, except when it is the first day of absence or when the employee is paid for the day under DoD FMR 7A, 020201A.

DoD FMR 7A, 02, 020202B

07.07.18 The military system must consider that absence on the 28th of February in a nonpay status in a non-leap year results in loss of pay for 3 days. If member is absent only on the 28th day of February in a leap year, deduct the pay for 1 day for the 28th. If absence occurs on the 29th of February, deduct pay for 2 days. When payment is made under subparagraph 02020.B on the basis of each day actually served, deduct only for the actual period of unauthorized authorized absence.

DoD FMR 7A, 02, 020202C

07.07.19	To support leave processing, the military pay system must process leave forfeitures and carryovers for each employee.	JFMIP SR-99-5, 20
07.07.20	The military pay system must calculate gross pay, deductions, net pay, employee, and employer contributions for each employee on an effective pay period basis.	JFMIP SR-99-5, 22
07.07.21	The military pay system must compute gross pay as the sum of each rate of pay times the number of units related to it, minus retirement annuity offsets, if applicable, plus all appropriate allowances and/or other gross pay components, classify and total deductions, subtract total deductions from gross pay, and apply formulas or utilize tables to determine employer contributions required for certain payroll taxes and benefits.	JFMIP SR-99-5, 22
07.07.22	The military pay system must calculate the following deduction types for each employee: 1. mandatory deductions (e.g., retirement, Federal tax, state taxes, local taxes, FICA taxes); 2. voluntary deductions (e.g., state and local taxes for multiple taxing authorities, life insurance, health insurance, thrift savings deductions, allotments, bonds, and pre-tax deductions for transportation benefits; and 3. involuntary deductions (e.g., IRS levies, garnishments, and administrative debt collections).	JFMIP SR-99-5, 23
07.07.23	The military pay system must compute a service member's authorized allowances (BSA, BAS, FSA, etc.) in accordance with DoD FMR 7A. Chapters 25-31.	DoD FMR 7A, 25-31
07.07.24	The military pay system must compute payment on behalf of mentally incompetent members, missing members, missing in actions members, or interned payment to dependents.	DoD FMR 7A, 33 & 34
07.07.25	The military pay system must compute payments on behalf of deceased members.	DoD FMR 7A, 36
07.07.26	The military pay system must compute benefits for members held as captives.	DoD FMR 7A, 37
07.07.27	The military pay system must be able to compute payments to service academy cadets and midshipmen, prep school students, service academy officials and aviation cadets.	DoD FMR 7A, 38-40
07.07.28	The military pay system must be able to compute Federal, state, and social security taxes.	DoD FMR 7A, 44 & 45

07.07.29	The military pay system must be able to compute deductions for Armed Forces Home, Service members group life insurance, forfeitures of pay resulting from non-judicial punishment or from court martial sentence, and stoppages and collections not resulting from a court martial.	DoD FMR 7A, 46-50
07.07.30	The military pay system must be able to compute the deductions for voluntary private health insurance and dependent dental plans.	DoD FMR 7A, 53 & 54
07.07.31	The military pay system must be able to compute pay and allowances for reservists not on extended active duty for the number of drills performed.	DoD FMR 7A, 57 & 58
07.07.32	The military pay system must be able to compute payments to senior reserve officer training Corp personnel and stipend and financial assistance program recipients.	DoD FMR 7A, 50-60
07.07.33	The military pay system must be able to compute bonuses for the members of the Individual Ready Reserves, make stipend payments to health professionals, and bonuses to Nurse Officer Candidates.	DoD FMR 7A, 61-64

8: Reporting

07.08.01	For financial reports prepared by DoD for the Military Retirement System, the best available actuarial estimates of assumptions should be used to calculate the pension expense and liability.	SFFAS-5, 65
07.08.02	For financial reports prepared by DoD for the Military Retirement System, the actuarial assumptions used should be disclosed.	SFFAS-5, 67
07.08.03	For financial reports prepared by DoD for the Military Retirement System, assets should be reported separately from the pension liability rather than reporting only a net liability.	SFFAS-5, 68
07.08.04	For financial reports prepared by DoD for the Military Retirement System, the market value of investments in market-based and marketable securities should be disclosed.	SFFAS-5, 68
07.08.05	For financial reports prepared by DoD for the Military Retirement System, the pension liability should be calculated and reported using the aggregate entry age normal actuarial method.	SFFAS-5, 71
07.08.06	The financial reports prepared by DoD for the Military Retirement System should report a pension expense that includes the following components: normal cost, interest on the pension liability during the period, prior (and past) service costs from plan amendments (or the initiation of a new plan) during the period, and actuarial gains and losses during the period.	SFFAS-5, 72

07.08.07   The financial reports prepared by DoD for the Military Retirement   SFFAS-5, 73
           System should report as revenue the contributions received from the
           military departments.

07.08.08   An entity should recognize as a pension expense in its financial   SFFAS-5, 74
           statements the amount of the service cost for its employees during
           the accounting period, less any amount contributed by the employees.

CHAPTER 8

FUNDS CONTROL AND BUDGETARY ACCOUNTING

By law (31 U.S.C. 3512), each agency of the federal government is responsible for establishing and maintaining systems and internal controls that ensure that it does not obligate or disburse funds in excess of those appropriated and/or authorized by the Congress. Also, 31 U.S.C. 1341 and 1517--the Antideficiency Act--provide criminal penalties for knowingly over-obligating or over-expending budgetary resources. Therefore, an agency's fund control system is the primary tool for ensuring that it complies with Congressional spending mandates.

An agency may have various systems, such as procurement and travel systems, that affect funds management by committing and obligating funds. These and other systems that affect fund management should access data and use other processes to verify that funds are available, and to update affected balances. Whenever possible and cost effective, these systems should access the funds availability editing activity (of the fund control system) before allowing an obligation to be incurred.

For purposes of budget formulation and execution, an agency's systems of accounting and internal controls should provide information on actual obligations, outlays, and budgetary resources. An agency is required to use United States Standard General Ledger accounts for budgetary accounting and reporting purposes.

Requirements for fund control systems are contained in JFMIP's "Core Requirements" (JFMIP SR-99-4) document. OMB Circular A-34, "Instructions on Budget Execution," and, to a lesser degree, OMB Circular A-11, "Preparation and Submission of Budget Estimates," setting government-wide policies for fund management to which a fund control system must conform.

The U.S. Treasury has issued a comprehensive illustrative guide, Budgetary Accounting in the Federal Government (last updated in September 1996) along with Reimbursables, A Supplement to Budgetary Accounting in the Federal Government, to provide information and proforma SGL entries for budgetary accounting.

FUNDS CONTROL AND BUDGETARY ACCOUNTING

Functional Requirements
1: Record Budget Authority/Fund Allocation
2: Maintain Fund Availability
3: Record Commitments, Obligations and Expenditures
4: Fund Analysis
5: Budgetary Accounting
6: Reporting

		SOURCE(S)
1: Record Budget Authority/Fund Allocation		
08.01.01	The system must be able to record funding and related budget execution documents.	JFMIP SR-99-4, 25
08.01.02	The system must be able to record limitations and control the use of funds against them consistent with appropriation and authorization language, congressional intent, and administrative limitations established by agency management.	JFMIP SR-99-4, 25
08.01.03	[This requirement deleted.]	
08.01.04	The system must have the capability to distribute, track, control, and report funds authorized at various funding levels, based on SGL, accounting classification structure, and project structure.	JFMIP SR-99-4, 25
08.01.05	[This requirement deleted.]	
08.01.06	The system must be able to record and control the receipt of contract authority.	SFFAS-1, 34
08.01.07	The system must be able to record and control the receipt of borrowing authority.	SFFAS-1, 35
08.01.08	The system must allow users to modify limitations in accordance with apportionment actions, reprogramming, rescissions, and other adjustments.	JFMIP SR-99-4, 25
08.01.09	The system must record and control funds that receive other budgetary authority in addition to appropriations, and identify the type of authority.	JFMIP SR-99-4, 25
08.01.10	The system must be able to record the expiration and cancellation of appropriation authority in accordance with OMB Circular A-34 and the U.S. SGL.	JFMIP SR-99-4, 25

08.01.11	The system must be able to maintain operating plans at or below the funds control level of the classification structure.	JFMIP SR-99-4, 25
08.01.12	The system must allow authorized personnel to reallocate funds at designated levels.	JFMIP SR-99-4, 25
08.01.13	The system must be able to account for budgetary resources at a lower level in the accounting classification structure than that at which they are budgeted and controlled.	JFMIP SR-99-4, 25
08.01.14	[This requirement deleted.]	
08.01.15	The system must be able to record the receipt of apportionments from OMB which the agency can then use to procure goods and services through a specified period of time.	DoD FMR 03, 13, 130204
08.01.16	The system must be able to divide amounts available for obligation by specific time periods (usually quarterly), activities, projects, objects, or by combinations of these categories.	DoD FMR 03, 13, 130204

2: Maintain Fund Availability

08.02.01	The system must provide for on-line notification of funds availability prior to the distribution of lower level funding and the processing of commitment, obligation, or expenditure transactions.	JFMIP SR-99-4, 25
08.02.02	The system must be able to support timely recording of funding transactions and check commitment transactions against available funds. It must also include adequate controls to prevent the recording of commitments that exceed available balances. The system must be able to support recording obligations or expenditures that exceed available balances and produce a report or otherwise provide a method that allows management to review the cause of this over obligation condition.	JFMIP SR-99-4, 25
08.02.03	The system must allow designated authorities to establish and modify the level of funds control using elements of the classification structure, including object class, program, organization, project, and fund.	JFMIP SR-99-4, 25
08.02.04	The system must provide a response indicator (either reject the transaction or provide a warning) for the failure of a funds availability check for each transaction type.	JFMIP SR-99-4, 25
08.02.05	The system must provide the capabilities and controls for authorized users to override funds availability edits.	JFMIP SR-99-4, 26

08.02.06	The system must be able to record the financial impact of all transactions that will affect the availability of funds, such as commitments, liquidations, obligations, and expenditures.	JFMIP SR-99-4, 26
08.02.07	The system must be able to update all appropriate accounts to ensure that the system always maintains and reports the current status of funds for all open accounting periods.	JFMIP SR-99-4, 26
08.02.08	The system must ensure the amount reflected in the funds control structure agrees with the general ledger account balances at the end of each of update cycle.	DoD FMR 01, 02, Add. 2, C6
08.02.09	The system must determine funds availability on adjustments to obligations or expenditures based on whether the funds cited are current, expired, or cancelled.	JFMIP SR-99-4, 26
08.02.10	The system must check available funds for obligating documents, including amendments to obligating documents resulting in a change to dollar amounts or to the classification structure.	JFMIP SR-99-4, 26
08.02.11	The system must check available funds when the expenditure exceeds the obligating document due to quantity or price variances within tolerances, additional shipping charges, etc.	JFMIP SR-99-4, 26
08.02.12	The system must adjust available fund balances as reimbursable orders are accepted. (In the case of reimbursable orders from the public, an advance should also be received before additional funding authority is recorded.)	JFMIP SR-99-4, 26
08.02.13	The system must be able to check available funds for commitments and obligations incurred in support of reimbursable agreements.	JFMIP SR-99-4, 26
08.02.14	The system must maintain the original funding amounts separate from the reprogramming amounts, yet be able to combine the two at the appropriate levels for funds control checking.	DoD FMR 01, 02, Add. 2C1
08.02.15	The system must identify unobligated balances restricted for future use and not apportioned for current use.	SFFAS-1, 38
08.02.16	The system should restrict obligations and expenditures to the amount of the appropriation, apportionment, or subdivision.	OMB Circular A-34, 21.3
08.02.17	In the case of multiple-years appropriation accounts whose periods of availability for obligation overlap, the system should apply reimbursable customer orders and their related transactions only to the most current account available, and in the period that orders are received.	DoD FMR 03, 15, 150204A (3)(b)

08.02.18	The system must be able to identify the unobligated balances and unpaid obligations of all expired appropriations at the time they expire.	DoD FMR 03, 10, 100201G
08.02.19	The system must identify the unobligated balances and unpaid obligations of all cancelled appropriations at the time they expire.	DoD FMR 03, 10, 100201G
08.02.20	The system must be able to match (prevalidate) an expenditure amount/document with the obligation amount/document.	DoD FMR 03, 11, 110301
08.02.21	The system must be able to provide automatic real-time notification to users of transactions failing the funds-availability edit and place the rejected transactions in an error file and/or suspense account for corrective action. In case where the actual event has already occurred (such as labor hours worked or a contract already signed), the transaction should be recorded and a warning or report issued to alert the user to the need for follow-up action.	JFMIP SR-99-4, 26

3: Record Commitments, Obligations and Expenditures

08.03.01	The system must allow a commitment or obligation document to be entered into the Core financial system on-line and from multiple locations, as well as through interfaces with other systems.	JFMIP SR-99-4, 26 & 27
08.03.02	The system must maintain information related to each commitment document, including amendments. At a minimum, the Core financial system must capture (1) requisition number, (2) accounting classification structures, and (3) estimated amounts.	JFMIP SR-99-4, 26
08.03.03	The system must be able to provide for modifications to commitment documents, including ones that change the dollar amount or the accounting classification structure cited. The system must also be able to invoke funds availability editing for the changed amounts.	JFMIP SR-99-4, 26
08.03.04	The system must allow for commitment documents to be future-dated, stored, and posted at the appropriate date. Also, the system must subject these documents to edit and validation procedures prior to posting.	JFMIP SR-99-4, 26
08.03.05	The system must be able to partially liquidate commitments in the case of a partially-obligated requisition.	DoD FMR 01, 02, Add. 2C5
08.03.06	The system must be able to close commitment documents under the following circumstances: (1) by the system upon issuance of an obligating document, (2) by an authorized user, and (3) as part of the year-end closing if the commitment is in an annual appropriation or in the last year of a multiyear appropriation.	JFMIP SR-99-4, 26

08.03.07	The system should be able to record commitments to cover contingent liabilities for price or quantity increases and other variables related to contracts.	DoD FMR 03, 08, 080202
08.03.08	The system must be able to record obligations for reimbursable orders placed by a DoD component.	DoD FMR 03, 08, 080601
08.03.09	The system must be able to record obligations based on obligating documents and liquidate, at the user's request, the related commitments either partially or fully.	JFMIP SR-99-4, 27
08.03.10	The system must be able to record obligations for which there are no related commitments.	JFMIP SR-99-4, 27
08.03.11	The system must maintain information related to each obligation document, including amendments. At a minimum, the Core financial system must capture obligating document number and type; vendor number and other identification, including vendor ID, SSN, TIN, EIN, and DUNS number; accounting classification structures; referenced commitment (if applicable); and dollar amounts.	JFMIP SR-99-4, 27
08.03.12	The system must allow transactions creating anticipated obligation documents to be entered early, stored, and posted at the appropriate date. The system must subject these documents to edit and validation procedures prior to posting. If the anticipated obligation does not occur, the system must permit the user to delete the transaction without posting it.	JFMIP SR-99-4, 27
08.03.13	The system must allow multiple commitments to be combined into one obligating document. It must also permit one commitment document to be split between multiple obligating documents.	JFMIP SR-99-4, 27
08.03.14	The system must allow authorized modifications and cancellations of posted obligating documents.	JFMIP SR-99-4, 27
08.03.15	The system must provide on-line access to all obligations by selection criteria, e.g. document number.	JFMIP SR-99-4, 27
08.03.16	The system must maintain an on-line history file of closed-out documents for a user-defined period of time.	JFMIP SR-99-4, 27
08.03.17	For audit trail purposes the system must retain all system record files along with all amendments.	JFMIP SR-99-4, 27
08.03.18	The system should be able to close obligating documents either (1) by the system automatically, upon complete performance/delivery, or (2) by the user, with appropriate authorization.	JFMIP SR-99-4, 27
08.03.19	The system must be able to record blanket purchase agreements (BPAs) and track, control, and monitor records of call.	JFMIP SR-99-4, 27

08.03.20	The system must be able to track, control, and monitor delivery orders against a contract limitation.	JFMIP SR-99-4, 27
08.03.21	The system must be able to record and maintain contracts and grants so that fiscal year-to-date and inception-to-date information can be presented.	JFMIP SR-99-4, 27
08.03.22	The system should be able to record various intragovernmental acquisition types, such as GSA Personal Property Center, reimbursable orders, and printing from the Government Printing Office.	JFMIP SR-99-4, 27
08.03.23	The system must be able to record expenditures related to payments made using an imprest fund, third-party drafts, and government credit cards.	JFMIP SR-99-4, 27
08.03.24	The system must record expenditures claimed against advance payments made, such as travel advances, contract advances, and grants.	JFMIP SR-99-4, 27
08.03.25	The system should be able to record obligations for contingent liabilities for which the contingent condition(s) have materialized.	SFFAS-5
08.03.26	The system must be able to cancel obligated and unobligated balances on September 30th of the 5th fiscal year after an appropriation's period of availability for incurring new obligations expires.	DoD FMR 03, 10, 100201B
08.03.27	The system should be able to provide the capability to support commitment accounting based on agency needs.	JFMIP SR-99-4, 26

4: Fund Analysis

08.04.01	The system must be able to maintain current information on commitments and obligations according to classification structure, on a fund-by-fund basis.	JFMIP SR-99-4, 28
08.04.02	The system must track the use of funds against operating or financial plans.	JFMIP SR-99-4, 28
08.04.03	The system must report planned to actual funds at the level of operating plans.	JFMIP SR-99-4, 28
08.04.04	The system must summarize, compare, and report the operating plans to the appropriate level of funds control.	JFMIP SR-99-4, 28
08.04.05	The system must be able to produce detailed listings and summary reports by the defined level of funds control for those documents which represent commitments, undelivered orders, and expenditures.	JFMIP SR-99-4, 28

08.04.06	The system must provide control features which ensure that the amounts reflected in the funds control structure agree with the U.S. SGL account balances at the end of each update cycle.	JFMIP SR-99-4, 28
08.04.07	[This requirement deleted.]	
08.04.08	The system must be able to maintain historical data on all commitment, undelivered order, payable, and payment transactions.	JFMIP SR-99-4, 28
08.04.09	The system should be able to track estimated or anticipated reimbursements expected to be earned.	SFFAS-7, 164
08.04.10	The system must be able to track actual reimbursements such as reimbursable orders received from the public and federal agencies.	JFMIP SR-99-4, 35
08.04.11	The system must be able to track obligation adjustments and disbursements that previously would have been chargeable to the expired appropriation account but were charged to current appropriations.	DoD FMR 03, 10, 100201
08.04.12	The system must maintain appropriation and fund identification for current and prior years, including tracking those funds for which the period for obligation has expired.	DoD FMR 03, 10, 100201
08.04.13	The system must not allow current year obligations and/or expenditures to be charged against expired appropriations/funds.	SSFAS-1, 31-39
08.04.14	The system must maintain open documents to show the status of commitments, undelivered orders, accruals, and disbursements by document line item.	JFMIP SR-99-4, 28

5: Budgetary Accounting

08.05.01	[This requirement deleted.]	
08.05.02	The system must allow users to prepare, execute and report on the agency's budget in accordance with the requirements of OMB Circular A-11, OMB Circular A-34 and other circulars and bulletins issued by the Office of Management and Budget.	OMB Circular A-127, 7F
08.05.03	The system must distinguish between two categories of funds within the entity's Fund Balance with Treasury account, i.e., the obligated balance not yet disbursed and the unobligated balance.	SFFAS-1, 37
08.05.04	The system must be able to provide information on the agency's unused funds in those expired appropriation accounts that are returned to the U.S. Treasury at the end of the fiscal year.	SFFAS-1, 39

08.05.05   The system must provide the necessary data to conform to, and prepare reports pursuant to, OMB A-34, "Budget Execution" and Circular A-11, "Preparation and Submission of Budget Estimates." The system must also provide the appropriate supporting details.   OMB Circular A-11; OMB Circular A-34

08.05.06   [This requirement deleted.]

08.05.07   The system must support tolerance levels that are user-defined and established and maintained in tables controlled by authorized personnel. The tolerance levels should be maintained in terms of percentages of the total with a not-to-exceed dollar threshold.   JFMIP SR-99-4, 24

08.05.08   The system must provide the ability to track changes to budget authority at multiple levels of distribution.   JFMIP SR-99-4, 24

08.05.09   The system must provide the capability to track actual amounts, such as commitments and obligations, against the original and revised budgeted amounts consistent with each financial planning level.   JFMIP SR-99-4, 24

08.05.10   The system must provide flexibility in establishing and modifying funding distribution and spending levels at multiple organizational levels. It must also allow authorized personnel to reallocate funds at designated levels.   JFMIP SR-99-4, 24

08.05.11   The system must provide the ability to manage and control prior year funds in the current year, including the capability to identify prior year and current year de-obligations separately.   JFMIP SR-99-4, 24

6: Reporting

08.06.01   From the reporting entity prospective, the federal entity's Fund Balance with Treasury should be recognized as an asset. The balance should consist of amounts for items listed in SFFAS-1, paragraphs 31-36.   SFFAS-1, 31-36

08.06.02   An entity's financial statements should disclose two categories of funds within the entity's Fund Balance with Treasury account: the obligated balance not yet disbursed, and the unobligated balance.   SFFAS-1, 31-36

08.06.03   An entity's financial statements should disclose restrictions on unobligated balances (such as balances restricted for future use and not apportioned for current use).   SFFAS-1, 38

08.06.04   An entity should explain any discrepancies between its Fund Balance with Treasury account and the corresponding balance in the U.S. Treasury's account. It should describe the causes of such discrepancies in the notes to financial statements.   SFFAS-1, 39

08.06.05	An entity whose funding comes wholly or partially from the U.S. Budget should present total budgetary resources available to the entity during the period.	SFFAS-7, 75a
08.06.06	An entity whose funding comes wholly or partially from the U.S. Budget should present the status of those resources, including obligations incurred.	SFFAS-7, 75b
08.06.07	An entity whose funding comes wholly or partially from the U.S. Budget should present any outlays.	SFFAS-7, 75c
08.06.08	An entity should disclose the amount of budgetary resources obligated for undelivered orders at the end of the period.	SFFAS-7, 77a
08.06.09	An entity should disclose the available borrowing and contract authority at the end of the period.	SFFAS-7, 77b
08.06.10	An entity should disclose repayment requirements, financing sources for repayment, and any other terms of borrowing authority used.	SFFAS-7, 77c
08.06.11	An entity should disclose any material adjustments that occurred during the reporting period to those budgetary resources that were available at the beginning of the year. An explanation should be included.	SFFAS-7, 77d
08.06.12	An entity should disclose the existence, purpose, and availability of indefinite appropriations.	SFFAS-7, 77e
08.06.13	An entity should disclose information about any legal arrangements affecting the use of unobligated balances of budget authority. Such information should include the time limits, purposes, and obligation limitations.	SFFAS-7, 77f
08.06.14	An entity should disclose explanations of any material differences between the information required by SFFAS-7, paragraph 77, and the amounts described as "actual" in the Budget of the United States.	SFFAS-7, 77g
08.06.15	When recognized unfunded liabilities do not equal the total financing sources an entity should disclose the amount of the difference. The disclosure shall also include an explanation that identifies the relevant balance sheet accounts.	SFFAS-7, 77h
08.06.16	An entity should disclose the amount of any capital infusion received during the reporting period.	SFFAS-7, 77i
08.06.17	An entity should include in its financial statements a statement of reconciliation that explains the relationship between budgetary resources obligated during the period and the net cost of operations.	SFFAS-7, 78
08.06.18	An entity's Statement of Financing should present information in a way that clarifies the relationship between the obligation basis of budgetary accounting and the accrual basis of financial accounting.	SFFAS-7, 93

CHAPTER 9

ACCOUNTS PAYABLE (PAYMENT MANAGEMENT)

Each federal agency is responsible for providing appropriate control over all payments made by it or on its behalf. OMB Circular A-125, "Prompt Pay," specifies government policy for payments made by federal entities. Various systems in the DoD architecture perform functions relating to payments. For example, fund control systems establish obligations and other systems record accounts payable. Still other systems actually make the payments. Finally, summary data regarding payments are provided to accounting systems for proprietary and budgetary accounting purposes.

ACCOUNTS PAYABLE (PAYMENT MANAGEMENT)

Functional Requirements
1: Maintain and Update Payee Information
2: Recognize Liabilities/Establish Payables
3: Schedule Payments for Disbursement
4: Execute Payments
5: Confirm and Follow-up on Payments
6: Reporting

SOURCE(S)

1: Maintain and Update Payee Information

09.01.01	The system must update and provide information on any entity to whom a disbursement may be made.	JFMIP SR-99-4, 29
09.01.02	The system must maintain year to date and calendar year information to support IRS 1099 and W-2 reporting, including Taxpayer Identification Numbers, and payee types (e.g., sole proprietorship, partnership, corporation). In cases where a third party acting as an agent receives the payment, the system must be able to maintain Form 1099 information for the principal party rather than the agent.	JFMIP SR-99-4, 30
09.01.03	The system must maintain payee information that includes data to support obligation, accounts payable, and disbursement processes.	JFMIP SR-99-4, 30
09.01.04	The system must support payments (i.e., provide documentation) made to third parties that act as agents for the payee.	JFMIP SR-99-4, 30
09.01.05	The system must allow for multiple payment addresses and/or bank information for a single payee.	JFMIP SR-99-4, 30
09.01.06	The system must have a search capability for all payee information.	JFMIP SR-99-4, 30
09.01.07	The system must be able to produce payee listings based on agency defined criteria, e.g., payee name and number.	JFMIP SR-99-4, 30
09.01.08	[This requirement deleted.]	

2: Recognize Liabilities/Establish Payables

09.02.01	The system must be able to warehouse and schedule payments in accordance with applicable regulations (e.g., OMB Circular A-125, the Cash Management Improvement Act, and travel regulations).	JFMIP SR-99-4, 30
09.02.02	The system must record an accrued liability upon receipt of goods and services and identify them as capital assets, expenses, prepaid expenses, and construction-in-progress.	JFMIP SR-99-4, 30

09.02.03   The system must be able to access previously entered information   JFMIP SR-99-4, 30
            and/or record additional information necessary to determine the due
            date and amount of vendor payments, in accordance with OMB
            Circular A-125. Such information must be based on invoices,
            receiving reports, and contracts or purchase orders. Due date
            determination must consider special situations such as contract
            provisions specifying non-standard acceptance periods, laws
            specifying payment terms for certain commodities such as meat or
            dairy products, the failure to return a defective invoice in a timely
            fashion, and other situations specified in OMB Circular A-125.

09.02.04   The system must be able to record additional shipping and other   JFMIP SR-99-4, 31
            charges and adjust the payment amount when authorized.

09.02.05   The system must be capable of splitting an invoice into multiple   JFMIP SR-99-4, 30
            payments on the appropriate due dates when items on the invoice
            have different due dates.

09.02.06   The system must be able to record discount terms and also determine   JFMIP SR-99-4, 31
            whether taking the discount is economically justified, as defined in
            the U.S. Treasury Financial Manual, Volume I, Section 6-8040.

09.02.07   The system must update the funds control and budget execution   JFMIP SR-99-4, 31
            balances to reflect changes in the status of undelivered orders and
            expended appropriations, as well as changes in prices or other
            authorized charges.

09.02.08   [This requirement deleted.]

09.02.09   The system must be able to adjust the asset or expense recorded   JFMIP SR-99-4, 31
            with the liability if the authorized payment (based on the invoice) is
            different from the amount accrued (based upon receipt and
            acceptance). It must also be able to adjust the obligation amount and
            determine if funds are available to cover a possible increase.

09.02.10   The system must be able to establish payables and make payments   JFMIP SR-99-4, 31
            on behalf of another agency, citing the other agency's funding
            information.

09.02.11   The system must allow obligating documents to be reopened by   JFMIP SR-99-4, 31
            authorized staff after final payment has been made.

09.02.12   The system must allow changes to payment schedules by authorized   JFMIP SR-99-4, 31
            staff prior to submission to the disbursing office.

09.02.13	The system must be able to process credit memoranda for returned goods or other adjustments, and apply the credit to the specific obligation that resulted in the credit, reducing the expense attributed to that obligation. If the credit is not fully liquidated by one payment, the system must maintain the balance of the credit for application against a future payment, and create the appropriate notice to the vendor that a credit has been applied to the affected payment.	JFMIP SR-99-4, 31
09.02.14	The system must reestablish a payable for voided checks or EFTs that have been returned but have not been negotiated; and allow for reversing the accounting transaction leading to the disbursement and reestablishing a payable, as appropriate.	JFMIP SR-99-4, 31
09.02.15	The system must record obligations, expenses, assets, etc., associated with payments made through the use of imprest funds, third-party drafts, and government credit cards. It must also establish a payable to replenish the imprest fund or pay the financial institution handling the third-party drafts and credit cards.	JFMIP SR-99-4, 31
09.02.16	The system must schedule payments of advances, prepaid expenses, loan, grants, etc., and generate the appropriate accounting entries for each.	JFMIP SR-99-4, 31
09.02.17	The system must record expenses, assets, etc., based upon performances funded by advances, prepaid expenses, and grants, and make the appropriate liquidations. It must also update funds control balances to reflect obligation changes.	JFMIP SR-99-4, 31
09.02.18	The system must compute amounts to be disbursed, including discounts, withholdings, and interest or penalties in accordance with applicable regulations. The system must generate the appropriate transactions to reflect the deductions and additions.	JFMIP SR-99-4, 32; DoD FMR 01, 02, 020202D7
09.02.19	The system must define tolerances used for quantity variances between receiving reports and the obligating documents. The system should identify goods or services rejected if this tolerance is exceeded and provide for overrides by authorized personnel.	DoD FMR 01, 02, Add. 2, D3a
09.02.20	The system must use the correct interest rate (issued by the U.S. Treasury every 6 months, beginning January 1 and July 1 of each year) for prompt payment of interest.	DoD FMR 10, 07, 070306
09.02.21	The system must update other systems or other parts of the core system by electronic means wherever appropriate; unnecessary duplication of the transaction entry must be avoided.	OMB Circular A-127, 7b

09.02.22	When an entity accepts title to goods, whether the goods are delivered or in transit, the system must recognize a liability for the unpaid amount of the goods. If invoices for those goods are not available, then the amounts owed must be estimated.	SFFAS-1, 77
09.02.23	The system must record interest payable for the amount of interest expense incurred and unpaid.	SFFAS-1, 81
09.02.24	The system must identify interest payable to federal entities separately from interest payable to the public.	SFFAS-1, 82
09.02.25	[This requirement deleted.]	
09.02.26	The system must record a liability for goods and services purchased under a long-term contract in the period in which the goods and services are received or accepted.	DoD FMR 04, 08, 080210
09.02.27	When evidence of performance is received, the system must record the transaction simultaneously in the budgetary accounts as accrued expenditures unpaid and in the proprietary accounts as an accounts payable.	DoD FMR 04, 09, 090102B
09.02.28	The system must identify those instances where an invoice is missing a receiving report or an acceptance. It must also identify when goods or services have been received and accepted without an invoice being recorded.	DoD FMR 01, 02, Add. 2, D3c.
09.02.29	The system must record expenditures claimed against advanced payments made.	JFMIP SR-99-4, 27
09.02.30	The system must allow transactions to be entered directly for those events that will result in payment but are not part of the normal commitment, obligation, and matching process.	DoD FMR 01,02, Add. 2, D5a.
09.02.31	The system must reject interfacing system transactions which do not have a valid vendor identified, except when overrides are properly authorized.	DoD FMR 01,02, Add. 2, D8g.
09.02.32	The system must account for and report incurred liabilities, regardless of whether funds are available or authorized for payment.	DoD FMR 04, 08, 080206
09.02.33	The system must record liabilities for advances or prepayments received from the public and other government agencies for goods and services the agency will be providing.	DoD FMR 04, 13, 130201
09.02.34	The system must reflect contractual holdbacks as liabilities.	DoD FMR 04, 08, 080211
09.02.35	[This requirement deleted.]	

09.02.36	The system must record as liabilities: amounts withheld from a contractor pending final payment, and amounts received in advance of performance.	DoD FMR 04, 08, 080209 & 080211
09.02.37	When facilities or equipment are constructed according to contract specifications, the system must record a payable for the estimated work completed.	SFFAS-1, 79
09.02.38	The system must identify accounts payable not covered by budgetary resources.	SFFAS-1, 80
09.02.39	The system must record advances and prepayments (received from other entities for goods to be delivered or performed) as other current liabilities.	SFFAS-1, 85
09.02.40	The system must recognize a liability when one party receives goods or services in return for a promise to provide money or other resources in the future.	SFFAS-5, 22
09.02.41	The system must provide the capability to capture, store, and process appropriated invoice information, including: invoice number, invoice amount, obligating document references, vendor number, payee name and address, discount terms, invoice amount, invoice date, and invoice receipt date in accordance with Treasury standards and the Prompt Payment Act.	JFMIP SR-99-4, 30
09.02.42	The system must record invoices through keyboard entry by a user and through an electronic interface with vendors in an electronic commerce arrangement.	JFMIP SR-99-4, 30
09.02.43	The system must maintain an audit trail for obligation documents, containing the following items, as applicable: 1. Link Items (Stock Number, Description, Quantity, Unit Price, Total Estimated Freight charges) 2. Expiration Date 3. Expected Receipt Date 4. Vendor Identification	DoD FMR 01, 02, Add. 2, D2a
09.02.44	The system must maintain a vendor file that includes data to support the accounts payable process.	DoD FMR 01, 02, Add. 2, D8a
09.02.45	The system must allow vendors to be added to or deleted from the vendor file if there is proper authorization.	DoD FMR 01, 02, Add. 2, D8e & D8f
09.02.46	The system must provide the capability to support capture, storage, and processing of invoices received in electronic format through an electronic commerce arrangement or from another system.	JFMIP SR-99-4, 31

09.02.47	The system should be able to recognize as probable and measurable future outflows or other sacrifices of resources arising from (1) past exchange transactions, government-related events, and government-acknowledged events, or (2) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date.	SFFAS-5, 19

3: Schedule Payments for Disbursement

09.03.01	The system must notify the user when the number of payments is less than a user defined number (100 payments under current U.S. Treasury requirements).	I TFM 4 - 2055.20
09.03.02	The system must generate a hard copy SF-1166 for those scheduled payments that total less than 100 payments.	I TFM 4 - 2055.20
09.03.03	[This requirement deleted.]	
09.03.04	[This requirement deleted.]	
09.03.05	The system must be able to identify and consolidate multiple payments to a single payee in order to produce one check. All the payments must be itemized on the documentation accompanying the check (or on the check itself).	I TFM 4 - 2055.40
09.03.06	The system must be able to record the details (invoice numbers, voucher numbers, contract number, etc.) of a consolidated payment.	I TFM 4 - 2055.40
09.03.07	The system must be able to prepare separate schedules for the general classifications of payment, such as travel vouchers, vouchers payable in foreign currency, vendor payment vouchers, transportation vouchers, etc.	I TFM 4 - 2055.30
09.03.08	The system must cross reference each voucher to the voucher schedule by agency identification numbers and be able to match one with the other.	I TFM 4 - 2055.30
09.03.09	The system must assign a unique identification number to each voucher that will be used for accounting and auditing purposes.	I TFM 4 - 2045.40
09.03.10	The system must record, in the accounting classification space on each voucher, the account symbol or other reference number which identifies the specific appropriation(s) affected.	I TFM 4 - 2035.10
09.03.11	The system must schedule payments that are $100 million or more by preparing multiple payment records.	I TFM 4 - 2020.50

| 09.03.12 | The system must report disbursements of $50 million to $500 million to the U.S. Treasury two days in advance. For disbursements over $500 million a minimum of five days is required. | I TFM 6 - 8535.20 |

| 09.03.13 | The system must generate a report listing any payments scheduled on a particular day. | DoD FMR 01, 02, Add. 2, D10h |

| 09.03.14 | The system must recognize payments for services of a continuing nature which are performed under agency-vendor agreements. Such payments, which are for definite amounts at fixed intervals, may not be made without submission of vouchers. | I TFM 4 - 2025.30 |

09.03.15　[This requirement deleted.]

| 09.03.16 | The system must ensure that a comparison of the paid copy with the pending copy of the voucher-schedule is made. If any errors or alterations are noted, they must be reported immediately to the Inspector General's office and the disbursing officer. | I TFM 4 - 2055.20 |

| 09.03.17 | The system must schedule payments in the currency billed unless the payee is located in a restricted country, or in an excess or near-excess currency country. | I TFM 4 - 2065.30 |

09.03.18　[This requirement deleted.]

| 09.03.19 | The system must generate a payment due date of 30 days if a due date is not specified in the contract. | OMB A-125, 4e |

09.03.20　[This requirement deleted.]

| 09.03.21 | The system must report to the U.S. Treasury the following information for disbursements totaling $50 million or more:
1. Name and address of the agency, department, bureau, or administration
2. Name and telephone number of contact
3. Agency location code (ALC) or Defense station symbol number (DSSN)
4. Account title and account symbol number
5. Description of transaction
6. Transaction settlement date
7. Amount of disbursement
8. Payment mechanism (wire transfer or check)
9. Check number for check payments
10 Payee name and address | I TFM 6 - 8535.20 |

4: Execute Payments

09.04.01	The system must identify and select payments to be disbursed in a particular payment cycle based on their due dates. It must also allow an authorized certifying officer access to the system for review and certification.	JFMIP SR-99-4, 32
09.04.02	The system must allow specific payments selected for disbursement to be excluded from the payment cycle and held for later payment.	JFMIP SR-99-4, 32
09.04.03	[This requirement deleted.]	
09.04.04	The system must include on each payment relevant identification information (e.g., contract number, invoice number, and interest penalty amount and calculations).	JFMIP SR-99-4, 32
09.04.05	The system must collect information on discounts taken, discounts lost, and interest penalties in order to comply with applicable prompt pay reporting requirements.	JFMIP SR-99-4, 32
09.04.06	The system must calculate totals by appropriation symbol for inclusion on the payment schedule, except for unidentified appropriations.	JFMIP SR-99-4, 32
09.04.07	The system must provide for various forms of payment to be used, i.e., check, or electronic transfer of funds (e.g., ACH, wire). The requirements related to these payments include: - consolidating multiple payments to a single payee, up to the prescribed limitation in order for the disbursing office to produce one check and itemize all payments covered by the one check. Allowing for separate check to a payee in specific instances where needed, - allowing a payment to be removed from the automated scheduling stream and scheduled as a manual payment, and - providing the capability to schedule and make payments in various forms.	JFMIP SR-99-4, 32
09.04.08	The system must prepare and send reports to the U.S. Treasury showing the disbursements made by an agency under its own disbursing authority.	JFMIP SR-99-4, 32
09.04.09	The system must process transactions resulting from payments made using other systems, such as payroll. It must also record disbursements, assets, expenses, and obligations. The system must not schedule, or make a payment already scheduled by the core financial system, as the payment may already been made by the other system.	JFMIP SR-99-4, 32

09.04.10   [This requirement deleted.]

09.04.11	The system must record payments made by another entity, such as a finance center, on behalf of the agency using agency funds.	JFMIP SR-99-4, 32

5: Confirm and Follow-up on Payments

09.05.01	The system must provide information about each payment that reflects the stage of the scheduling process that the payment has reached, and the date each step was reached. Such stages include: - the date payment scheduled, - the date the schedule was sent to appropriate disbursing office, and - the date payment issued by appropriate disbursing office.	JFMIP SR-99-4, 33
09.05.02	The system must provide for the comparison of the agency's payment schedule and the disbursing office's accomplished payment schedule.	JFMIP SR-99-4, 33
09.05.03	The system must update the agency's payment records when confirmation of payment is received from the disbursing office, including the paid schedule number, check numbers or trace numbers, date, amount of payment, and payment method (check or EFT).	JFMIP SR-99-4, 33
09.05.04	The system must maintain a payment history of every payment by the core financial system, and should include: authorizing document number, payment schedule number, payment date, invoice number, vendor number, and appropriation charged.	JFMIP SR-99-4, 33
09.05.05	The system must provide on-line access to vendor and payment information.	JFMIP SR-99-4, 33
09.05.06	The system must provide on-line access to open documents based on agency selection criteria, e.g. document number.	JFMIP SR-99-4, 33
09.05.07	The system must produce the supporting information needed to prepare the Prompt Pay report in accordance with requirements in OMB Circular A-125.	JFMIP SR-99-4, 33
09.05.08	The system must generate a completed monthly Statement of Transactions, SF 224.	JFMIP SR-99-4, 33; 1 TFM 2 - 3300
09.05.09	The system must generate a completed Statement of Accountability, SF 1219, each month.	JFMIP SR-99-4, 33; 1 TFM 2 - 3100
09.05.10	The system must generate a completed Statement of Transactions, SF 1220, each month.	JFMIP SR-99-4, 33; 1 TFM 2 - 3100

09.05.11	The system must maintain an on-line history file of closed out documents for a user-defined period of time.	DoD FMR 01, 02, Add. 2, D2c
09.05.12	The system must automatically liquidate the related liability or the in-transit amount when payment confirmation updates the system.	JFMIP SR-99-4, 33

6: Reporting

09.06.01	The system must generate aged requisitions.	DoD FMR 01, 02, Add. 2, D10a
09.06.02	The system must generate aged outstanding obligating documents by entry date and expected receipt date.	DoD FMR 01, 02, Add. 2, D10c
09.06.03	The system must generate aged receiving reports without an acceptance.	DoD FMR 01, 02, Add. 2, D10b
09.06.04	The system must generate an aged, unmatched vendor invoice report.	DoD FMR 01, 02, Add. 2, D10d
09.06.05	The system must report the number and amount of interest penalties paid.	DoD FMR 01, 02, Add. 2, D11d
09.06.06	The system must generate the status and procurement history for documents such as multi-task contracts, grants, and blanket purchase agreements.	DoD FMR 01, 02, Add. 2, D2g
09.06.07	The system must produce a detailed listing by (1) level of funds control and specific contract for commitment documents, (2) obligation document, and (3) expenditure of funds.	DoD FMR 01,02, Add. 2, D10e
09.06.08	The system must generate a cash requirement projection report indicating the dollar amount of disbursements due to be made on a particular day.	DoD FMR 01,02, Add. 2, D10g
09.06.09	The system must produce audit trail reports to support data transferred from external systems to the financial system, including an error listing.	DoD FMR 01, 02, Add. 2, D10i.
09.06.10	An entity should report amounts owed for goods and services received from federal entities separately from similar amounts owed to nonfederal entities.	SFFAS-1, 76
09.06.11	An entity should disclose accounts payable and other current liabilities not covered by budgetary resources.	SFFAS-1, 80 & 86
09.06.12	An entity should report current liabilities due to federal entities separately from those due to employees and the public.	SFFAS-1, 85

09.06.13	An entity should disclose as an integral part of the notes to the financial statements a contingent liability if any of the conditions for the liability recognition are met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred.	SFFAS-5, 40
09.06.14	An entity should disclose in its financial statements the estimated amount or range for contingent liabilities as well as the nature of the contingency. If an estimate cannot be made, then a statement to this effect should be included.	SFFAS-5, 39 & 41
09.06.15	An entity need not report remote contingencies in general purpose financial reports. However, if an entity includes information regarding remote contingencies in its general purpose financial reports, the information should be labeled as such to avoid the misleading inference that there is more than a remote chance of a loss of that amount.	SFFAS-5, 42

CHAPTER 10

TRAVEL

Travel policies, rules, and regulations for the federal agencies are established by the General Services Administration (GSA) and the Office of Personnel Management (OPM). The Joint Federal Travel Regulations (JFTR) directly implements travel and transportation entitlements authorized by law. The JFTR prescribes travel and transportation allowances authorized for federal civilian employees. DoD's travel policy and procedures are contained in volume 9 of the Department's Financial Management Regulation (DoD 7000.14-R). JFMIP has established specific requirements for agencies' systems that process, control, and report on employees' travel.

TRAVEL

Functional Requirements
1: System Overview
2: Travel Authorities
3: Travel Advances
4: Travel Vouchers
5: Local Travel
6: Sponsored Travel
7: Interface Requirements
8: Reporting
9: Temporary/Permanent Change of Station
10: System Administration

SOURCE(S)

1: System Overview

10.01.01	The travel system must be able to prepare and track the status of a travel authorization, a travel advance issued by the agency as necessary, and a travel voucher as it goes through the various stages of preparation, approval and processing.	JFMIP SR-99-9, 5
10.01.02	The system must incorporate the preparation and approval of travel and transportation authorizing documents, including fund certification; preparation and authorization of emergency travel advances; and computation, preparation, and approval of travel vouchers.	JFMIP SR-99-9, 5
10.01.03	The travel system must record travel transactions in order of precedence (authorization must precede a voucher).	JFMIP SR-99-9, 5
10.01.04	The travel system must document travel information so that it is easily and readily available for analysis, decision support, operational control management, and external regulatory reports.	JFMIP SR-99-9, 5
10.01.05	[This requirement deleted.]	
10.01.06	[This requirement deleted.]	
10.01.07	[This requirement deleted.]	
10.01.08	For centralized control and system administration, the travel system must maintain various tables, such as locality/M&IE allowances, locality/lodging rates, travelers/government credit card data, and rental car rates/types.	JFMIP SR-99-9, 32

10.01.09	The travel system should provide, effective January 1, 2001, for interfacing with a Travel Management System (TMS), arranging tickets and transportation and processing of claims from vendors related to the travel and transportation documents.	JFMIP SR-99-9, 5
10.01.10	The travel system must provide interface to electronic routing or mail system.	JFMIP SR-99-9, 30
10.01.11	The travel system must provide the capability to support electronic interfaces with the credit card company.	JFMIP SR-99-9, 30

2: Travel Authorities

10.02.01	The travel system should provide the capability to create and process travel authorizations and provide funds availability, including unlimited open, limited open, and trip-by-trip.	JFMIP SR-99-9, 11
10.02.02	The travel system must be able to maintain the order of precedence for executing each travel step.	JFMIP SR-99-9, 10
10.02.03	The travel system must be able to change the order of precedence of the processing steps to handle unusual travel demands or local travel.	JFMIP SR-99-9, 10
10.02.04	The travel system must provide for determining whether the traveler is a holder of a government-issued charge card.	JFMIP SR-99-9, 11
10.02.05	[This requirement deleted.]	
10.02.06	The travel system must have coding and processing structures that will link all phases of travel together.	JFMIP SR-99-9, 10
10.02.07	The travel system must provide for verification that authorization exists and that funds are available.	JFMIP SR-99-9, 11
10.02.08	The travel system should record detailed itinerary information.	JFMIP SR-99-9, 11
10.02.09	The travel system must calculate authorized per diem, meals, and incidental expenses (M&IE) for both the planned itinerary and the actual travel performed.	JFMIP SR-99-9, 11
10.02.10	The travel system must allow for special routing and approval levels for certain classes/conditions of travel as required by FTR 301-2.	JFMIP SR-99-9, 13
10.02.11	The system must be able to provide the ability to cite multiple funding sources and the ability to designate travel costs by funding source (e.g., dollar amount and percentage allocation).	JFMIP SR-99-9, 10

10.02.12	The travel system must provide the capability to process travel authorizations with split fiscal year funding and with multiple funding.	JFMIP SR-99-9, 11
10.02.13	[This requirement deleted.]	
10.02.14	The travel system must maintain an adequate separation of duties.	JFMIP SR-99-9, 10
10.02.15	The travel system must allow correction, amendment, and cancellation of the travel authorization with appropriate reviewing and approving controls and allow for notification to the traveler and accounting office.	JFMIP SR-99-9, 11
10.02.16	The travel system must provide for entry for retention of the traveler's profile (e.g., name, mailing address, internal number, e-mail address, bank account, Social Security Number (SSN), payment address, permanent duty station, organization, position title, office phone, tickets, and seating preferences, etc.) for subsequent travel actions.	JFMIP SR-99-9, 11
10.02.17	[This requirement deleted.]	
10.02.18	The travel system must provide the capability to capture required standard data elements contained in the Federal Travel Regulation (FTR).	JFMIP SR-99-9, 10
10.02.19	The travel system must provide flexibility to accommodate additional data elements necessary to meet agency needs.	JFMIP SR-99-9, 10
10.02.20	The travel system must provide controls to prevent the creation of duplicate travel documents.	JFMIP SR-99-9, 10
10.02.21	The travel system must provide for fault-free performance of any data with dates prior to, through, and beyond January 1, 2000.	JFMIP SR-99-9, 10
10.02.22	The travel system must provide for the electronic routing of travel documents to reviewing and approving officials.	JFMIP SR-99-9, 10
10.02.23	The travel system must provide for an audit trail on historical data that identifies input, correction, amendment, cancellation and approval.	JFMIP SR-99-9, 10
10.02.24	The travel system must provide for the use of mandated Federal travel charge cards.	JFMIP SR-99-9, 10
10.02.25	The travel system must provide by October 21, 2003, for appropriate electronic authentication technologies to verify the identity of the sender and the integrity of electronic content that satisfies OMB's implementation requirements of the Government Paperwork Elimination Act (GPEA), Public Law 105-277.	JFMIP SR-99-9, 10

10.02.26	The travel system must provide for substantiating lodging expenses and other authorized expenses costing $75 or more in accordance with FTR 301-52.	JFMIP SR-99-9, 10
10.02.27	The travel system must provide the ability to address foreign currency conversions and fluctuations.	JFMIP SR-99-9, 10
10.02.28	The travel system must provide the ability to electronically route approved documents based on agency defined criteria.	JFMIP SR-99-9, 10
10.02.29	The travel system must provide for on-line search capability based on user-defined parameters.	JFMIP SR-99-9, 10
10.02.30	The travel system must provide the capability to allow a user to drill down from summary data to detail data.	JFMIP SR-99-9, 10
10.02.31	The travel system must provide for a tracking system that will allow employees to determine the status of any travel document at any time.	JFMIP SR-99-9, 10
10.02.32	The travel system must provide the capability to insert free form text or comments.	JFMIP SR-99-9, 10
10.02.33	The travel system must provide the capability to allow automatic deobligation on prior year blanket obligations.	JFMIP SR-99-9, 10
10.02.34	The travel system must provide the capability to download travel information from the agency's Travel Management System.	JFMIP SR-99-9, 10
10.02.35	The system must provide for automated interface of accounting codes and funds availability with the core system.	JFMIP SR-99-9, 11
10.02.36	The travel system must provide that the system to maintain and send a record of expenses for same day trip of more than 12 hours but less than 24 hours with no lodging to the payroll system to be included in the employee's Form W-2, Wage and Tax Statement. In addition, report and send the employer's matching tax amounts.	JFMIP SR-99-9, 10

3: Travel Advances

10.03.01	The travel system must provide for entry, processing, approval, and the payment and liquidation of government funds for the tracking, aging , and control of travel advance function.	JFMIP SR-99-9, 12
10.03.02	The travel system must be able to set, change, and enforce established limits on travel advances.	JFMIP SR-99-9, 12

10.03.03 [This requirement deleted.]

10.03.04	The travel system must provide data for automatic aging outstanding travel advances based on the end of trip date and generate follow-up notices to the travelers and administrative staff concerning delinquent advances effecting payroll offsets or other means of collection.	JFMIP SR-99-9, 12
10.03.05	The travel system must allow for properly authorized and approved travel advance transactions. The system should be able to process travel advances for direct deposit or give the traveler cash or cash equivalents such as cash, travelers checks, and third party drafts.	JFMIP SR-99-9, 12
10.03.06	The travel system must be connected with the accounts receivable module of the agency's core financial system. Both the travel and core systems must use the U.S. Standard General Ledger to establish receivables for overdue travel advances. Both systems must ensure that the receivables are collected in accordance with agency collection procedures.	JFMIP SR-99-9, 30
10.03.07	The travel system should provide for limiting the allowed advance based upon transportation method (Government Transportation Request vs. non-GTR), subsistence rates, miscellaneous expenses, and traveler possession of or eligibility for a charge card.	JFMIP SR-99-9, 12
10.03.08	The travel system must be able to age outstanding advances and identify and report upon travelers who have not submitted travel vouchers within the period stipulated in DoD FMR volume 9, chapter 2.	DoD FMR 09, 02, 020303
10.03.09	The system must provide for limiting the allowed advance based upon transportation method (Government Transportation Request (GTR) vs. non-GTR), subsistence rates, miscellaneous expenses, and possession of a charge card.	JFMIP SR-99-9, 12
10.03.10	The travel system must provide for reporting to the Internal Revenue Service (IRS) delinquent travel advances as taxable income to the traveler.	JFMIP SR-99-9, 12

4: Travel Vouchers

10.04.01	The travel system should provide for input by both the traveler and support clerical staff, at central and remote locations.	JFMIP SR-99-9, 13
10.04.02	The travel system should provide for automated points-of-entry to collect the information necessary to prepare the voucher.	JFMIP SR-99-9, 13

| 10.04.03 | The travel system must Provide the capability to display defined messages to the user regarding required receipts for lodgings and authorized expenses incurred costing $75 or more, unused tickets, refunds, certificates, or any other supporting documentation that may be needed. | JFMIP SR-99-9, 13 |

| 10.04.04 | In order to expedite the liquidation of an outstanding advance the travel system must be able to process partial claims against travel orders. (A travel order is the basis for a traveler's reimbursement.) | JFMIP SR-99-9, 13; DoD FMR 09, 02, 020202C |

10.04.05   [This requirement deleted.]

| 10.04.06 | The travel system should provide the capability to calculate authorized mileage allowances and per diem amounts based on TDY location and other related information. | JFMIP SR-99-9, 13 |

| 10.04.07 | The travel system must provide the capability to draw upon the information reflected on the travel authorization and/or government cash advance provided to the traveler, and use that information the system should prepare the voucher/claim as required. | JFMIP SR-99-9, 13 |

10.04.08   [This requirement deleted.]

| 10.04.09 | The system must provide the capability to display defined messages to the user regarding certification statements, Privacy Act Statement, standard clauses for required receipts, supporting documentation requirements, etc., and justification statements for use of special travel arrangements. | JFMIP SR-99-9, 11 |

10.04.10   [This requirement deleted.]

| 10.04.11 | The travel system should provide information to the user about required receipts and documentation. The system should provide for partial vouchering and for amended vouchers and shall have the capability to update related systems/modules. | JFMIP SR-99-9, 13 |

| 10.04.12 | The travel system should provide the traveler with the capability to create and modify travel vouchers before final approval. The voucher then would be electronically transferred to the approval official. The approving official would either deny and remand it to the traveler or approve it through electronic signature and forward it for audit and payment certification. | JFMIP SR-99-9, 13 |

| 10.04.13 | The travel system must have a tracking system that will allow travelers and payment offices to determine the status of any voucher/claim. | JFMIP SR-99-9, 14 |

10.04.14	The travel system should provide for the generation of notices to the traveler when information has not been submitted in a timely manner.	JFMIP SR-99-9, 14
10.04.15	The travel system must provide interfaces with the accounts receivable module to allow salary offsets or the generation of management reports. This will support fiscal period cut-offs or a demand for interim period reports.	JFMIP SR-99-9, 30
10.04.16	[This requirement deleted.]	
10.04.17	[This requirement deleted.]	
10.04.18	The system must provide for matching of travel vouchers with the travel authorizations and/or centrally issued passenger tickets and provide for audit of the claim in accordance with the Federal Travel Regulation (FTR) and Department of State Standardized Regulations (DSSR) for temporary duty travel of all civilian agency government travelers (The Joint Travel Regulations (JTR) implement the FTR and DSSR for all DoD civilian employees).	JFMIP SR-99-9, 14
10.04.19	The travel system must integrate the issuance and control of the travel advances with the travel voucher payment process to ensure that the advance is liquidated or collected prior to the issuance of a payment to the traveler; also provide the capability not to liquidate when the traveler has been authorized a "retained" travel advance in accordance with FTR 301-51.	JFMIP SR-99-9, 12
10.04.20	The travel system must provide for a random sampling of travel vouchers for voucher audits, information requirements, or other purposes based on criteria as determined by the agency. (Statistical sampling requirements are contained in GAO's Title 7.)	JFMIP SR-99-9, 14
10.04.21	The travel system must maintain and report travel obligation and liquidation information.	JFMIP SR-99-9, 31
10.04.22	The travel system must provide for the system to maintain a record of all relocation expenses (those taxable and nontaxable), regardless of what system paid the expenses, and send a record of the expenses, including temporary assignments that are expected to exceed one year, to the payroll system to be included in the employee's Form W-2, Wage and Tax Statement, or provided as a separate W-2 for relocation expenses, as appropriate. In addition, report and send the employer's matching tax amounts.	JFMIP SR-99-9, 19
10.04.23	The travel system should provide the capability to process more than one Relocation Income Tax allowance if reimbursement is received in more than one calendar year.	JFMIP SR-99-9, 28

10.04.24	The travel system must allow for recording the date of departure from, and arrival at, the official duty station or any other place when travel begins, ends, or requires overnight lodging.	JFMIP SR-99-9, 13

10.04.25 Provide the capability to compute M&IE allowance rates based on travel completed: JFMIP SR-99-9, 13
a. More than 12 hours but less than 24 - 75 percent of the applicable
   M&IE rate
b. 24 hours or more, on:
   -Day of departure - 75 percent of the applicable M&IE rate
   -Full days of travel - 100 percent of the applicable M&IE rate
   -Last day of travel - 75 percent of the applicable M&IE rate
c. Meals provided in accordance with FTR 301-11.

10.04.26 The travel system must provide information to allow for offset of funds to indebtedness through salary offset, a retirement credit, or other amount owed the employee.   JFMIP SR-99-9, 14

10.04.27 The system must allow entering approved or official subsistence rates and mileage allowance when not available in the travel system.   JFMIP SR-99-9, 13

10.04.28 Provide for a mechanism that allows the traveler to designate applicable amounts to be paid to a charge card contractor and/or reimbursement to the traveler (Split Disbursement).   JFMIP SR-99-9, 14

10.04.29 The travel system must provide for electronic notification to travelers of payments made by disbursing offices or for disallowance of a claim for an expense. Allow for agency flexibility in defining message contents.   JFMIP SR-99-9, 14

5: Local Travel

10.05.01 The travel system must produce the local travel voucher by entering selected data into the system to activate an obligation and payment of local travel.   JFMIP SR-99-9, 15

10.05.02 [This requirement deleted.]

10.05.03 [This requirement deleted.]

10.05.04 The travel system must be able to allow the user to assign the appropriate accounting classification data to update the accounting system.   JFMIP SR-99-9, 15

10.05.05 [This requirement deleted.]

10.05.06	The travel system must automatically create a transaction code to record an obligation and payment into the system along with other appropriate accounting information. The system must record the type of disbursement and the appropriate schedule number in the system and also update the subsidiary ledgers and the standard general ledger.	JFMIP SR-99-9, 30.

6: Sponsored Travel

10.06.01	The travel system must track and report the travel process for the acceptance of payment in-cash or in-kind acceptance of services from non-federal sources to defray in whole or in part the travel or related expenses of Federal employees in accordance with FTR 304.	JFMIP SR-99-9, 16
10.06.02	The travel system should enter the approval, or disapproval, by a designated individual of the approving office; and be able to accommodate an approving official at an off-site location.	JFMIP SR-99-9, 16
10.06.03	The system must ensure that sponsored travel be administratively approved prior to final approval of the travel order (with exception of an override ability to approve sponsored travel after the fact if necessary). Upon approval of a travel request, the travel management system should prompt the traveler through the system or generate a report to advise the traveler (or the travel office) to enter the travel order in the system.	JFMIP SR-99-9, 16
10.06.04	The travel system should provide notification to the accounting office of information required to establish an accounts receivable for travel deposits or collections.	JFMIP SR-99-9, 16
10.06.05	The travel system should provide the capability to indicate the amounts and entitlements to be paid by the government and those to be paid by the sponsoring organization and show estimated amounts where actual amounts are unknown.	JFMIP SR-99-9, 16
10.06.06	The travel system should interface with the accounting system to allow the recording of cash or in-kind services.	JFMIP SR-99-9, 16
10.06.07	The travel system must provide the capability to generate the appropriate accounting transactions to reflect the cost of the trip to be funded by the government and transactions to record the receipt of income from non-federal sources. (As a value-added feature, this could be linked with an Accounts Receivable System.)	JFMIP SR-99-9, 30
10.06.08	[This requirement deleted.]	

7: Interface Requirements

10.07.01	The travel system must provide travel activity transactions to the core financial system by generating accounting transactions as needed.	JFMIP SR-99-9, 30
10.07.02	The travel system must provide travel activity transactions to the core financial system by updating funds control.	JFMIP SR-99-9, 30
10.07.03	The travel system must provide travel activity transactions to the core financial system by updating the standard general ledger.	JFMIP SR-99-9, 30
10.07.04	The travel system must provide travel activity transactions to the core financial system by generating disbursement actions by electronic funds transfer (EFT).	JFMIP SR-99-9, 30
10.07.05	The travel system must provide travel activity transactions to the core financial system by recording travel advance issuance and liquidation actions against corresponding obligation and expenditure records.	JFMIP SR-99-9, 30
10.07.06	[This requirement deleted.]	
10.07.07	The travel system must provide for recording sufficient airline ticket information that is essential to the airline ticket payment process so that the accounting office may review the information, verify the amount cited on the airline bill, and determine if a refund is due or reconcile other ticketing differences so that correct payment is made.	JFMIP SR-99-9, 30

8: Reporting

10.08.01	The travel system should provide the capability to generate the required standard, ad hoc and query reports for all standard data elements as required by the FTR, and allow for the reformatting of reports to present different sorts of the information, the presentation of only specific information in the format selected, the summarization of data, and the modification of report formats to tailor the reports to the specific requirements of the agency.	JFMIP SR-99-9, 31
10.08.02	[This requirement deleted.]	
10.08.03	[This requirement deleted.]	
10.08.04	[This requirement deleted.]	

10.08.05	[This requirement deleted.]	
10.08.06	[This requirement deleted.]	
10.08.07	[This requirement deleted.]	
10.08.08	[This requirement deleted.]	
10.08.09	The travel system must provide the capability to download data to spreadsheets or other analytical tools, and using those tools, provide the capability to run on-demand analysis reports (e.g. travel and cost comparisons).	JFMIP SR-99-9, 31
10.08.10	[This requirement deleted.]	
10.08.11	[This requirement deleted.]	
10.08.12	The travel system must provide travel data to GSA for oversight in accordance with FTR 300-70, Agency Reporting Requirements.	JFMIP SR-99-9, 31
10.08.13	The travel system must provide the capability to download data to spreadsheets and other analytical tools.	JFMIP SR-99-9, 31
10.08.14	The system must provide the capability to modify "HELP" facilities to meet specific requirements of the agency.	JFMIP SR-99-9, 31
10.08.15	The travel system must provide the capability to run on-demand analysis reports.	JFMIP SR-99-9, 31
10.08.16	The travel system must provide the capability to electronically transmit reports.	JFMIP SR-99-9, 31

9: Temporary/Permanent Change of Station

10.09.01	The travel system must identify, record, and process information associated with the following allowances, which may occur incident to a transfer: (1) househunting trip, (2) transportation (including family), (3) per diem (including family), (4) transportation of household goods, (5) temporary storage, (6) non-temporary storage, (7) transportation of a mobile home, (8) temporary quarters subsistence expense, (9) residence transaction expense reimbursement, (10) relocation services, (11) miscellaneous expenses allowance, (12) property management services, (13) transportation of privately owned vehicle (POV), (14) withholding tax allowance (WTA), (15) relocation income tax (RIT) allowance, and (16) homesale program/home marketing incentive payments.	JFMIP SR-99-9, 17

10.09.02	The system must provide the capability to capture the effective date of the transfer.	JFMIP SR-99-9, 17
10.09.03	The travel system must provide the capability to capture the time limit for beginning travel and transportation not to exceed 2 years from the effective date of the employee's transfer or appointment and not to exceed 3 years when the 2-year limitation for completion of residence (sale and purchase or lease) transactions is extended one year by the head of the agency or his/her designee.	JFMIP SR-99-9, 17
10.09.04	The travel system must provide the capability to capture information for the required allowance alternative option selected when two or more members of the same immediate family are employed by the government, and in applying these alternatives, provide that other members of the immediate family not receive duplicate allowances.	JFMIP SR-99-9, 17
10.09.05	The system must provide the capability to process reimbursement for not more than one return trip during each agreed period of service at a post-of-duty for prior return of immediate family.	JFMIP SR-99-9, 17
10.09.06	The travel system must provide the capability to provide on screen instructions or prompts as to how calculations/formulas are performed for allowances.	JFMIP SR-99-9, 19
10.09.07	The travel system must allow for a "Remarks" field to enter comments.	JFMIP SR-99-9, 19
10.09.08	The travel system must allow for recomputing allowances and making appropriate adjustments.	JFMIP SR-99-9, 19
10.09.09	The system must provide for the capability to offset entitlements against any indebtedness to the Government.	JFMIP SR-99-9, 19
10.09.10	The travel system must provide for withholding Federal or Puerto Rico, state, local, hospital insurance and Federal Insurance Contribution Act (FICA) tax at the withholding rate applicable to supplemental wages on the original voucher when submitted. (Use the "gross-up formula" in FTR 302-11).	JFMIP SR-99-9, 19
10.09.11	The travel system must maintain a record of all relocation expenses (those taxable and nontaxable), regardless of what system paid the expenses, and send a record of the expenses, including temporary assignments that are expected to exceed one year, to the payroll system to be included in the employee's Form W-2, Wage and Tax Statement, or provided as a separate W-2 for relocation expenses.	JFMIP SR-99-9, 19

10.09.12	The travel system must provide for the system to annually consolidate total amount of employee's WTA's, the amount of moving expense reimbursements, and RIT's paid during the applicable year and provide an itemized list to the employee to facilitate filing RIT claims and income tax returns.	JFMIP SR-99-9, 19
10.09.13	The travel system must, for Allowances for Househunting Trip, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's date of travel. The travel system must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 19
10.09.14	The travel system must provide the capability to set, change, and apply limits on travel advances for househunting trips as set forth in FTR 302-4.	JFMIP SR-99-9, 20
10.09.15	The travel system must, for Allowances for Househunting Trip, provide the capability to provide the following required information: 1. Limited to employee and/or spouse, 2. Limited to one round trip; duration authorized by the agency under FTR 302- 4, not to exceed 10 calendar days, 3. Specific distance limitations applicable to individual allowances for house hunting trips, 4. Both old and new official stations are located within the United States, 5. Not assigned to Government or other prearranged housing at new official station, 6. Old and new stations are 75 or more miles apart, 7. Not authorized for New appointees, and 8. Not authorized for employees assigned under the Government Employee's Act.	JFMIP SR-99-9, 20
10.09.16	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's or new appointee's effective date of transfer or appointment. Must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 20
10.09.17	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide for the reimbursement of Actual Transportation costs for employee and immediate family, mileage if performed by POV or special conveyance, per diem for employee and immediate family.	JFMIP SR-99-9, 21

10.09.18	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following information: travel time must be more than 12 hours and the employee traveling within the Continental United States (CONUS) is receiving the standard CONUS rate.	JFMIP SR-99-9, 21
10.09.19	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following required information: when the spouse is accompanying the implode, the spouse is authorized 75% of the employee's entitlement, that the spouse receives the same rate as the employee when the employee receives less than the minimum per diem rate of $6, or the spouse is paid on the basis of actual time used to complete the trip (computed on minimum driving distance of 300 miles per calendar day).	JFMIP SR-99-9, 21
10.09.20	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following required information: when the spouse is not accompanying the employee, the spouse is authorized per diem rate to which the employee is entitled.	JFMIP SR-99-9, 21
10.09.21	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following required information: each member of immediate family is authorized as follows: Age 12 or older: 75% of the per diem Under 12 years of Age: 50% of the per diem If the employee receives less than minimum per diem rate of $6, member receives the same rated as the employee is entitled.	JFMIP SR-99-9, 21
10.09.22	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following required information: excludes per diem allowances for members of immediate families of new appointees, employees assigned to posts of duty outside CONUS in connection with overseas tour renewal agreement travel or returning to places of actual residence for separation, and employees assigned under the Government Employees Training Act.	JFMIP SR-99-9, 21
10.09.23	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to set, change, and apply limits on travel advances as Authorized for estimated per diem, mileage, common carrier (not less than $100) for employee and immediate family as set forth in FTR302-2, and Not Authorized for Overseas tour renewal agreement travel as set forth in FTR-302-2, separation for retirement as set forth in FTR 302-1, and Government Bill of Lading (GBL) or purchase order as set forth in FTR 302-7 and FTR 302-8.	JFMIP SR-99-9, 21

10.09.24	The travel system must, for Allowance for Enroute Travel and Transportation of Employee and Immediate Family, provide the capability to capture the following required information: Specific distance limitation applicable to change of official station (at least 10 miles from old station).	JFMIP SR-99-9, 21
10.09.25	The travel system must, for Allowance For Transportation of Household Goods, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's or new appointee's effective date of transfer or appointment. Must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 22
10.09.26	The travel system must, for Allowance For Transportation of Household Goods, provide a capability to process reimbursements using the Commuted Rate System Method (Within U.S) and Actual Expense Method.	JFMIP SR-99-9, 22
10.09.27	The travel system must, for Allowance For Transportation of Household Goods, provide the capability to capture the required information: Weight limitation of 18,000 lbs. net weight of stored and transported goods.	JFMIP SR-99-9, 22
10.09.28	The travel system must, for Allowance For Transportation of Household Goods, provide the capability to capture the required information: Temporary storage limitation of 90 days at origin with a 90 day extension.	JFMIP SR-99-9, 22
10.09.29	The travel system must, for Allowance For Transportation of Household Goods, provide the capability to capture the required information related to non-temporary storage limitations for permanent change of station (PCS) to remote or isolated locations, and time limitations within and outside the United States, for DoD overseas teachers.	JFMIP SR-99-9, 22
10.09.30	The travel system must, for Allowance For Transportation of Household Goods, provide the capability to set, change, and apply limits on travel advances as authorized for transportation and temporary storage of household goods as set forth in FTR 302-8, and not authorized for non-temporary storage of household goods as set forth in FTR 302-9.	JFMIP SR-99-9, 23
10.09.31	The travel system must, for Allowance For Transportation of Household Goods, provide access to Schedules of Commuted Rates and Government Bill of Lading rates for moving and storage of household goods and allow comparison.	JFMIP SR-99-9, 23

10.09.32	The travel system must, for Allowance for Transportation of Mobile Homes, Provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's or new appointee's effective date of transfer or appointment. Must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 23
10.09.33	The travel system must, for Allowance for Transportation of Mobile Homes, provide for reimbursement of the following: preparation costs, over water and over land transportation utilizing common carrier, mileage allowances, and geographic limitations.	JFMIP SR-99-9, 23
10.09.34	The travel system must, for Allowance for Transportation of Mobile Homes, provide the capability to set, change, and apply limits on travel advances set forth in FTR-302.7.	JFMIP SR-99-9, 23
10.09.35	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's effective date of transfer. Must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 24
10.09.36	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide the capability of entering data utilizing the Fixed and Actual Method, subject to time and per diem limitations.	JFMIP SR-99-9, 24
10.09.37	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide the capability to capture specific limitations applicable to eligibility for temporary quarters subsistence expenses at new official stations located within the United States, its territories or possessions, and whether old and new stations are 40 miles apart or more.	JFMIP SR-99-9, 24
10.09.38	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide the capability to capture required information to identify employees not authorized for the allowance (new appointees, employees assigned under the Government Employees Training Act, and employees returning from overseas assignments for the purpose of separation.	JFMIP SR-99-9, 24
10.09.39	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide the capability to capture the following information: Not to exceed 60 consecutive days; may extend an additional 60 consecutive days for compelling reasons.	JFMIP SR-99-9, 24

10.09.40	The travel system must, for Allowance for Temporary Quarters Subsistence Expense, provide the capability to set, change, and apply limits on travel advances while occupying temporary quarters as set forth in FTR 302-5.	JFMIP SR-99-9, 24
10.09.41	The travel system must, for Residence Transaction Expense Reimbursement, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's effective date of transfer. These limitations require that reimbursable expenses cannot exceed 10% of the actual sale price of old home, 5% of the actual purchase price of a new home, settlement of an expired lease limited to the applicable laws or terms of the lease, and pro-rata basis when necessary.	JFMIP SR-99-9, 25
10.09.42	The travel system must, for Residence Transaction Expense Reimbursement, provide the capability to set, change, and apply limits on travel advances as not authorized for residence transaction expense reimbursement as set forth in FTR 302-6.	JFMIP SR-99-9, 25
10.09.43	The travel system must, for Residence Transaction Expense Reimbursement, provide the capability to capture the following required information: settlement date time limitation of 2 years from date employee reports for duty at new official station, with a 1 year extension, and identification of employees, not authorized for this reimbursement (new appointees, employees assigned under the Government Employees Training Act, and Foreign PCS employees.	JFMIP SR-99-9, 25
10.09.44	The system must, for Allowance for Relocation Services, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's effect date of transfer, allowing for relocation services as a substitute for relocation allowance authorized (e.g. household goods management services as a substitute for transportation of household goods).	JFMIP SR-99-9, 25
10.09.45	The system must, for Allowance for Miscellaneous Expense, provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's effective date of transfer or appointment. Must also allow for entering appropriate data for various options of method of reimbursements, including daily itemization of actual expenses.	JFMIP SR-99-9, 26
10.09.46	The travel system must, for Allowance for Miscellaneous Expense, provide that minimum reimbursement without immediate family is lesser of 1 weeks basic compensation or $350, and with immediate family is lesser of 2 weeks basic pay or $700, receipts are not required.	JFMIP SR-99-9, 26

10.09.47	The travel system must, for Allowance for Miscellaneous Expense provide for reimbursement of actual miscellaneous expense, limited to the employee's basic pay for one week with out an immediate family or two weeks with an immediate family, not to exceed the maximum rate of a grade GS-13.	JFMIP SR-99-9, 26
10.09.48	The travel system must, for Allowance for Miscellaneous Expense, provide the capability to set, change, and apply limits on travel advances as not authorized for miscellaneous expenses allowance as set forth in FTR-302-3.	JFMIP SR-99-9, 26
10.09.49	The travel system must, for Allowance for Miscellaneous Expense, provide the capability to capture required information to identify employees not authorized to receive the allowance (employee's first assignment unless to an overseas location, new appointees, employees assigned under the Government Employees Training Act, and employees returning from overseas assignments for the purpose of separation).	JFMIP SR-99-9, 26
10.09.50	The travel system must, for Allowance for Property Management Services, provide the capability to capture the following required information: -Optional use by employee, -Authorized to transfer to foreign/transferred back to a different non-foreign area, -Agency pays for services offered by a company which assist the employees transferred to a non-foreign area from a foreign area in retaining and renting, rather than selling residence at Government expense, -Up to a maximum of 24 months (2 years from effective date of transfer), and -Agency may offset any expenses paid against subsequent reimbursement for sale of residence.	JFMIP SR-99-9, 26
10.09.51	The travel system must provide for the reimbursement maximums or limitations applicable to regulatory provisions in effect on the employee's or new appointee's effective date of transfer or appointment. - Agency pays entire costs from point of origin to destination - Commercial means - Government means as space available	JFMIP SR-99-9, 27
10.09.52	The travel system must, for Allowance for Transportation of Privately Owned Vehicle (POV), provide the capability to set, change, and apply limits on travel advances for transportation and emergency storage of employee's privately owned vehicle (POV) as set forth in FTR 302-10.	JFMIP SR-99-9, 27

10.09.53	The travel system must, for Allowance for Transportation of Privately Owned Vehicle (POV), provide the capability to capture the following required information: Within CONUS transport of POV's in accordance with FTR302-10.	JFMIP SR-99-9, 27
10.09.54	The travel system must, for Withholding Tax Allowances, provide the capability to calculate in Year 1 a gross-up formula (compensate the employee for the initial tax, the tax on tax, etc.) for a Withholding Tax Allowance (WTA) payment amount to cover the employee's Federal or Puerto Rico withholding tax each time covered moving expense reimbursements are made, excluding other withholding tax obligations.	JFMIP SR-99-9, 27
10.09.55	The travel system must, for Withholding Tax Allowance, provide the capability of processing more than one WTA if reimbursement for moving expenses is received in more than 1 calendar year.	JFMIP SR-99-9, 27
10.09.56	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to capture the following required information: - Limited expenses or allowances covered by RIT - househunting trip - en route travel according to current IRS regulations - household goods shipment (including temporary storage over 30 days) - non-temporary storage expenses (before October 12, 1984) - mobile home/boat movement - temporary quarters - residence transactions (real estate) expense reimbursement - relocation services which constitute income to the employee - miscellaneous expenses allowance - property management services allowance	JFMIP SR-99-9, 28
10.09.57	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to set, change, and apply limits on travel advances as not authorized for relocation income tax (RIT) allowance as set forth in FTR 302-11.	JFMIP SR-99-9, 28
10.09.58	The travel system must, for Relocation Income Tax (RIT) Allowance, allow for processing RIT claims involving two or more States with the selection of applicable taxing situations (average, highest, sum of the applicable state/local marginal tax rate) to determine applicable single State/Local Marginal Tax Rate.	JFMIP SR-99-9, 28
10.09.59	The travel system must, for Relocation Income Tax (RIT) Allowance, Provide the capability to calculate formulas for a Combined Marginal Tax Rate (CMTR) which includes a single rate for Federal or Puerto Rico Marginal Tax Rate, State's Marginal Tax Rate (applicable when States do not allow deduction of moving expenses), and Local Marginal Tax Rate.	JFMIP SR-99-9, 28

10.09.60	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to calculate a CMTR formula for Year 1 and for Year 2. Formula adjusts the State and local tax rates to compensate for their deductibility from income for Federal or Puerto Rico tax purposes.	JFMIP SR-99-9, 28
10.09.61	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to calculate State gross-up formulas to be used when States do not allow deduction of moving expenses.	JFMIP SR-99-9, 28
10.09.62	The travel system must, for Relocation Income Tax (RIT) Allowance, allow for entering appropriate data for income level and filing status.	JFMIP SR-99-9, 28
10.09.63	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to calculate maximums or limitations applicable to the following incentives: Agency pays transferred employee home marketing incentive for finding a bona fide buyer for employee's residence. May not exceed the lesser of: a. Five percent (5%) of the price the relocation services company paid the employee for residence OR b. Actual savings the agency realized from the reduced fee/expenses it paid to the relocation services company.	JFMIP SR-99-9, 29
10.09.64	The travel system must, for Relocation Income Tax (RIT) Allowance, provide the capability to capture the following required information: employee use relocation services companies under contract with the Government.	JFMIP SR-99-9, 29

10: System Administration

10.10.01	The system must provide for administering required access controls and security.	JFMIP SR-99-9, 32
10.10.02	The travel system must provide for flexible operational capability to allow for daily, weekly, biweekly, monthly, quarterly, and annual processing requirements.	JFMIP SR-99-9, 32
10.10.03	The system must provide the capability to maintain rules incorporated in the travel system.	JFMIP SR-99-9, 32
10.10.04	the system must provide for maintaining defined messages to the user regarding general system information (including Privacy Act Statement), announcements, etc.	JFMIP SR-99-9, 32
10.10.05	The travel system must provide for supporting the remote user.	JFMIP SR-99-9, 32

10.10.06	The travel system must provide the capability to use electronic signatures.	JFMIP SR-99-9, 32
10.10.07	The travel system must provide the capability for backup and recovery of transactions.	JFMIP SR-99-9, 32
10.10.08	The travel system must provide for gathering and analyzing usage statistics.	JFMIP SR-99-9, 32
10.10.09	The travel system must provide for retaining system records in accordance with agency regulations and preventing the purging of historical records prior to the proper period as authorized for disposal by the National Archives and Records Administration (NARA).	JFMIP SR-99-9, 32

CHAPTER 11

DIRECT LOANS

Federal agencies make billions of dollars of direct loans to American citizens and companies annually. Direct loans disbursed and outstanding are recognized as assets of the federal government. Due to the magnitude of federal loan activity, JFMIP has established specific requirements for those agency systems that are used to manage direct loan portfolios. SFFAS Number 2 prescribes accounting requirements for direct loans.

DIRECT LOANS

Functional Requirements
1: Loan Extension: Application Screening Process
2: Loan Extension: Loan Origination Process
3: Account Servicing: Billing and Collection Process
4: Account Servicing: Account Status Maintenance Process
5: Portfolio Management: Portfolio Performance Process
6: Portfolio Program Financing Process
7: Portfolio Management: Portfolio Sales Process
8: Delinquent Debt Collection: Collection Action Process
9: Delinquent Debt Collection: Write-offs and Close-outs Process
10: Foreclose and Liquidate Collateral: Foreclosure on Collateral Process
11: Foreclose and Liquidate Collateral: Manage Liquidate Collateral Process
12: Cost of Post-1991 Direct Loans
13: Cross Servicing
14: Reporting

SOURCE(S)

1: Loan Extension: Application Screening Process

11.01.01	The direct loan system must record critical credit application data needed to support application screening.	JFMIP SR-99-8, 21
11.01.02	The direct loan system must provide access to application information to all agency staff participating in the screening and credit-granting decisions.	JFMIP SR-99-8, 21
11.01.03	The direct loan system must process and record collections of fees remitted with the application in both the direct loan system and the core financial system.	JFMIP SR-99-8, 21
11.01.04	The direct loan system must compare loan application information to agency program eligibility criteria.	JFMIP SR-99-8, 21
11.01.05	The direct loan system must check the appropriate system data files to determine whether the applicant has submitted a duplicate application or has had a recent loan application rejected. These situations may indicate attempts by applicants to subvert agency credit policies.	JFMIP SR-99-8, 21
11.01.06	The direct loan system must document that borrowers have certified that they have been unable to obtain credit from private financial sources, where such certification is a program requirement.	JFMIP SR-99-8, 21

11.01.07	The direct loan system should provide an automated interface with credit bureaus that allows an agency to obtain applicant credit history information (credit bureau report). For credit bureaus that do not have the capability for an automated interface, record credit history information entered by agency staff.	JFMIP SR-99-8, 21
11.01.08	The direct loan system must document that applicant financial data, repayment ability, and repayment history have been verified through the use of supplementary data sources such as employment and income data, financial statements, tax returns, and collateral appraisals, where this is a program requirement.	JFMIP SR-99-8, 21
11.01.09	The direct loan system must compare the applicant's credit worthiness information to system-stored program credit worthiness criteria and, where a program requirement, calculate a credit risk rating for the applicant.	JFMIP SR-99-8, 21
11.01.10	The direct loan system must document whether the Credit Alert Interactive Voice Response System (CAIVRS) identified the applicant as a borrower who is delinquent or has defaulted on a previous federal debt. The system should allow override if the agency determines that the account was referred to CAIVRS in error.	JFMIP SR-99-8, 21
11.01.11	The direct loan system must compute the credit subsidy amount associated with a loan. It should do this by using projected cash flows and the applicable U.S. Treasury interest rate, in accordance with OMB Circular A-11, A-34, and SFFAS No. 2.	JFMIP SR-99-8, 22
11.01.12	The direct loan system must provide an automated interface with the core financial system to determine if sufficient funds are available in the Program Account to cover the subsidy cost. It must also determine if available lending limits in the Financing Account are sufficient to cover the face value of the proposed loan.	JFMIP SR-99-8, 22
11.01.13	The direct loan system must provide an automated interface with the core financial system to be able to commit funds for the loan if funds control is not done within the DL system.	JFMIP SR-99-8, 22
11.01.14	The direct loan system must update the application information store to reflect the status of the loan.	JFMIP SR-99-8, 22
11.01.15	The direct loan system must accept, identify, track, and report supervisor overrides of system-generated acceptance/rejection recommendations.	JFMIP SR-99-8, 22
11.01.16	The direct loan system must create and maintain a system record of accepted and rejected loan applications.	JFMIP SR-99-8, 22

| 11.01.17 | The direct loan system must generate a letter notifying the applicant of rejection or acceptance of the loan application. | JFMIP SR-99-8, 22 |

| 11.01.18 | The direct loan system must be able to provide for a electronic application process using various media, such as a secure internet application (WEB site). | JFMIP SR-99-8, 21 |

2: Loan Extension: Loan Origination Process

| 11.02.01 | The direct loan system must record loan terms and calculate disbursement schedules. It must also determine repayment amounts and schedules. | JFMIP SR-99-8, 23 |

| 11.02.02 | The direct loan system must record the cohort and risk category, as defined in OMB Circular A-34, associated with the loan. | JFMIP SR-99-8, 23 |

| 11.02.03 | The direct loan system must assign a unique account number to the loan that will remain unchanged throughout the life of the loan. | JFMIP SR-99-8, 23 |

| 11.02.04 | The direct loan system must support the generation of loan documents for the borrower and the agency. | JFMIP SR-99-8, 23 |

| 11.02.05 | The direct loan system must record information concerning the loan booking process, including date of booking. | JFMIP SR-99-8, 23 |

| 11.02.06 | The direct loan system must record the applicable Treasury interest rate for the loan at the time of obligation, in accordance with OMB Circular A-34 and agency specific guidelines. This rate is used in subsidy calculations. | JFMIP SR-99-8, 23 |

| 11.02.07 | The direct loan system must provide an automated interface with the core financial system to record the direct loan obligation, including the obligation for the subsidy. The interface must also allow for the liquidation of commitments previously recorded. | JFMIP SR-99-8, 24 |

| 11.02.08 | The direct loan system must include in credit bureau reporting all commercial accounts in excess of a pre-determined amount. | JFMIP SR-99-8, 24 |

| 11.02.09 | The direct loan system must calculate and deduct the loan application and origination fee from disbursements if not previously remitted by the applicant. | JFMIP SR-99-8, 24 |

| 11.02.10 | The direct loan system must provide the capability to cancel, thus deobligating, undisbursed loans. | JFMIP SR-99-8, 24 |

| 11.02.11 | The direct loan system must update debtor accounts to reflect management override of offsets. | JFMIP SR-99-8, 24 |

11.02.12	The direct loan system must record important information needed for each loan disbursement, including the amount and applicable Treasury interest rates (to support the computation of accrued interest expense on borrowings from the U.S Treasury), and subsidy reestimates.	JFMIP SR-99-8, 24
11.02.13	The direct loan system must support the calculation of borrowings. The actual organization of the system must process between the direct loan system and core financial system at the discretion of the agency.	JFMIP SR-99-8, 24
11.02.14	The direct loan system must provide an automated interface with the core financial system to initiate and record the disbursement by cohort, establish the receivable and record the movement of the subsidy funds from the Program account to the Financing Account.	JFMIP SR-99-8, 24
11.02.15	The direct loan system must capture the estimated useful economic life of any pledged collateral and compare it to the proposed term of the loan.	JFMIP SR-99-8, 24
11.02.16	The direct loan system must document that transactions over a pre-determined amount have had a collateral appraisal done by a licensed or certified appraiser.	JFMIP SR-99-8, 24
11.02.17	The direct loan system must compute the loan-to-value ratio and flag those loans with a ratio exceeding 100% (or more stringent standards set by the agency).	JFMIP SR-99-8, 25
11.02.18	The direct loan system should provide the following types of management information: approval and rejection monitoring, override exception, potential application fraud, detailed transaction history, exceptions, and disbursement management summaries.	JFMIP SR-99-8, 25 & 26
11.02.19	The direct loan system must be able to annotate on the borrower record that a disbursement was offset by U.S. Treasury on behalf of another government agency.	JFMIP SR-99-8, 24

3: Account Servicing: Billing and Collection Process

11.03.01	The direct loan system must calculate outstanding balances for each loan account invoiced. The calculation should include principal, interest, late charges, and other amounts due.	JFMIP SR-99-8, 29
11.03.02	The direct loan system must identify loan accounts to be invoiced based on agency program invoicing criteria and other loan account information, such as amount outstanding, most recent payment, payment amount due, and date due.	JFMIP SR-99-8, 29

11.03.03	The direct loan system must provide the capability to analyze escrow balances to adjust required deposit amounts. This will help prevent deficiencies in tax and insurance deposits and payments for housing and other long-term real estate loans.	JFMIP SR-99-8, 29
11.03.04	The direct loan system must generate and transmit a bill, payment coupon, invoice or other document that shows the borrower ID, amount due, date due, the date after which the payment will be considered late, and the current balance.	JFMIP SR-99-8, 29
11.03.05	The direct loan system must apply any collections, using the agency's program receipt application rules, to the appropriate liquidating or financing account. Collection sources could include cash, pre-authorized debit, check, or credit card.	JFMIP SR-99-8, 29
11.03.06	The direct loan system must record a prepayment (the early payoff of the entire loan balance or paying more than the scheduled monthly payment), a partial, full, or late payment indicator.	JFMIP SR-99-8, 29
11.03.07	The direct loan system must identify payments that cannot be applied and document why the payments cannot be applied.	JFMIP SR-99-8, 29
11.03.08	The direct loan system must be able to compare a borrower's pre-authorized debits, received from financial institutions and other external sources, to expected collections.	JFMIP SR-99-8, 29
11.03.09	The direct loan system must provide an automated interface with the core financial system to record the collection. If the direct loan system itself handles the collection processing, it must meet the requirements in the "Core Financial System Requirements" related to this activity and send summary data to the core financial system.	JFMIP SR-99-8, 29
11.03.10	The direct loan system must be able to provide a means for debtors to inquire into their account status such as electronic inquiry using a secure internet WEB site or an automated telephone program such as a voice response unit.	JFMIP SR-99-8, 29
11.03.11	The direct loan system must be able to apply components of payment (principle, interest, late fees) in accordance with established business rules.	JFMIP SR-99-8, 29
11.03.12	The direct loan system must be capable of automatically capitalizing in accordance with established policy.	JFMIP SR-99-8, 29
11.03.13	The direct loan system must be able to provide an electronic means to receive payments such as Automated Clearing-house (ACH) and Electronic Debit Account (EDA).	JFMIP SR-99-8, 29

4: Account Servicing: Account Status Maintenance Process

11.04.01	The direct loan system must support evaluation of accounts proposed for modification by the agency or borrower by comparing loan data to the agency's program loan modification criteria.	JFMIP SR-99-8, 31
11.04.02	The direct loan system must calculate rescheduled loan terms, including repayment amounts and schedules, where appropriate. It must also calculate any change in the subsidy amount as a result of the loan modifications.	JFMIP SR-99-8, 31
11.04.03	To verify the availability of a subsidy the direct loan system must perform a funds control check through an automated interface with the core financial system.	JFMIP SR-99-8, 31
11.04.04	The direct loan system must produce selected loan account information listings for review by internal modification groups.	JFMIP SR-99-8, 31
11.04.05	The direct loan system must establish a new loan account and collateral record for each new debt instrument and assign a unique loan account number to the new account record.	JFMIP SR-99-8, 31
11.04.06	The direct loan system must update the loan information store to reflect the modified status of the loan, including changes in the value or status of any collateral.	JFMIP SR-99-8, 31
11.04.07	The direct loan system must provide an automated interface with the core financial system to record pre-1992 and post 1991 direct loan modifications.	JFMIP SR-99-8, 31
11.04.08	The direct loan system must be able to generate a new loan document which displays information concerning both the original and modified direct loan.	JFMIP SR-99-8, 31
11.04.09	The direct loan system must summarize payment activity to allow agency management to monitor the effectiveness of each activity in the collection process.	JFMIP SR-99-8, 31
11.04.10	The direct loan system must track the status of all loan accounts by summarizing loan activity at various critical points of the loan cycle such as status, i.e. current, delinquent, in collection, etc.	JFMIP SR-99-8, 31
11.04.11	[This requirement deleted.]	
11.04.12	[This requirement deleted.]	
11.04.13	[This requirement deleted.]	

11.04.14	The direct loan system must be able to maintain a link between the new loan account established for the new debt instrument and the old loan account records.	JFMIP SR-99-8, 31

5: Portfolio Management: Portfolio Performance Process

11.05.01	The direct loan system should compare loan data to the agency's program portfolio evaluation criteria in order to identify loans that require review or evaluation.	JFMIP SR-99-8, 38
11.05.02	The direct loan system should compare loan data to the agency's program portfolio evaluation criteria to identify loans with the potential for graduation to private sector financing.	JFMIP SR-99-8, 39
11.05.03	The direct loan system must compute and maintain program performance trends such as: - number and dollar value of loans made, - average loan size, - loans made by geographical region, - number and amount of delinquent and defaulted loans, - number and amount of rescheduled loans, and - amount of loan write-offs.	JFMIP SR-99-8, 39
11.05.04	To help assess the credit soundness of a loan program the direct loan system must compute and maintain financial measures such as: - average loan to value ratio (for collateralized programs), - current loans as a percentage of total loans, - delinquent loans as a percentage of total current loans, - write-offs as a percentage of seriously delinquent loans, - overall portfolio risk rate, and - loan loss rates.	JFMIP SR-99-8, 39
11.05.05	To help determine the effectiveness of use of agency resources the direct loan system must compute and maintain efficiency measures such as: - administrative cost per loan approved, - time required to process a loan application, - administrative cost per loan serviced, - administrative cost per delinquent dollar collected, and - net proceeds on real property sold compared to appraised value.	JFMIP SR-99-8, 39

6: Portfolio Program Financing Process

11.06.01	Together, the core financial system and the direct loan system should execute SF-1151's and record amounts borrowed from the U.S. Treasury to finance loans. It must also make adjustments to borrowings during the year to reflect changes in original estimates.	JFMIP SR-99-8, 40
11.06.02	Together, the core financial system and the direct loan system should be able to execute and record U.S. Treasury borrowings to finance interest payments to U.S. Treasury if insufficient funds are available to make the payment.	JFMIP SR-99-8, 40
11.06.03	Together, the core financial system and the direct loan system must track the amount of uninvested funds in the financing account. This function is needed to support the calculations of interest earnings.	JFMIP SR-99-8, 40
11.06.04	Together, the core financial system and the direct loan system must compute interest expense on borrowings and interest earnings on uninvested funds.	JFMIP SR-99-8, 40
11.06.05	Together, the core financial system and the direct loan system must execute and record the repayment of principal using SF-1151's, and interest to U.S. Treasury using SF-1081's.	JFMIP SR-99-8, 40
11.06.06	The core financial system and the direct loan system must execute and record the receipt of interest earnings from the U.S. Treasury on uninvested funds using SF-1081's.	JFMIP SR-99-8, 40
11.06.07	The core financial system and the direct loan system must both be able to provide an automated interface with the core financial system to record all calculations.	JFMIP SR-99-8, 40
11.06.08	The direct loan system must support the re-estimate of the subsidy cost for each cohort and risk category of loans at the beginning of each fiscal year in accordance with OMB Circular A-34 and SFFAS No. 2.	JFMIP SR-99-8, 43
11.06.09	[This requirement deleted.]	
11.06.10	The direct loan system must compare the current year re-estimated subsidy cost to the prior year re-estimated loan subsidy cost to determine whether subsidy costs for a risk category increased or decreased.	JFMIP SR-99-8, 43
11.06.11	The direct loan system must transfer loan subsidy from those risk categories with an excess of loan subsidies to those risk categories in the same cohort that are deficient in loan subsidies. This will help provide adequate funding for each risk category.	JFMIP SR-99-8, 43

11.06.12   The direct loan system must group those cohorts that need indefinite   JFMIP SR-99-8, 43
appropriation loan subsidy funds separately from those cohorts that
have excess funds. The system should be able to request an
apportionment and obligate funds to cover the subsidy increase for
those cohorts of loans that have insufficient subsidy. The direct loan
system must also be able to transfer excess subsidy of cohorts of
loans to the Special Fund Receipt Account.

11.06.13   [This requirement deleted.]

11.06.14   The direct loan system must be able to account for working capital   JFMIP SR-99-8, 44
cash balance in accordance with OMB guidance.

11.06.15   The direct loan system should record any costs incurred which are   JFMIP SR-99-8, 44
funded by working capital.

11.06.16   The direct loan system should compute the amount of Treasury   JFMIP SR-99-8, 44
interest earned by working capital funds and provide this amount to
the core financial system.

11.06.17   The direct loan system should maintain cash flow data that permits   JFMIP SR-99-8, 43
comparison of actual cash flows each year (and new estimates of
future cash flows), as well as historical data from prior years to the
cash flows used in computing the latest loan subsidy estimate.

7: Portfolio Management: Portfolio Sales Process

11.07.01   The direct loan system must compare loan information to agency   JFMIP SR-99-8, 44
program criteria to select loans for inclusion in a potential sales pool.

11.07.02   The direct loan system must provide the ad hoc query capability   JFMIP SR-99-8, 44
needed to provide information on selected loans.

11.07.03   The direct loan system should record OMB/Treasury approval or   JFMIP SR-99-8, 44
disapproval of the sale/prepayment of a loan.

11.07.04   The direct loan system must generate a prepayment offer to be sent   JFMIP SR-99-8, 44
to eligible borrowers for participation in the prepayment program.

11.07.05   The direct loan system must record receipt of commitment letters   JFMIP SR-99-8, 44
from borrowers.

11.07.06   [This requirement deleted.]

11.07.07   The direct loan system must have an automated interface with the   JFMIP SR-99-8, 44
core financial system to record the receipt of a prepayment and the
changes in subsidy costs.

11.07.08	The direct loan system must identify loans with incomplete documentation in the loan information store and generate a request for information to ensure loan files are complete.	JFMIP SR-99-8, 44
11.07.09	The direct loan system must generate documents and other information necessary to finalize the sales agreement with the purchaser.	JFMIP SR-99-8, 45
11.07.10	The direct loan system must update the loan information store to identify loans sold using information received from the underwriter.	JFMIP SR-99-8, 45
11.07.11	The direct loan system must provide an automated interface with the core financial system to record the sale of receivables, the proceeds, changes in subsidy costs, and calculate the related gain or loss in accordance with SFFAS No. 2.	JFMIP SR-99-8, 45
11.07.12	The direct loan system must provide at least the following types of management information: detailed transaction history, standard management control/activity, portfolio sale historical payments, portfolio sale performance, and program credit reform status.	JFMIP SR-99-8, 46
11.07.13	The direct loan system must be able to update the loan information store with any provided information.	JFMIP SR-99-8, 45

8: Delinquent Debt Collection: Collection Action Process

11.08.01	The direct loan system must identify delinquent commercial and consumer accounts for reporting to credit bureaus (preferably by electronic interface) and CAIVRS by comparing reporting criteria to delinquent loan data.	JFMIP SR-99-8, 51
11.08.02	The direct loan system must calculate outstanding balances, including interest, penalties, and administrative charges, and include this information in credit bureau reports.	JFMIP SR-99-8, 51
11.08.03	The direct loan system should generate (or include in demand letters) a notice to inform consumer borrowers of the referral of a delinquent debt to a credit bureau and CAIVRS in accordance with regulations.	JFMIP SR-99-8, 51
11.08.04	The direct loan system must maintain a record of each account reported to credit bureaus to allow tracking of referred accounts.	JFMIP SR-99-8, 51
11.08.05	The direct loan system should prepare data on appropriate medium, on a monthly basis, of delinquent debtors to be included in the CAIVRS database.	JFMIP SR-99-8, 51

11.08.06	The direct loan system must generate and transmit dunning letters to debtors with past-due loan accounts.	JFMIP SR-99-8, 51
11.08.07	The direct loan system must identify debtors who do not respond to dunning letters within a specified time period.	JFMIP SR-99-8, 51
11.08.08	The direct loan system must track demand letters and borrower responses to document borrower due process notification (and borrower willingness and ability to repay debt).	JFMIP SR-99-8, 51
11.08.09	The direct loan system must track and document debtor appeals received in response to demand for payment.	JFMIP SR-99-8, 51
11.08.10	The direct loan system must provide automated support to the collection process. Support could be provided for activities such as contacting a delinquent borrower by phone; documenting contacts with a debtor and the results; documenting installment payments, rescheduling agreements, and debt compromise; generating management reports; and tracking the performance of individual agency collectors.	JFMIP SR-99-8, 51
11.08.11	The direct loan system must identify accounts eligible for referral to the Treasury Offset Program (TOP), which is the administrative offset program administered by the Department of the Treasury.	JFMIP SR-99-8, 51
11.08.12	[This requirement deleted.]	
11.08.13	The direct loan system must generate written notification to the borrower that includes the following: the nature and the amount of the debt; the intention of the agency to collect the debt through administrative offset; an explanation of the rights of the debtor; an offer to provide the debtor an opportunity to inspect and copy the records of the agency with respect to the debt; and an offer to enter into a written repayment agreement with the agency.	JFMIP SR-99-8, 51 & 52
11.08.14	The direct loan system should be able to transmit to TOP eligible new debts, and increase, decrease, or delete previously reported debts.	JFMIP SR-99-8, 52
11.08.15	[This requirement deleted.]	
11.08.16	The direct loan system should update the loan information store to reflect TOP status.	JFMIP SR-99-8, 52
11.08.17	The direct loan system should update the core financial system to record collections from TOP.	JFMIP SR-99-8, 52
11.08.18	[This requirement deleted.]	

11.08.19   [This requirement deleted.]

11.08.20   The direct loan system must interface with the core financial system   JFMIP SR-99-8, 52
to record receipts remitted to the agency.

11.08.21   The direct loan system must compare delinquent account data to   JFMIP SR-99-8, 52
agency program collection agency referral criteria to select
delinquent loan accounts for referral to collection agencies.

11.08.22   The direct loan system must sort and group delinquent loan accounts   JFMIP SR-99-8, 52
based on type of debt (consumer or commercial), age of debt, and
location of debtor.

11.08.23   The direct loan system must calculate outstanding interest, penalties,   JFMIP SR-99-8, 53
and administrative charges for each delinquent loan account to be
referred.

11.08.24   The direct loan system should assign selected delinquent loan   JFMIP SR-99-8, 53
account groupings to appropriate collection agencies based on
collection agency selection criteria for agency programs.

11.08.25   The direct loan system must document that the delinquent account   JFMIP SR-99-8, 53
has been referred to a collection agency.

11.08.26   The direct loan system should generate and receive electronic   JFMIP SR-99-8, 53
transmissions of account balance data and status updates to and from
collection agencies.

11.08.27   The direct loan system must record receipts remitted to the collection   JFMIP SR-99-8, 53
agency and forwarded to the agency.

11.08.28   The direct loan system must update the loan information store to   JFMIP SR-99-8, 53
reflect receipts, adjustments, and other status changes, including
rescheduling, compromise, and other resolution decisions.

11.08.29   The direct loan system should accept and match collection agency   JFMIP SR-99-8, 53
invoices with agency records.

11.08.30   The direct loan system should be able to request, reconcile, and   JFMIP SR-99-8, 53
record returned accounts from collection agencies.

11.08.31   The direct loan system must interface with the core financial system   JFMIP SR-99-8, 53
to be able to record collections processed through collection
agencies.

11.08.32	The direct loan system should compare delinquent loan account information against the agency's litigation referral criteria to identify delinquent loan accounts eligible for referral. It must also support identification of accounts to be referred to counsel for filing of proof of claim based on documentation that a debtor has declared bankruptcy.	JFMIP SR-99-8, 53
11.08.33	The direct loan system should provide an electronic interface with credit bureaus to obtain credit bureau reports that will enable assessment of the debtor's ability to repay before a claim is referred to legal counsel.	JFMIP SR-99-8, 53
11.08.34	The direct loan system must calculate the outstanding balance, including principal, interest penalties, and administrative charges, for each delinquent loan account to be referred to legal counsel.	JFMIP SR-99-8, 53
11.08.35	The direct loan system should generate the Claims Collection Litigation Report (CCLR). The CCLR is used to capture collection actions and current debtor information and transmit this information to Department of Justice (DOJ).	JFMIP SR-99-8, 53
11.08.36	For referrals, the direct loan system should receive electronic transmissions of account data and status updates from the Department of Justice's Central Intake Facility, or the agency's Office of General Counsel's (OGC) automated system for referrals.	JFMIP SR-99-8, 53
11.08.37	The direct loan system must update the loan status to reflect referrals for litigation so that the loan can be excluded from other collection actions, and to alert the agency to obtain approval from counsel before accepting voluntary debtor payment.	JFMIP SR-99-8, 53
11.08.38	The direct loan system should match agency litigation referrals with the Department of Justice listing of agency litigation referrals.	JFMIP SR-99-8, 53
11.08.39	The direct loan system must record and track recovery of judgment decisions.	JFMIP SR-99-8, 53
11.08.40	The direct loan system must update the loan information store to reflect receipts and adjustments.	JFMIP SR-99-8, 53
11.08.41	The direct loan system must interface with the core financial system to record any collections resulting from litigation.	JFMIP SR-99-8, 53
11.08.42	The direct loan system must be able to identify, at the end of the notification period, the debtors that remain delinquent and are eligible for referral.	JFMIP SR-99-8, 52

11.08.43	The direct loan system must be able to offset delinquent debts internally before referral to TOP, where applicable.	JFMIP SR-99-8, 52
11.08.44	The direct loan system must be able to apply collections received through the TOP process to debtor accounts in accordance with applicable payment application rules.	JFMIP SR-99-8, 52
11.08.45	The direct loan system must be able to record offset fees in accordance with agency program requirements.	JFMIP SR-99-8, 52
11.08.46	The direct loan system must be able to process agency refunds given to borrowers erroneously, offset and transmit this information to Treasury in a timely manner.	JFMIP SR-99-8, 52
11.08.47	The direct loan system must be able to record refunds given by U.S. Treasury and adjust the loan information store accordingly.	JFMIP SR-99-8, 52
11.08.48	The direct loan system must be able to generate written notice informing the borrower of the agency's intention to initiate proceedings to collect the debt through deductions from pay, the nature and amount of the debt to be collected, and the debtor's rights.	JFMIP SR-99-8, 52
11.08.49	The direct loan system must be able to document that the wage garnishment order was send to the employer.	JFMIP SR-99-8, 52
11.08.50	The direct loan system must be able to provide ad hoc reporting capability needed to monitor the amounts recovered through non-Federal wage garnishment.	JFMIP SR-99-8, 52
11.08.51	The direct loan system must be able to document that the agency provided debtors a hearing, when requested.	JFMIP SR-99-8, 52
11.08.52	The direct loan system must be able to apply collections received through wage garnishment according to agency application rules.	JFMIP SR-99-8, 52
11.08.53	The direct loan system must be able to generate payment to the collection agency for services rendered through the core financial system.	JFMIP SR-99-8, 53
11.08.54	The direct loan system must be able to track filing of pleadings and other motions, including proofs of claims in bankruptcy, to ensure swift legal action and to monitor litigation activity.	JFMIP SR-99-8, 53

9: Delinquent Debt Collection: Write-offs and Close-outs Process

11.09.01	The direct loan system must compare delinquent loan account information to agency program write-off criteria to select delinquent loan accounts for possible write-off.	JFMIP SR-99-8, 55

11.09.02	The direct loan system must classify debtors based on financial profile and ability to repay.	JFMIP SR-99-8, 55
11.09.03	The direct loan system should produce a CCLR for each loan account to be referred to agency counsel or the Department of Justice for approval of termination of collection action. It should also update the loan status to reflect the referral.	JFMIP SR-99-8, 55
11.09.04	The direct loan system must update the loan information store to reflect approval or disapproval by agency counsel or the Department of Justice for termination of collection action.	JFMIP SR-99-8, 55
11.09.05	The direct loan system must update the loan information store and provide an automated interface with the core financial system to record the write-off of the receivable.	JFMIP SR-99-8, 55
11.09.06	The direct loan system must maintain a suspense file of inactive (written-off) loan accounts.	JFMIP SR-99-8, 55
11.09.07	The direct loan system must reactivate written-off loan accounts at a system user's request if the debtor's financial status or the account status changes.	JFMIP SR-99-8, 55
11.09.08	The direct loan system must compare loan account data to agency close-out criteria to identify debtor accounts eligible for close-out and 1099-C reporting.	JFMIP SR-99-8, 55
11.09.09	[This requirement deleted.]	
11.09.10	The direct loan system should prepare and send a Form 1099-C to the IRS if the debtor has not responded within the required time period.	JFMIP SR-99-8, 55
11.09.11	The direct loan system must update the loan information store to reflect receipts, adjustments, and other status changes, including rescheduling, compromise, and other resolution decisions.	JFMIP SR-99-8, 55
11.09.12	The direct loan system must retain electronic summary records of closed out account activity for a period of five years for use in the agency's screening of new loan applications.	JFMIP SR-99-8, 55
11.09.13	The direct loan system must be able to have indicators of the financial well-being of a debtor, including debtor financial statement, credit bureau reports, and payment receipt history.	JFMIP SR-99-8, 55

10: Foreclose and Liquidate Collateral: Foreclosure on Collateral Process

11.10.01	The direct loan system must be able to compare delinquent account data to collateral foreclosure selection criteria.	JFMIP SR-99-8, 57
11.10.02	The direct loan system must be able to sort and group selected delinquent accounts by type of collateral (single family or multifamily, commercial, farm, etc.), location, loan-to-value ratios, and the amount of debt.	JFMIP SR-99-8, 57
11.10.03	The direct loan system must be able to calculate outstanding principal, interest, penalties, and administrative charges for each loan account selected for review for foreclosure.	JFMIP SR-99-8, 57
11.10.04	The direct loan system must transmit a foreclosure notice to the borrower.	JFMIP SR-99-8, 58
11.10.05	The direct loan system should transmit information necessary for the foreclosure to the Department of Justice and/or the agency's Office of General Counsel, as applicable.	JFMIP SR-99-8, 58
11.10.06	The direct loan system must record the results of the foreclosure proceedings and title conveyance to the agency.	JFMIP SR-99-8, 58
11.10.07	The direct loan system must provide an automated interface of data on acquired collateral to the property management system for management and liquidation of the property.	JFMIP SR-99-8, 58
11.10.08	The direct loan system must provide an automated interface to the core financial system that permits it to record the value of the property acquired and to reduce the receivable amount.	JFMIP SR-99-8, 58
11.10.09	The direct loan system must be able to generate or provide the information needed to manually prepare IRS Form 1099-A, Acquisition or Abandonment of Secured Property.	JFMIP SR-99-8, 58

11: Foreclose and Liquidate Collateral: Manage Liquidate Collateral Process

11.11.01	The direct loan system should generate payments to property management contractors for services rendered.	JFMIP SR-99-8, 58
11.11.02	The direct loan system must track, record, and classify operations and maintenance expenses related to the acquired collateral.	JFMIP SR-99-8, 58
11.11.03	The direct loan system must document rental income and other collections related to the acquired collateral.	JFMIP SR-99-8, 58

11.11.04	The direct loan system must post the expenses and income to the core financial system through an automated interface.	JFMIP SR-99-8, 58
11.11.05	The direct loan system must update the loan information store to record receipts resulting from the liquidation of acquired collateral and the disposition of the collateral.	JFMIP SR-99-8, 58
11.11.06	The direct loan system must provide an automated interface to the core financial system and the property management system to record disposal of the property and associated receipts.	JFMIP SR-99-8, 59
11.11.07	The direct loan system must identify any deficiency balances remaining for the loan after collateral liquidation to allow for further collection activities.	JFMIP SR-99-8, 59
11.11.08	The direct loan system should provide at least the following types of management information: detailed transaction history, standard management control or activity, exceptions, offsetting agency description, trend analysis or performance, collection contractor compensation, and collateral management activity and expense.	JFMIP SR-99-8, 60

12: Cost of Post-1991 Direct Loans

11.12.01	The direct loan system must record Post-1991 direct loans as assets at the present value of their estimated net cash inflows. (The difference between the outstanding principal of the loans and the present value of their net cash inflows is recognized as a subsidy cost allowance.)	SFFAS-2, 22
11.12.02	The direct loan system must record a subsidy expense for Post-1991 direct loans disbursed during a fiscal year. The amount of the subsidy expense equals the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows, discounted at the interest rate of marketable Treasury securities with a similar maturity term, and applicable to the period during which the loans are disbursed.	SFFAS-2, 24
11.12.03	The direct loan system must record, for the fiscal year during which new direct loans are disbursed, the components of subsidy expense of those new direct loans separately among interest subsidy costs, default costs, other collections, and other subsidy costs.	SFFAS-2, 25
11.12.04	The direct loan system must record the present value of fees and other collections as a deduction from subsidy costs.	SFFAS-2, 28

11.12.05	The direct loan system must amortize the subsidy cost allowance for direct loans by the interest method using the interest rate that was originally used to calculate the present value of the direct loans when the direct loans that were disbursed. (The amortized amount is recognized as an increase or decrease in interest income.)	SFFAS-2, 30
11.12.06	The direct loan system must reestimate the subsidy cost allowance for direct loans each year as of the date of the financial statements.	SFFAS-2, 32
11.12.07	The direct loan system must record any increase or decrease in the subsidy cost allowance resulting from the reestimates as a subsidy expense (or a reduction in subsidy expense).	SFFAS-2, 32
11.12.08	The direct loan system must record interest accrued on direct loans, including amortized interest, as interest income.	SFFAS-2, 37
11.12.09	The direct loan system must record interest due from the U.S. Treasury on uninvested funds as interest income.	SFFAS-2, 37
11.12.10	The direct loan system must record interest accrued on debt to the U.S. Treasury as interest expense.	SFFAS-2, 37
11.12.11	The direct loan system must record losses and liabilities of direct loans obligated before October 1, 1992, when it is more likely than not that the direct loans will not be totally collected.	SFFAS-2, 39
11.12.12	The direct loan system must record the allowance of the uncollectible amounts for pre-1992 direct loans each year as of the date of the financial statements.	SFFAS-2, 39
11.12.13	The direct loan system must record the amount of the modification cost of direct loans as a modification expense when the loans are modified.	SFFAS-2, 45
11.12.14	The direct loan system must record any difference between the change in book value and the cost of modification of direct loans as a gain or loss.	SFFAS-2, 48
11.12.15	For post-1991 direct loans the direct loan system must record, as a financing source, the modification adjustment transfer paid or received to offset any gain or loss.	SFFAS-2, 48
11.12.16	The direct loan system must record any difference between the book value loss (or gain) and the cost of modification on a sale of a direct loan as a gain or loss.	SFFAS-2, 55

11.12.17	The direct loan system must record acquired loans at the present value of the estimated net cash inflows expected from selling the loans or from collecting payments from the borrowers, discounted at the original discount rate.	SFFAS-2, 59

13: Cross Servicing

11.13.01	The direct loan system must be able to identify the volume and type of debts serviced.	JFMIP SR-99-8, 35
11.13.02	The direct loan system must be able to identify the tools used by the agency to collect its own debt.	JFMIP SR-99-8, 35
11.13.03	The direct loan system must be able to provide one or more years of information on the average age of debt over 180 days.	JFMIP SR-99-8, 35
11.13.04	The direct loan system must be able to calculate the amount of debt collected using various collection tools.	JFMIP SR-99-8, 35
11.13.05	The direct loan system must be able to accrue late charges, as required by referring agency.	JFMIP SR-99-8, 35
11.13.06	The direct loan system must be able to provide information to referring agency sufficient for the referring agency to satisfactorily complete the Report on Receivables Due From the Public.	JFMIP SR-99-8, 35
11.13.07	The direct loan system must be able to track, by portfolio, age of debt referred, dollar and number of referrals, collections on referred debts and report to Treasury on a monthly basis.	JFMIP SR-99-8, 35
11.13.08	The direct loan system must be able to provide information to referring agency as needed i.e., collections received.	JFMIP SR-99-8, 35
11.13.09	The direct loan system must be able to provide ad hoc reporting capability needed to satisfy referring agencies unique information requests such as, length of workout agreements, percent of debt that can be compromised, etc.	JFMIP SR-99-8, 35
11.13.10	The direct loan system must be able to compare delinquent loan account information to statutory criteria to select delinquent loan accounts for possible referral.	JFMIP SR-99-8, 35
11.13.11	The direct loan system must be able to generate notification to the debtor of the agency's intent to refer the debt to a debt collection center.	JFMIP SR-99-8, 35

11.13.12	The direct loan system must be able to update the loan information store.	JFMIP SR-99-8, 35
11.13.13	The direct loan system must be able to identify accounts that can no longer be serviced by agency personnel.	JFMIP SR-99-8, 35
11.13.14	The direct loan system must be able to identify accounts with monetary adjustments that must be reported to the debt collection center.	JFMIP SR-99-8, 35
11.13.15	The direct loan system must be able to provide ad hoc reporting capability needed to monitor the accounts referred to a debt collection center and the amounts recovered.	JFMIP SR-99-8, 35
11.13.16	The direct loan system must be able to interface with the core financial system to record receipts remitted to the agency.	JFMIP SR-99-8, 35
11.13.17	The direct loan system must be able to apply collections received from the debt collection center according to agency application rules.	JFMIP SR-99-8, 35
11.13.18	The direct loan system must be able to record collection fees in accordance with agency program requirements.	JFMIP SR-99-8, 35
11.13.19	The direct loan system must be able to process agency or debt collection center refunds, notify debt collection center as appropriate, and update the loan information store.	JFMIP SR-99-8, 35
11.13.20	The direct loan system must be able to notify debt collection center of adjustments, recall of debt, or collections received by the agency on the referred debt.	JFMIP SR-99-8, 35
11.13.21	The direct loan system must be able to remove from the accounting and financial records accounts that the debt collection center recommends should be written off.	JFMIP SR-99-8, 35

14: Reporting

11.14.01	An entity should disclose the nature of the modifications of direct loans, the discount rate used in calculating the modification expense, and the basis for recognizing a gain or loss related to the modification.	SFFAS-2, 56

CHAPTER 12

GUARANTEED LOANS

Annually Federal agencies guarantee billions of dollars of loans made by various lending institutions to American citizens and companies. Outstanding guaranteed loans represent liabilities to the federal government. Due to the magnitude of federal loan activity, JFMIP has established specific requirements for agencies' systems used to manage guaranteed loan processes and portfolios. SFFAS Number 2 prescribes accounting requirements for guaranteed loans.

GUARANTEED LOANS

Functional Requirements
1: Lender Management: Lender Eligibility
2: Lender Management: Lender/Servicer Monitoring
3: Guarantee Extension and Maintenance: Guarantee Origination
4: Guarantee Extension and Maintenance: Guaranteed Loan Maintenance
5: Portfolio Management: Portfolio Performance
6: Portfolio Management: Program Financing
7: Acquired Loan Servicing: Claim Processing
8: Acquired Loan Servicing: Account Status Maintenance
9: Foreclosure and Liquidate Collateral: Foreclose on Collateral
10: Foreclose and Liquidate Collateral: Manage/Liquidate Collateral
11: Delinquent Debt Collection: Collection Actions
12: Accounting Requirements
13: Reporting

SOURCE(S)

1: Lender Management: Lender Eligibility

12.01.01 A guaranteed loan system must record and update lender application information, ensuring that all required data is present and valid (e.g., Taxpayer Identification Number (TIN)).   JFMIP SR-00-01, 22

12.01.02 A guaranteed loan system must document that any required lender application fee has been received and calculated correctly.   JFMIP SR-00-01, 22

12.01.03 A guaranteed loan system must provide an automated interface with the core financial system to record the receipt of any application fee.   JFMIP SR-00-01, 22

12.01.04 A guaranteed loan system must compare lender application information against information on firms currently debarred/suspended from participating in a government contract or delinquent on a debt to the government.   JFMIP SR-00-01, 23

12.01.05 A guaranteed loan system must compare lender application information against qualification requirements and provide the results to principal officers and staff.   JFMIP SR-00-01, 23

12.01.06 A guaranteed loan system must compare lender application information against information concerning the lender's financial credentials gathered from banking regulatory agencies, rating services, and other information sources.   JFMIP SR-00-01, 23

12.01.07 A guaranteed loan system must compare lender application information against lender performance data gathered from other credit agencies.   JFMIP SR-00-01, 23

12.01.08	A guaranteed loan system must update the lender information store to reflect the agency's decision on the lender application.	JFMIP SR-00-01, 23
12.01.09	A guaranteed loan system must generate and electronically transmit a notice to inform the lender of approval or disapproval of the lender's application.	JFMIP SR-00-01, 23
12.01.10	A guaranteed loan system must maintain data on lender disapprovals as an historical reference to support effective monitoring of future lenders.	JFMIP SR-00-01, 23
12.01.11	A guaranteed loan system must record text comments related to approval or disapproval of the lender application.	JFMIP SR-00-01, 23
12.01.12	A guaranteed loan system must record relevant data concerning the lender agreement.	JFMIP SR-00-01, 23
12.01.13	A guaranteed loan system must generate the lender agreement for signature by the lender.	JFMIP SR-00-01, 24
12.01.14	A guaranteed loan system must document that the lender agreement has been consummated by the agency and lender.	JFMIP SR-00-01, 24
12.01.15	A guaranteed loan system must provide a tracking mechanism to identify expiring agreements needing renewal.	JFMIP SR-00-01, 24

2: Lender Management: Lender/Servicer Monitoring

12.02.01	A guaranteed loan system must compare lender/servicer financial and performance information against agency portfolio evaluation criteria to identify lenders/service for regular or special review.	JFMIP SR-00-01, 25
12.02.02	A guaranteed loan system must compare performance statistics for effective monitoring, including delinquency rates, default rates, and claim rates.	JFMIP SR-00-01, 25
12.02.03	[This requirement deleted.]	
12.02.04	A guaranteed loan system must compute a quantified risk for each lender/service. The risk is quantified by weighting appropriate risk factor (e.g., loan volume, delinquency rate, default rate) based on the correlation between the risk factor and lender/ service performance.	JFMIP SR-00-01, 25
12.02.05	A guaranteed loan system must compare the quantified lender/servicer risk to risk rating criteria to assign a risk rating to each lender/servicer.	JFMIP SR-00-01, 25
12.02.06	A guaranteed loan system must enter high risk lenders/servicers on a problem watchlist and generate a notice to each affected.	JFMIP SR-00-01, 25

12.02.07	A guaranteed loan system must provide historical information on lenders and services identified for review to the review team. The preferred method is by electronic means.	JFMIP SR-00-01, 25
12.02.08	A guaranteed loan system must provide for scheduling and tracking of the review team's activities.	JFMIP SR-00-01, 25
12.02.09	A guaranteed loan system must document review results including date of review, name(s) of reviewer(s), and any deficiencies and associated explanations.	JFMIP SR-00-01, 25
12.02.10	A guaranteed loan system must record text comments relevant to the review process.	JFMIP SR-00-01, 25
12.02.11	A guaranteed loan system must generate a notice to inform the lender/service of a finding of non-compliance (electronically, where appropriate), including any penalties or sanctions, and the right to appeal.	JFMIP SR-00-01, 26
12.02.12	A guaranteed loan system must document and track corrective action plans agreed to by the agency and the lender/servicer, including proposed resolution dates, and update lender/servicer data to reflect any changes in status resulting from the corrective actions.	JFMIP SR-00-01, 26
12.02.13	A guaranteed loan system must update the status of lenders and servicers that do not comply with agency standards for continued program participation, or do not correct deficiencies identified through reviews in a reasonable period of time. Provide data to support corrective action plan such as penalties and/or sanctions.	JFMIP SR-00-01, 26
12.02.14	A guaranteed loan system must document and track appeals received from the lender/servicer and agency appeal decisions and generate a decision notice to the lender/servicer.	JFMIP SR-00-01, 26
12.02.15	A guaranteed loan system must record penalties and/or sanctions imposed by the agency review board on those lenders or servicers found to be in serious and frequent non-compliance with federal problem standards.	JFMIP SR-00-01, 26
12.02.16	[This requirement deleted.]	
12.02.17	A guaranteed loan system must record critical data on the lender's guarantee request to support the guarantee evaluation process.	JFMIP SR-00-01, 29
12.02.18	A guaranteed loan system must provide access to guarantee request information to each individual participating in the guarantee decision.	JFMIP SR-00-01, 29
12.02.19	A guaranteed loan system must record text comments relevant to the guarantee decision.	JFMIP SR-00-01, 29

12.02.20	A guaranteed loan system must compare borrower information on the lender's guarantee request to agency program borrower eligibility criteria.	JFMIP SR-00-01, 29
12.02.21	A guaranteed loan system must check the appropriate system data files to determine whether a lender has recently submitted a duplicate guarantee request for the applicant, or a guarantee request for the applicant has been previously denied.	JFMIP SR-00-01, 30
12.02.22	A guaranteed loan system must document that the lender obtained a credit bureau report.	JFMIP SR-00-01, 30
12.02.23	A guaranteed loan system must compare the applicant's credit worthiness information to system-stored program credit worthiness criteria and, where a program requirement, assign a credit risk rating to the applicant unless specifically excluded by program requirement.	JFMIP SR-00-01, 30
12.02.24	A guaranteed loan system must document that borrower financial data, repayment ability, and repayment history have been verified.	JFMIP SR-00-01, 30
12.02.25	A guaranteed loan system must document whether the applicant has previously defaulted on debt to the federal government.	JFMIP SR-00-01, 30
12.02.26	A guaranteed loan system must compute the credit subsidy amount associated with the guaranteed loan using projected cash flows and the applicable Treasury interest rate in accordance with OMB Circular A-34, A-11, and SFFAS No 2.	JFMIP SR-00-01, 30
12.02.27	A guaranteed loan system must provide an automated interface with the core financial system to determine if sufficient funds are available in the program account and if available lending limits in the financing account are sufficient to cover the subsidy cost and the face value of the proposed guarantee.	JFMIP SR-00-01, 30
12.02.28	A guaranteed loan system must reflect the approved guarantee status.	JFMIP SR-00-01, 30
12.02.29	A guaranteed loan system must accept, identify, track, and report supervisor overrides of system-generated acceptance/rejection recommendations.	JFMIP SR-00-01, 30
12.02.30	A guaranteed loan system must create and maintain a system record of rejected guarantee requests.	JFMIP SR-00-01, 30
12.02.31	A guaranteed loan system must notify the lender of approval or disapproval (electronically where applicable).	JFMIP SR-00-01, 30
12.02.32	A guaranteed loan system must provide at least the following types of management information: lender eligibility activity, completed reviews, lender performance, and exceptions.	JFMIP SR-00-01, 30

3: Guarantee Extension and Maintenance: Guarantee Origination

12.03.01	A guaranteed loan system must record the cohort and risk category, as defined in OMB Circular A-34, associated with the guaranteed loan.	JFMIP SR-00-01, 31
12.03.02	A guaranteed loan system must assign a unique account number to the guaranteed loan that remains unchanged throughout the life of the guarantee.	JFMIP SR-00-01, 31
12.03.03	A guaranteed loan system must generate a guarantee endorsement to confirm that the loan is guaranteed and transmit it to the lender.	JFMIP SR-00-01, 31
12.03.04	A guaranteed loan system must calculate and record the guarantee origination fee in accordance with the terms and conditions of the guarantee agreement.	JFMIP SR-00-01, 31
12.03.05	A guaranteed loan system should, if applicable, transmit the origination fee invoice to the lender.	JFMIP SR-00-01, 32
12.03.06	A guaranteed loan system must record collections of origination fees received.	JFMIP SR-00-01, 31
12.03.07	A guaranteed loan system must record the applicable Treasury interest rate for the guaranteed loan at the time of commitment, in accordance with OMB Circular A-34.	JFMIP SR-00-01, 31
12.03.08	A guaranteed loan system must provide an automated interface with the core financial system to record the guaranteed loan commitment, the obligation for the related subsidy, and the origination fee, receivable, and collection.	JFMIP SR-00-01, 31
12.03.09	A guaranteed loan system should provide the capability to receive electronic transmission of disbursement data by the lender.	JFMIP SR-00-01, 32
12.03.10	A guaranteed loan system must record information on loan disbursements by the lender, including amounts and applicable Treasury interest rates, to support interest computations and subsidy reestimates.	JFMIP SR-00-01, 32
12.03.11	A guaranteed loan system must provide an automated interface with the core financial system to record the outlay of subsidy from the program account to the financing account related to the lender loan disbursement.	JFMIP SR-00-01, 32
12.03.12	A guaranteed loan system must provide an automated interface with the core financial system to record the outlay of subsidy from the program account to the financing account related to the lender loan disbursement.	JFMIP SR-00-01, 22

4: Guarantee Extension and Maintenance: Guaranteed Loan Maintenance

12.04.01	A guaranteed loan system must support reevaluation of the modified loans in accordance with OMB Circular A-34 and program policy.	JFMIP SR-00-01, 33
12.04.02	A guaranteed loan system should reflect the modified status of the guaranteed loan.	JFMIP SR-00-01, 33
12.04.03	A guaranteed loan system must establish a new loan account and collateral record for each new debt instrument and assign a unique loan account number to the new account record. Also, it must maintain a link between the between the new loan account established for the new instrument and the old loan account records.	JFMIP SR-00-01, 33
12.04.04	A guaranteed loan system must perform a funds control check to verify the availability of subsidy through an automated interface with the core financial system.	JFMIP SR-00-01, 33
12.04.05	A guaranteed loan system must provide an automated interface with the core financial system to record the subsidy changes associated with the guaranteed loan modification.	JFMIP SR-00-01, 33
12.04.06	A guaranteed loan system must compare guaranteed loan data to guaranteed fee criteria to determine which lenders owe guarantee fees.	JFMIP SR-00-01, 33
12.04.07	A guaranteed loan system must compute the amount of the guarantee fee.	JFMIP SR-00-01, 33
12.04.08	A guaranteed loan system must identify lenders with overdue fee payments and calculate penalties on loans for which lenders have not submitted guaranteed fee payments.	JFMIP SR-00-01, 33
12.04.09	[This requirement deleted.]	
12.04.10	A guaranteed loan system should generate invoices, including penalties assessed for late payment and guarantee fee payments due from lenders.	JFMIP SR-00-01, 33
12.04.11	A guaranteed loan system must provide an automated interface with the core financial system to record the receipt of guarantee fees from lenders.	JFMIP SR-00-01, 33
12.04.12	A guaranteed loan system must identify guaranteed loans requiring interest supplement payments.	JFMIP SR-00-01, 34
12.04.13	A guaranteed loan system must compare current interest rates to the interest rates in the agreement to determine the appropriate levels of interest supplements required.	JFMIP SR-00-01, 34

12.04.14	A guaranteed loan system must record the interest supplement payment as an interest subsidy expense and a loan guarantee interest supplement liability.	JFMIP SR-00-01, 34
12.04.15	A guaranteed loan system must provide an automated interface with the core financial system to initiate and record disbursements for interest supplement payments. If the guaranteed loan itself handles the payment processing. It must meet the requirements in the Core Financial System Requirements related to payments and send summary data to the core system.	JFMIP SR-00-01, 34
12.04.16	A guaranteed loan system must capture the estimated useful economic life of the pledged collateral and compare it to the proposed term of the loan.	JFMIP SR-00-01, 34
12.04.17	A guaranteed loan system must document that transactions over a predetermined amount identified by program requirements have a collateral appraisal by a licensed or certified appraiser.	JFMIP SR-00-01, 34
12.04.18	A guaranteed loan system must compute the loan-to-value ratio and flag those loans with a ratio exceeding applicable program requirements.	JFMIP SR-00-01, 34
12.04.19	A guaranteed loan system must provide at least the following types of management information: approval and rejection monitoring, override exception, potential application fraud, approval/rejection statistics, detailed transaction history, median loan-to-value ratio, loan guarantee fee collection, loan guarantee periodic fee collection, and exceptions.	JFMIP SR-00-01, 35

5: Portfolio Management: Portfolio Performance

12.05.01	A guaranteed loan system must receive and document loan guarantee information from lenders.	JFMIP SR-00-01, 36
12.05.02	A guaranteed loan system must maintain standard information on the history and status of each guaranteed loan (e.g., borrower identification, amount and nature if debt, loan originator, holder, and/ or servicer).	JFMIP SR-00-01, 36
12.05.03	A guaranteed loan system must maintain data from the lender which identifies delinquent accounts and potential defaults.	JFMIP SR-00-01, 36
12.05.04	A guaranteed loan system must accept lender data by cohort and risk category.	JFMIP SR-00-01, 36
12.05.05	A guaranteed loan system must provide agency access to the loan status information.	JFMIP SR-00-01, 36

12.05.06	A guaranteed loan system must compute and maintain program performance trends such as: - number and dollar value of loans made, - average loan size, - loans made by geographical region, - number and amount of defaulted loan accounts, - number and amount of claims paid, and - amount of loan write-offs.	JFMIP SR-00-01, 38
12.05.07	A guaranteed loan system must compute and maintain financial measures to help assess the credit soundness of a loan program, such as: - overall portfolio risk rate, - average loan to value ratio (for collateralized program) - write-offs as a percentage of seriously delinquent acquired loans, - net proceeds on real property sold compared to appraised value, and - loan loss rates, - loan currency rate	JFMIP SR-00-01, 38
12.05.08	A guaranteed loan system must compute and maintain efficiency measures to help determine the effectiveness of use of agency resources, such as: - administrative cost per loan guarantee approved, - administrative cost per acquired loan serviced, - administrative cost per dollar collected, and - time required to process a loan guarantee application	JFMIP SR-00-01, 38

6: Portfolio Management: Program Financing

12.06.01	A guaranteed loan system should execute SF-1151's, and also record amounts borrowed from the Treasury to cover shortfalls in subsidy estimates temporarily.	JFMIP SR-00-01, 39
12.06.02	A guaranteed loan system must track the amount of uninvested funds in the financing account as needed to support interest earnings calculations.	JFMIP SR-00-01, 39
12.06.03	A guaranteed loan system must compute interest expense on borrowings and interest earnings on uninvested funds.	JFMIP SR-00-01, 39
12.06.04	A guaranteed loan system must execute and record receipt of interest earnings from the Treasury on uninvested funds using SF-1081's.	JFMIP SR-00-01, 39
12.06.05	A guaranteed loan system must support the reestimate of the subsidy cost for each cohort and risk category of loans at the beginning of each fiscal year in accordance with OMB Circular A-34 and SFFAS No. 2.	JFMIP SR-00-01, 41
12.06.06	A guaranteed loan system should maintain cash flow data that permits comparison of actual cash flows each year to the cash flows used in computing the latest loan subsidy estimate.	JFMIP SR-00-01, 42

12.06.07	A guaranteed loan system must document the reasons for observed or expected changes in cash flows that result in a subsidy cost increase or decrease, and whether the changes in cash flows are expected to be temporary or permanent.	JFMIP SR-00-01, 42
12.06.08	A guaranteed loan system must compare the current year reestimated subsidy cost to the latest year reestimated subsidy cost to determine whether subsidy costs for a risk category increased or decreased.	JFMIP SR-00-01, 42
12.06.09	A guaranteed loan system must transfer loan subsidies from those risk categories with an excess of loan subsidies to those risk categories in the same cohort that are deficient in loan subsidies to provide adequate funding for each risk category.	JFMIP SR-00-01, 42
12.06.10	A guaranteed loan system must group those cohorts that need indefinite appropriation loan subsidy funds separately from those cohorts that have excess funds. Support the request for an apportionment and obligate funds to cover the subsidy increase for those cohorts of loans that have insufficient subsidy of cohorts of loans to the Special Receipt Account.	JFMIP SR-00-01, 42
12.06.11	[This requirement deleted.]	
12.06.12	[This requirement deleted.]	
12.06.13	[This requirement deleted.]	
12.06.14	[This requirement deleted.]	
12.06.15	A guaranteed loan system should execute and record repayment of principal using SF-1151's, and repayment of interest to the U.S. Treasury using SF-1081's.	JFMIP SR-00-01, 39
12.06.16	A guaranteed loan system should provide at least the following types of management information: detailed transaction history, profile of guaranteed loan portfolio, and program credit reform status.	JFMIP SR-00-01, 42

7: Acquired Loan Servicing: Claim Processing

12.07.01	A guaranteed loan system must record key claim data, maintain data on original and if applicable, final claims.	JFMIP SR-00-01, 44
12.07.02	A guaranteed loan system must compare the claim application information to the agency's program claim application evaluation criteria.	JFMIP SR-00-01, 42
12.07.03	A guaranteed loan system should suspend processing for claims that are incomplete; and the claims should remain in suspension until they are corrected.	JFMIP SR-00-01, 42

12.07.04	A guaranteed loan system must identify claims not meeting agency program requirements and notify the lender of the rejection.	JFMIP SR-00-01, 42
12.07.05	A guaranteed loan system must document information on accepted and rejected claims and the reason for the rejections.	JFMIP SR-00-01, 45
12.07.06	A guaranteed loan system must reflect the status of the claim.	JFMIP SR-00-01, 45
12.07.07	A guaranteed loan system must calculate the claim payment to be made, making adjustments for any disallowed amounts.	JFMIP SR-00-01, 45
12.07.08	A guaranteed loan system must provide an automated interface with the core financial system to initiate a disbursement of the claim payment to the lender. If the guaranteed loan system processes payments, it must meet the requirements in the Core Financial System Requirements related to payments data to the Core Financial System.	JFMIP SR-00-01, 45
12.07.09	A guaranteed loan system must record acquired loan information and establish appropriate accounting entries such as receivable.	JFMIP SR-00-01, 45
12.07.10	[This requirement deleted.]	

8: Acquired Loan Servicing: Account Status Maintenance

12.08.01	[This requirement deleted.]	
12.08.02	[This requirement deleted.]	
12.08.03	A guaranteed loan system must identify accounts that should be written-off.	JFMIP SR-00-01, 45
12.08.04	A guaranteed loan system must invoice debtor.	JFMIP SR-00-01, 45
12.08.05	A guaranteed loan system must calculate outstanding balances for each loan account invoiced, including principal, interest, late charges, and other amounts due.	JFMIP SR-00-01, 46
12.08.06	A guaranteed loan system must identify loan accounts to be invoiced based on agency program invoicing criteria and loan account information.	JFMIP SR-00-01, 46
12.08.07	A guaranteed loan system should generate and transmit an invoice to each borrower. At a minimum, the invoice must include borrower ID, amount due, date due, the date after which the payment will be considered late, and the current balance.	JFMIP SR-00-01, 46

12.08.08	A guaranteed loan system should provide for automatic acceleration of delinquent rescheduled installment payment notes based on an acceleration clause indicator.	JFMIP SR-00-01, 46
12.08.09	A guaranteed loan system must track and age receivables by type.	JFMIP SR-00-01, 46
12.08.10	A guaranteed loan system must provide an automated interface with the core financial system to record accrual of interest, administrative charges, and penalties for delinquent loan accounts.	JFMIP SR-00-01, 46
12.08.11	A guaranteed loan system must apply collections according to agency program receipt application rules to the appropriate liquidating or financing account.	JFMIP SR-00-01, 46
12.08.12	A guaranteed loan system must include a partial, full, or late payment indicator.	JFMIP SR-00-01, 47
12.08.13	A guaranteed loan system must identify payments that cannot be applied and document the reasons why the payments cannot be applied.	JFMIP SR-00-01, 47
12.08.14	[This requirement deleted.]	
12.08.15	A guaranteed loan system must provide an automated interface with the core financial system to record the collection. If the guaranteed loan system processes collations, it must meet the requirements in the Core Financial System Requirements related to collections and send summary data to the Core Financial System.	JFMIP SR-00-01, 47

9: Foreclosure and Liquidate Collateral: Foreclose on Collateral

12.09.01	A guaranteed loan system must provide information on collateral for use in the foreclosure process.	JFMIP SR-00-01, 48
12.09.02	A guaranteed loan system must update the acquired loan information store with additional information obtained during the foreclosure preparation process, such as recent appraisal values and property condition.	JFMIP SR-00-01, 48
12.09.03	A guaranteed loan system must calculate outstanding principal, interest, penalties, and administrative charges for each loan with collateral to be foreclosed.	JFMIP SR-00-01, 48
12.09.04	A guaranteed loan system should transmit a foreclosure notice to the borrower.	JFMIP SR-00-01, 48

12.09.05	A guaranteed loan system should transmit information necessary for the foreclosure to the Department of Justice and/or agency Office of General Counsel, as applicable.	JFMIP SR-00-01, 48
12.09.06	A guaranteed loan system must record the results of the foreclosure proceedings and title conveyance to the agency.	JFMIP SR-00-01, 48
12.09.07	A guaranteed loan system must provide an automated interface of data on acquired collateral to the property management system for management and liquidation of the property.	JFMIP SR-00-01, 48
12.09.08	A guaranteed loan system must provide an automated interface to the core financial system to record the value of the property acquired and to reduce the receivable amount.	JFMIP SR-00-01, 48

10: Foreclose and Liquidate Collateral: Manage/Liquidate Collateral

12.10.01	A guaranteed loan system must generate payments to property management contractors for services rendered.	JFMIP SR-00-01, 49
12.10.02	A guaranteed loan system must track, record, and classify operations and maintenance expenses related to the acquired collateral.	JFMIP SR-00-01, 49
12.10.03	A guaranteed loan system must document rental income and other collections related to the acquired collateral.	JFMIP SR-00-01, 49
12.10.04	A guaranteed loan system must post the expenses and income to the core financial system through an automated interface.	JFMIP SR-00-01, 49
12.10.05	A guaranteed loan system must update the acquired loan information store to record receipts resulting from the liquidation of the collateral.	JFMIP SR-00-01, 49
12.10.06	A guaranteed loan system must identify any deficiency balances remaining for the loan after collateral liquidation for further collection activities.	JFMIP SR-00-01, 49
12.10.07	A guaranteed loan system must provide an automated interface to the core financial system and the property management system to record disposal of the property and associated receipts.	JFMIP SR-00-01, 49
12.10.08	A guaranteed loan system should provide at the least the following types of management information: guaranteed loan claim activity, summary data of claim losses paid out, detailed transaction history, standard management control/activity, exceptions, portfolio sale historical payments, portfolio sales performance, and collateral management activity and expense.	JFMIP SR-00-01, 50

11: Delinquent Debt Collection: Collection Actions

12.11.01	A guaranteed loan system must identify delinquent commercial and consumer accounts for reporting to credit bureaus (preferably by electronic interface) by comparing reporting criteria to delinquent loan data.	JFMIP SR-00-01, 52
12.11.02	A guaranteed loan system must calculate outstanding balances, including interest, penalties, and administrative charges and include this information in credit bureau records.	JFMIP SR-00-01, 52
12.11.03	A guaranteed loan system must generate (or include in demand letter) a notice to inform the borrower of the referral of a delinquent debt to a credit bureau, in accordance with regulations.	JFMIP SR-00-01, 52
12.11.04	A guaranteed loan system must maintain a record of each account reported to credit bureaus to allow tracking of referred accounts.	JFMIP SR-00-01, 52
12.11.05	A guaranteed loan system must prepare data on appropriate medium, on a monthly basis, of delinquent debtors to be included in the CAIVRS database.	JFMIP SR-00-01, 53
12.11.06	A guaranteed loan system should generate and transmit dunning letters to debtors with past-due loan accounts.	JFMIP SR-00-01, 53
12.11.07	A guaranteed loan system should identify debtors who do not respond to dunning letters within a specified time period.	JFMIP SR-00-01, 53
12.11.08	A guaranteed loan system must track demand letters and borrower responses in order to document borrower due process notification (and borrower willingness and ability to repay debt).	JFMIP SR-00-01, 53
12.11.09	A guaranteed loan system should track and document debtor appeals received in response to demands for payment.	JFMIP SR-00-01, 53
12.11.10	A guaranteed loan system must provide automated support to the collection process. Support cold be provided for activities such as; documenting contacts with a debtor and the results; documenting installment payments, rescheduling agreements, and debt compromise; generating management reports; and tracking the performance of individual agency collectors.	JFMIP SR-00-01, 53
12.11.11	A guaranteed loan system should identify accounts eligible for referral to the Treasury Offset Program (TOP).	JFMIP SR-00-01, 53
12.11.12	[This requirement deleted.]	

12.11.13	A guaranteed loan system should generate written notification to the borrower that includes the following: -The nature and the amount of the debtor, - the intention of the agency to collect the debt through administrative offset, - an explanation of the rights of the debtor; an offer to provide the debtor an opportunity to inspect and copy the records of the agency with respect to the debt, and - an offer to enter into a written repayment with the agency.	JFMIP SR-00-01, 53
12.11.14	A guaranteed loan system should identify, at the end of the notification period, the debtors that remains delinquent and are eligible for referral.	JFMIP SR-00-01, 53
12.11.15	A guaranteed loan system should generate written notices informing the borrower of the agency's intention to initiate proceedings to collect the debt through deduction from pay, the nature and amount of the debt to be collected, and the debtors rights.	JFMIP SR-00-01, 54
12.11.16	A guaranteed loan system should update the information store to reflect TOP status.	JFMIP SR-00-01, 54
12.11.17	[This requirement deleted.]	
12.11.18	A guaranteed loan system should apply collections received through the TOP process to debtor accounts in accordance with applicable payments application rules.	JFMIP SR-00-01, 54
12.11.19	[This requirement deleted.]	
12.11.20	A guaranteed loan system must interface with the core financial system to record receipts remitted to the agency.	JFMIP SR-00-01, 54
12.11.21	A guaranteed loan system should compare delinquent account data to agency's program collection referral criteria to select delinquent loan accounts for referral to collection agencies.	JFMIP SR-00-01, 54
12.11.22	A guaranteed loan system must sort and group delinquent loan accounts based on type of debt, age of debt, and location of debtor.	JFMIP SR-00-01, 54
12.11.23	A guaranteed loan system must calculate outstanding interest, penalties, and administrative charges for each delinquent loan account to be referred.	JFMIP SR-00-01, 54
12.11.24	A guaranteed loan system should assign selected delinquent loan account groupings to appropriate collection agencies based on collection agency selection criteria for agency programs.	JFMIP SR-00-01, 54

12.11.25	A guaranteed loan system must document that the delinquent account has been referred to a collection agency.	JFMIP SR-00-01, 54
12.11.26	A guaranteed loan system should generate and receive electronic transmissions of account balance data and status updates to and from collection agencies.	JFMIP SR-00-01, 55
12.11.27	A guaranteed loan system must record receipts remitted to the collection agency and forwarded to the agency.	JFMIP SR-00-01, 55
12.11.28	A guaranteed loan system must update the acquired loan information store to reflect receipts, adjustments, and other status changes, including rescheduling, compromise, and other resolution decisions.	JFMIP SR-00-01, 55
12.11.29	A guaranteed loan system must accept and match collection agency invoices with agency records.	JFMIP SR-00-01, 55
12.11.30	A guaranteed loan system should request, reconcile, and record returned accounts from collection agencies.	JFMIP SR-00-01, 55
12.11.31	A guaranteed loan system must interface with the core financial system to record collections processed through collection agencies.	JFMIP SR-00-01, 55
12.11.32	A guaranteed loan system must compare delinquent loan account information against the agency's litigation referral criteria to identify delinquent loan accounts eligible for referral. Support identification of accounts to be referred to counsel for filing of proof of claim based on documentation that a debtor has declared bankruptcy.	JFMIP SR-00-01, 55
12.11.33	A guaranteed loan system should provide an electronic interface with credit bureaus to obtain credit bureau reports that will enable assessment of the debtor's ability to repay before a claim is referred to legal counsel.	JFMIP SR-00-01, 55
12.11.34	A guaranteed loan system must calculate the outstanding balance, including principal, interest penalties, and administrative charges, for each delinquent loan account to be referred to legal counsel.	JFMIP SR-00-01, 55
12.11.35	A guaranteed loan system should generate the Claims Collection Litigation Report (CCLR). The CCLR is used to capture collection actions and current debtor information and transmit this information to DOJ.	JFMIP SR-00-01, 55
12.11.36	A guaranteed loan system should receive electronic transmissions of account data and status updates to and from DOJ's Central Intake Facility or the agency's Office of General Counsel's (OGC) automated system for referrals.	JFMIP SR-00-01, 55

12.11.37	A guaranteed loan system should update the loan status to reflect referral for litigation so that the loan can be excluded from other collection actions and to alert the agency to obtain approval from counsel before accepting voluntary debtor payment.	JFMIP SR-00-01, 55
12.11.38	A guaranteed loan system must track filing of pleadings and other motions, including proofs of claims in bankruptcy to ensure swift legal action and to monitor litigation activity.	JFMIP SR-00-01, 55
12.11.39	A guaranteed loan system must match agency litigation referrals with DOJ listing of agency litigation referrals.	JFMIP SR-00-01, 55
12.11.40	A guaranteed loan system should record and track recovery of judgment decisions.	JFMIP SR-00-01, 55
12.11.41	A guaranteed loan system must update the acquired loan information store to reflect receipts and adjustments.	JFMIP SR-00-01, 55
12.11.42	A guaranteed loan system must interface with the core financial system to record any collections resulting from litigation.	JFMIP SR-00-01, 55
12.11.43	A guaranteed loan system must offset delinquent debts internally before referral to TOP, where applicable.	JFMIP SR-00-01, 53
12.11.44	A guaranteed loan system must transmit to TOP eligible new debts, and increase, decrease, or delete previously reported debts.	JFMIP SR-00-01, 53
12.11.45	A guaranteed loan system must record offset fees in accordance with agency program requirements.	JFMIP SR-00-01, 54
12.11.46	A guaranteed loan system must update the core financial system to record collections from TOP.	JFMIP SR-00-01, 54
12.11.47	A guaranteed loan system must process agency refunds given to borrowers erroneously and offset and transmit this information to Treasury in a timely manner.	JFMIP SR-00-01, 54
12.11.48	A guaranteed loan system must record refunds given by Treasury and adjust the loan information accordingly.	JFMIP SR-00-01, 54
12.11.49	A guaranteed loan system must document that the wage garnishment was sent to the employer.	JFMIP SR-00-01, 54
12.11.50	A guaranteed loan system must provide ad hoc reporting capability needed to monitor the amount recovered through nonfederal wage garnishment.	JFMIP SR-00-01, 54

12.11.51	A guaranteed loan system must document that agency provided debtors a hearing, when requested.	JFMIP SR-00-01, 54
12.11.52	A guaranteed loan system must apply collections received through wage garnishment according to agency application rules.	JFMIP SR-00-01, 54

12: Accounting Requirements

12.12.01	A guaranteed loan system must record as a liability the present value of estimated net cash outflows of the outstanding Post-1991 guaranteed loans. Disclosure is made of the face value of loans outstanding and the amount guaranteed.	SFFAS-2, 23
12.12.02	A guaranteed loan system must record a subsidy expense for Post-1991 guaranteed loans disbursed during a fiscal year. The amount of the subsidy expense equals the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows, discounted at the interest rate of marketable Treasury securities with a similar maturity term, applicable to the period during which the loans are disbursed.	SFFAS-2, 24
12.12.03	For the fiscal year during which new guaranteed loans are disbursed, a guaranteed loan system must record the components of the subsidy expense of new loan guarantees separately among interest subsidy costs, default costs, fees and other collections, and other subsidy costs.	SFFAS-2, 25
12.12.04	A guaranteed loan system must record default costs for loan guarantees that result from any anticipated deviation, other than prepayments, by the borrowers from the payment schedule in the loan contracts.	SFFAS-2, 27
12.12.05	A guaranteed loan system must accrue and compound interest on loan guarantee liabilities at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed. (The accrued interest is recorded as interest expense.)	SFFAS-2, 31
12.12.06	A guaranteed loan system must compute a reestimate of the subsidy cost allowance for loan guarantee liabilities each year as of the date of the financial statements.	SFFAS-2, 32
12.12.07	A guaranteed loan system must record any increase or decrease in the subsidy cost allowance or the loan guarantee liability resulting from the reestimates as a subsidy expense (or a reduction in subsidy expense).	SFFAS-2, 32
12.12.08	A guaranteed loan system must record interest accrued on the liability of loan guarantees as interest expense.	SFFAS-2, 37

12.12.09	A guaranteed loan system should record costs for administering credit activities, such as salaries, legal fees, and office costs, that are for credit policy evaluation, loan and loan guarantee origination, closing, servicing, monitoring, maintaining accounting and computer systems; and other credit administrative purposes, which are recorded as administrative expense.	SFFAS-2, 38
12.12.10	A guaranteed loan system should record losses and liabilities for loan guarantees committed before October 1, 1992, when it is more likely than not that the loan guarantee will require a future cash outflow to pay default claims.	SFFAS-2, 39
12.12.11	A guaranteed loan system should record the liability for loan guarantees for pre-1992 loan guarantees. The liability must be reestimated each year as of the date of the financial statements.	SFFAS-2, 39
12.12.12	A guaranteed loan system must record modification costs as an expense when loan guarantees are modified.	SFFAS-2, 49
12.12.13	A guaranteed loan system must record any difference between the change in liability and the cost of modification of loan guarantees as a gain or loss.	SFFAS-2, 52
12.12.14	A guaranteed loan system must record, for post-1991 loan guarantees, the modification adjustment transfer paid or received to offset the gain or loss as a financing source.	SFFAS-2, 52
12.12.15	A guaranteed loan system must, for loan sales with resource, record estimated potential losses under guarantee obligations (liabilities) at their present value.	SFFAS-2, 54
12.12.16	A guaranteed loan system should record when property is transferred from borrowers to a federal credit program, through foreclosure or other means, in partial or full settlement as compensation for losses that the government sustained under post-1991 loan guarantees. (The foreclosed property is an asset recorded at the present value of estimated future net cash inflows discounted at the original discount rate.)	SFFAS-2, 57

13: Reporting

12.13.01	For the outstanding guaranteed loans, the system should recognize the present value of estimated net cash flows as a liability. The system should also enable the disclosure of the outstanding guaranteed loans and the guaranteed amount.	SFFAS-2, 23
12.13.02	An entity should disclose the nature of the modifications of loan guarantees, the discount rate used in calculating the modification expense, and the basis for recognizing a gain or loss related to the modification.	SFFAS-2, 56

CHAPTER 13

GRANTS

Various federal agencies operate grant programs in which they provide financial assistance to researchers, corporations, universities and colleges, etc. for research, or specified activities/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.

As of the date of publication of this version of the guide, JFMIP had outstanding an exposure draft of requirements for agencies' systems used to control, monitor, and manage Federal grants.

GRANTS

Functional Requirements
1: Management Information Requirements
2: Establish Grant Eligibility
3: Establish Grant Agreement
4: Process Grantee Payment Requests
5: Administer Grant
6: Close Grant

<u>**SOURCE(S)**</u>

1: Management Information Requirements

13.01.01	The grant management system must record and maintain vital grantee information, including: (1) entity name and address, (2) grant type, (3) grant amount, and (4) period of performance.	FFMS, 1, Ch16, P3

2: Establish Grant Eligibility

13.02.01	The grant management system must have the capability to determine eligibility based on specific program requirements, including: (1) the funding support required by the potential grantee, and (2) the means to execute the grant.	FFMS, 1, Ch16, P3
13.02.02	The grant management system must have the capability to track grant applications and record the acceptance or rejection for discretionary and non-discretionary (e.g. formula based) grants.	FFMS, 1, Ch16, P3
13.02.03	The grant management system must have the capability to support and track the grant application review process, including the ability to record: (1) reviewers of grant applications and grant proposals, if applicable, (including agency and non-agency personnel), and (2) reviewer ratings and comments.	FFMS, 1, Ch16, P3
13.02.04	The grant management system must have the capability to monitor grant distribution objectives against the aggregate grant funding ceiling.	FFMS, 1, Ch16, P3
13.02.05	The grant management system must have the capability to estimate grant awards to be made in future periods.	FFMS, 1, Ch16, P3

3: Establish Grant Agreement

13.03.01	The grant management system must be able to record grant agreement data, including the grant ceiling amount, purpose of the grant, accounting classification code structure information, and the period of performance.	FFMS, 1, Ch16, P3
13.03.02	The grant management system must be able to generate the appropriate grant agreement documents and track: (1) applicant award notification, (2) grant payment type (e.g., advance, cost reimbursable), and (3) Government-furnished material.	FFMS, 1, Ch16, P3

4: Process Grantee Payment Requests

13.04.01	The grant management system must have the capability to identify the reviewers and approving officials who approve grantee payment requests.	FFMS, 1, Ch16, P4
13.04.02	The grant management system must have the capability to record grant payment requests as well as the method of payment (e.g., check, electronic funds transfer, letter of credit, etc).	FFMS, 1, Ch16, P4
13.04.03	The grant management system must have the capability to schedule incremental grant payment amounts, including the capability to prevent cumulative grant payments in excess of total grant award.	FFMS, 1, Ch16, P4

5: Administer Grant

13.05.01	The grant management system must be able to process requests for grant amendments.	FFMS, 1, Ch16, P4
13.05.02	The grant management system must be able to identify parties designated to monitor and audit grant activity (e.g., contractors, public accounting firms, GAO, agency inspector general).	FFMS, 1, Ch16, P4
13.05.03	The grant management system must have the capability to produce grantee progress report summaries and record the results of single audits and triennial reviews.	FFMS, 1, Ch16, P4
13.05.04	The grant management system must have the capability to track and record assessments of grantee performance.	FFMS, 1, Ch16, P4
13.05.05	The grant management system must have the capability to track year-to-date and cumulative grant payments against grant ceilings and generate notices as the payments approach the ceilings.	FFMS, 1, Ch16, P4

6: Close Grant

| 13.06.01 | The grant management system must have the capability to record the completion of activities by individual grant, including the capability to: (1) track the completion of the grant close-out audit, and (2) track the reason for closing the grant (e.g., suspension, completion, etc.). | FFMS, 1, Ch16, P4 |
| 13.06.02 | The grant management system must have the capability to track and verify the return of excess, unused, or improperly used grant payments. | FFMS, 1, Ch16, P4 |

CHAPTER 14

AUDIT TRAILS AND SYSTEM CONTROLS

Financial management systems must be able to record and keep track of financial transactions and related information in order to provide a basis for central financial control. Audit trails--documentation of transactions from their inception to final disposition and reporting--are critical to providing support for transactions and account balances. While audit trails are essential to auditors and system evaluators, they are also necessary for the day-to-day operations of systems. Reliable audit trails permit verification of transactions to ensure that they are properly recorded, classified, coded and posted to all affected accounts. Additionally, audit trails allow for the detection and tracing of rejected or suspended transactions and correction in a timely manner. All transactions, including computer-generated computations, must be traceable to individual source records. Adequate audit trails allow easy tracing forward from source documents of financial events to general ledger account balances and financial reports/statements; or vice versa, from reports/statements backward to originating documents.

Commensurate with reliable documentation for transactions are adequate systems controls and documentation. Financial management systems must comply with a myriad of functional and technical requirements to ensure that DoD's financial management and accounting objectives are met in an economical and efficient manner. Systems requirements are promulgated by OMB, JFMIP, GAO, and DoD. The design of an accounting system must include the required interfaces with other systems or connections within the various segments of the immediate accounting system. System documentation should be detailed and comprehensive and include the internal controls incorporated in the system. Such documentation should be in enough detail to be understood by computer personnel and/or systems accountants assigned to develop applicable software. Documentation also provides information used to test systems to ensure that they process transactions and financial data in accordance with requirements.

AUDIT TRAILS AND SYSTEM CONTROLS

Functional Requirements
1: Audit Trails (Transaction Documentation)
2: System Controls and Documentation

<u>**SOURCE(S)**</u>

1: Audit Trails (Transaction Documentation)

14.01.01	A system must provide audit trails that allow transactions to be traced from source documents, original input, other systems, system-generated transactions, and internal assignment transactions through the entire system. Provide transaction details to support account balances.	JFMIP SR-99-4, 19
14.01.02	A system must have audit trails that allow for the tracing of source documents and transactions through successive levels of summarization to the financial statements, and vice versa.	JFMIP SR-99-4, 19
14.01.03	A system must be able to archive transactions and related information needed for audit trails in a format accessible by audit software.	JFMIP SR-99-4, 21
14.01.04	A system must provide the authorized system administrator the flexibility to determine whether records are to be archived or purged. Of those documents that meet the criteria, the system must allow selective actions. The system must include the capability to establish and maintain user defined archival criteria.	JFMIP SR-99-4, 21
14.01.05	A system must allow closed documents to be reopened at the document control level with all associated transaction history without affecting the prior month's control totals and balances.	JFMIP SR-99-4, 21
14.01.06	[This requirement deleted.]	
14.01.07	A system must retain system's records in accordance with the federal regulations established by the National Archives and Records Administration (NARA), GAO, and others. Prevent the purging of transactions prior to the proper period in accordance with regulations governing the retention of the document and transaction.	JFMIP SR-99-4, 20 & 21
14.01.08	[This requirement deleted.]	
14.01.09	A system must be able to provide audit trail that identify document input, changes, approval, and deletions by originator.	JFMIP SR-99-4, 20
14.01.10	[This requirement deleted.]	
14.01.11	A system must have audit trails that allow the complete tracing of data errors as well as the results of the various operations of the system.	JFMIP SR-99-4, 43

| 14.01.12 | A system must be able to provide the capability to correct out-of-balance conditions discovered during the reconciliation process and maintain an audit trail of any such corrections. | JFMIP SR-99-4, 23 |

14.01.13   [This requirement deleted.]

| 14.01.14 | A system must be able to provide control over the correction and reprocessing of all erroneous transactions through the use of error file(s) and or suspense account. | JFMIP SR-99-4, 20 |

| 14.01.15 | A system must be able to maintain and track erroneous transactions until they are either corrected and posted or deleted by an authorized user. | JFMIP SR-99-4, 20 |

14.01.16   [This requirement deleted.]

14.01.17   [This requirement deleted.]

14.01.18   [This requirement deleted.]

14.01.19   [This requirement deleted.]

| 14.01.20 | A system must record the number, type, and dollar amount of transactions received from each customer, including those transactions generated by DFAS. It must also ensure that all transactions are processed in a timely manner and entered accurately into the finance and accounting systems. | DoD FMR 06, 02, 020203B2 |

| 14.01.21 | A system must identify transactions failing to pass edits so that they are controlled, assigned for research and correction by DFAS and/or the customer, and recorded in a suspense account in the accounting system, whenever feasible. | DoD FMR 06, 02, 020203B4 |

14.01.22   [This requirement deleted.]

14.01.23   [This requirement deleted.]

| 14.01.24 | A major source of data provided to the accounting and reporting systems should be documented at a high level and a copy of the documentation provided to the customer for their information and appropriate action, if required. | DoD FMR 06, 02, 020203B8 |

| 14.01.25 | A system must be able to perform and report the result of data integrity verifications, such as reconciliation between reports produces and data sets within the system, and the results of validity, combination, and obligation. | JFMIP SR-99-4, 20 & 43 |

14.01.26	A system must be able to provide standard record format(s) for interface of transactions from other systems to the core financial system, and subject all transactions from interfacing systems to the core financial system validations, error correction procedures, and edits that control, at a minimum, fund availability, account structure, and tolerance levels between related transactions, such as between an obligation and its related accrual.	JFMIP SR-99-4, 20
14.01.27	A system must ensure that the number, type, and dollar amount of transactions transmitted by the customer, which are received and tracked by the DFAS are properly processed and recorded.	DoD FMR 06, 02, 020203B1
14.01.28	The system must include all transactions received from customers, as well as generated by the DFAS, with the effective date of the current reporting period in the data reported for that reporting period.	DoD FMR 06, 02, 020203B3
14.01.29	The system must be able to provide the ability to process intra-governmental transactions and track intra-governmental balances related to other Federal agencies.	JFMIP SR-99-4, 20
14.01.30	The system must be able to provide controls to prevent the creation of duplicate transactions.	JFMIP SR-99-4, 20

2: System Controls and Documentation

14.02.01	A system must provide an audit trail that will show changes made to the system's parameters and tables that would affect the processing or reprocessing of any financial transactions.	JFMIP SR-99-4, 19
14.02.02	A system must comply with the management controls designed to ensure that: (1) transactions are processed in accordance with government and agency-prescribed standards and procedures, (2) the integrity of data is maintained, and (3) the access to the data is restricted to authorized users.	JFMIP SR-99-4, 20
14.02.03	A system must provide supporting information needed: (1) to monitor the overall operations of the system, (2) to determine if the operations of the system are on schedule, (3) to ensure that all necessary operating steps have been completed successfully, and (4) to alert the system manager to malfunctions on a timely basis.	JFMIP SR-99-4, 43
14.02.04	The system must provide management with statistics to determine the functions, operations performed, and reports generated or accessed by specific users.	JFMIP SR-99-4, 43
14.02.05	[This requirement deleted.]	
14.02.06	[This requirement deleted.]	

14.02.07   [This requirement deleted.]

14.02.08   [This requirement deleted.]

14.02.09	A system must support both batch and real-time on-line data entry and uses the same edit and update rules as appropriate for each mode.	JFMIP SR-99-4, 20
14.02.10	A system should be designed to comply with the resource management information policy defined in OMB Circular A-130 and successor documents.	OMB Circular A-127, 6
14.02.11	Financial management systems that contain sensitive information should incorporate the appropriate security controls that will ensure compliance with the Computer Security Act of 1987 and OMB Circular A-130.	OMB Circular A-127, 7h.
14.02.12	All system's documentation (software, system, operations, user manual, operating procedures, etc.) should be kept up-to-date and readily available for examination.	OMB Circular A-127, 7i
14.02.13	A system's user documentation should be in sufficient detail (e.g., accounting policies, processes, and procedures) to permit a person with a general knowledge of the agency's programs and systems to obtain a comprehensive understanding of the entire operation of the system.	OMB Circular A-127, 7.i
14.02.14	The technical system documentation such as requirements documents, systems specifications and operating instructions should be adequate to enable technical personnel to operate the system in an effective and efficient manner.	OMB Circular A-127, 7.i
14.02.15	On going maintenance of the financial management system shall be performed to enable the system to continue to operate in an effective manner. The agencies shall periodical evaluate how effectively and efficiently the financial management system support the agency's changing business practices and make appropriate modifications.	OMB Circular A-127, 7.l
14.02.16	An overall design for financial and mixed systems should be based on the financial and programmatic information and processing needs of the agency.	OMB Circular A-127, 8.a

14.02.17   [This requirement deleted.]

14.02.18   [This requirement deleted.]

14.02.19   [This requirement deleted.]

14.02.20   [This requirement deleted.]

14.02.21   [This requirement deleted.]

14.02.22   [This requirement deleted.]

14.02.23   [This requirement deleted.]

14.02.24   [This requirement deleted.]

14.02.25   [This requirement deleted.]

14.02.26	An accounting system should protect government information commensurate with the risk and magnitude of harm that could result from the loss, misuse, unauthorized access to, or modification of such information.	OMB Circular A-130, 8.a.1.(g)
14.02.27	An accounting system should record, preserve, and make accessible sufficient information to: (1) ensure the adequate management and accountability of an agency program, and (2) protect the legal and financial rights of the Federal Government.	OMB Circular A-130, 8.a.1.(j)
14.02.28	An accounting system should have management and archival functions built into the design, development, and implementation of information system.	OMB Circular A-130, 8.a.1.(k)
14.02.29	An accounting system should collect or create only the information necessary for the proper performance of agency functions which has practical utilities.	OMB Circular A-130, 8.a.1.(k)2
14.02.30	An accounting system should use electronic collection techniques where such techniques reduce the compliance burden on the public, increase the efficiency of government programs, reduce the cost to the government and the public, and/or provide better service to the public.	OMB Circular A-130, 8.a.1.(k)3
14.02.31	An accounting system must provide adequate and proper documentation of agency financial activities.	OMB Circular A-130, 8 a.1.(k) 4(a)
14.02.32	[This requirement deleted.]	
14.02.33	An accounting system should limit the sharing of information that identifies individuals or contains proprietary information to that which is legally authorized, and impose appropriate conditions on use where a continuing obligation to ensure the confidentiality of the information exists.	OMB Circular A-130, 8.a.9.2
14.02.34	An accounting system should be designed and documented in an manner that ensures effective and accurate operations. The design should allow easy modification as the systems environment changes.	OMB CircularA-127, 8a

14.02.35	A system must limit collection of information which identifies individuals to that which is legally authorized and necessary for the proper performance of agency functions.	OMB Circular A-130, 8.a.9 (b)
14.02.36	[This requirement deleted.]	
14.02.37	Appropriate administrative, physical, and technical safeguards must be built into an existing accounting system and all new applications.	OMB Circular A-130, App. III-3a(1)
14.02.38	Upon completion of a system's implementation tests, an agency official must certify that an accounting system meets all applicable Federal policies, regulations, and standards, and that the results of the tests demonstrate that the installed security safeguards are adequate for the application.	OMB Circular A-130, App.III-3b(2)(e)
14.02.39	All agencies shall implement and maintain a program to assure that adequate security is provided for all agency information collected, processed, transmitted, stored or disseminated.	OMB CircularA-130, App.III-3a
14.02.40	A system must have adequate controls to protect information that is shared with other systems.	OMB Circular A-130, App.III-3b(2)(f)
14.02.41	[This requirement deleted.]	
14.02.42	The system must be able to perform integrity checks on batches received via interfaces. Checks should include a batch number to detect duplicate or skipped batches, and validity of header and trailer records to ensure counts and amount in trailer agree with records in the batch.	JFMIP SR-99-4, 19
14.02.43	The system must allow user entry and query screens to support validation of codes entered on the screen and assist users in determining correct codes if an invalid code is entered. It must also provide for inquiry by the user to verify valid codes during the data entry process.	JFMIP SR-99-4, 20
14.02.44	The system environment should provide for adequate training and appropriate support to the users based on the level, responsibility and roles of individual users, to enable the users of the systems at all levels to understand, operate and maintain the system.	OMB Circular A-127, 7.k

CHAPTER 15

SEIZED ASSETS

The United States Government's authority to seize and take ownership (forfeiture) of private property from individuals involved in civil and criminal wrongdoing has been in place for many years. However, within the last decade much more emphasis has been placed on the use of forfeiture--particularly in the "war" against illegal drugs--to provide economic punishment for criminals and their enterprises. Numerous agencies have forfeiture authority (including DoD), although the two principal agencies engaged in this law enforcement activity are the Department of Justice and the Department of Treasury.

Due to the importance and materiality of activities related to the seizure of property by the government, the JFMIP has prescribed certain requirements for financial systems that track the status of seized assets from the time of seizure to final disposition.

SEIZED ASSETS

Functional Requirements
 1: Seizure Activities
 2: Asset Custody Activities
 3: Asset Disposition Activities
 4: Interfacing Systems

<u>**SOURCE(S)**</u>

1: Seizure Activities

15.01.01	The system must provide a unique identifier for the seized and forfeited property that will facilitate tracking the asset through seizure, holding, and disposition.	JFMIP SR-99-14, 15
15.01.02	The system must provide timely recording of the date of seizure/forfeiture, the type of asset, the location where seized/forfeited, the storage location, the owner(s) if known, and the entities involved in the seizure/forfeiture.	JFMIP SR-99-14, 15
15.01.03	The system must provide timely and accurate recording of the originally assigned value of the asset and any subsequent updates to the valuation.	JFMIP SR-99-14, 15
15.01.04	The system must provide timely recording of any mortgage and claim liabilities against each asset seized for forfeiture or internal Revenue Code enforcement.	JFMIP SR-99-14, 15
15.01.05	Capability to obtain the current information on processing status of any seized property in the database by use of an automated query mechanism.	JFMIP SR-99-14, 15
15.01.06	The system must provide the information needed to enable routine verification of the legal authority for that seizure, including the ability to verify that the agency seizure/forfeiture criteria have been observed.	JFMIP SR-99-14, 15
15.01.07	The system must allow for the correction, amendment, and cancellation of the seizure authorization for the property under seizure and to include a provision of reports to responsible program officials on this activities.	JFMIP SR-99-14, 15
15.01.08	The system must provide information needed to allow for prompt payment of properly and authorized and billed services, and interact with the core financial system to accomplish this task.	JFMIP SR-99-14, 17
15.01.09	The system must support the recording and capture of all appropriate costs of the forfeiture process on a basis consistent with the type of property.	JFMIP SR-99-14, 17

15.01.10   The system must allocate and record all appropriate costs of the seizure on a basis consistent with the type of property and the nature of the seizure.   JFMIP SR-99-14, 15

2: Asset Custody Activities

15.02.01   The system must have the capability to capture, record, and maintain accurate information on the current legal status, geographic location, responsible custodian, and the current recorded value of seized property and forfeited assets in custody.   JFMIP SR-99-14, 16

15.02.02   The system must have the capability to provide a record documenting that advertising and the issuance of notice of the property seized have been accomplished, if required.   JFMIP SR-99-14, 16

15.02.03   The system must be able to provide information to enable seized cash to be deposited promptly into cash holding accounts, if required.   JFMIP SR-99-14, 16

15.02.04   The system must have the capability to track and promptly record the deposit of revenue generated by seized businesses and cash on a basis consistent with the nature of the property.   JFMIP SR-99-14, 16

15.02.05   The system must have the capability to segregate forfeited assets from property in a seized or detained status.   JFMIP SR-99-14, 16

15.02.06   The system must have the capability to allocate and record all appropriate costs and revenues on a basis consistent with the type of the property and the nature of the custodial action.   JFMIP SR-99-14, 16

15.02.07   The system must have the capability to record and account for all theft, loss, and damage expenses by identification number.   JFMIP SR-99-14, 16

15.02.08   The system must have the capability to provide accurate and timely reconciliation between the seizing agency's seizure records and property records of custodians being used to maintain, store, and dispose of seized property.   JFMIP SR-99-14, 16

15.02.09   The system must be able to provide information to allow the independent verification that each item of seized property or each forfeited asset is in the physical or constructive custody of the government and that the recorded quantity, legal status, geographic location, and value are accurate.   JFMIP SR-99-14, 16

15.02.10   The system must be able to provide information to allow an independent verification that all billed contractor/vendor services were actually performed.   JFMIP SR-99-14, 16

15.02.11	The system must have the capability to record and track cost bonds, as appropriate.	JFMIP SR-99-14, 16
15.02.12	[This requirement deleted.]	
15.02.13	[This requirement deleted.]	
15.02.14	The system must have the capability to provide information to pay promptly all contractors or vendors performing maintenance/management services, and interact with the core financial system to accomplish this task.	JFMIP SR-99-14, 16
15.02.15	[This requirement deleted.]	
15.02.16	[This requirement deleted.]	
15.02.17	The system must have the capability to record the forfeiture, as appropriate.	JFMIP SR-99-14, 16
15.02.18	[This requirement deleted.]	
15.02.19	The system must have the ability to record information on the legal authority for forfeitures as appropriate.	JFMIP SR-99-14, 16

3: Asset Disposition Activities

15.03.01	The system must have the capability of recording each disposition, including the unique identifier of the property or asset, type of property or assets, type of disposition or the gross proceeds generated from the disposition, and to whom the asset or property was released or transferred.	JFMIP SR-99-14, 18
15.03.02	The system must have the capability to flag low-value and time-sensitive assets to assure their timely recording and liquidation.	JFMIP SR-99-14, 18
15.03.03	The system must have the capability to record all appropriate costs and revenues on a basis consistent with the type of the property and the nature of the disposal action.	JFMIP SR-99-14, 18
15.03.04	The system must be able to verify the proper authorization exists for all dispositions.	JFMIP SR-99-14, 18
15.03.05	[This requirement deleted.]	
15.03.06	The system must have the capability to record and account accurately for all distributions of excess revenues over expenses.	JFMIP SR-99-14, 18

15.03.07   The system must be able to provide a complete accounting for both the   JFMIP SR-99-14, 18
           applicable central fund balances and any related deposit fund balance.

15.03.08   [This requirement deleted.]

15.03.09   The system must have the capability to provide an audit trail for assets   JFMIP SR-99-14, 18
           distributed to other entities.

15.03.10   The system must have the capability to record the deposit into the   JFMIP SR-99-14, 18
           applicable accounts of all proceeds from the sale of forfeited or
           abandoned assets.

15.03.11   The system must have the capability to record the transfer of cash from   JFMIP SR-99-14, 18
           the applicable deposit fund to the applicable central fund account.

15.03.12   The system must have the capability to periodically test asset disposition   JFMIP SR-99-14, 18
           transactions to ensure that the process is not being victimized by
           "insider" transactions.

15.03.13   The system must be able to ensure that all billed contractor services   JFMIP SR-99-14, 18
           were actually performed.

15.03.14   The system must be able to support the payment of contractors, innocent   JFMIP SR-99-14, 18
           owners, or approved claimants.

4: Interfacing Systems

15.04.01   The system should be able to provide the flexibility to accept data input   JFMIP SR-99-14, 21
           from multiple media that recognize the user agencies' unique data input
           requirements.

15.04.02   The system should be able to customize data input, processing rules, and   JFMIP SR-99-14, 21
           edit criteria; and to give agencies with flexibility in defining internal
           operational procedures and in supporting agency requirements.

15.04.03   The system should be able, if necessary, to identify and process   JFMIP SR-99-14, 21
           transactions from other systems that enter and update the standard
           seized property and forfeited assets system.

15.04.04   The system must provide the capability to upload and download data in   JFMIP SR-99-14, 21
           an interface environment.

15.04.05   The system must be able to provide multiple-media output reports and to   JFMIP SR-99-14, 21
           recognize the user agencies' unique data output requirements.

15.04.06	The system must allow users to customize output for their reporting needs. It should also have interfaces to other systems that are necessary to link financial and program results, and must meet agency requirements for external processing. (e.g., general ledger posting, budget reconciliation and execution, cost accumulation).	JFMIP SR-99-14, 21
15.04.07	The system must be able to transmit information on the results of seizure transactions and forfeiture transactions to the core financial system requirements itemized by in the Core Financial system Requirements for the following purposes: - generating requests for disbursements, - updating the standard general ledger, - generating obligation records, - generating requests for funds transfer, and - updating funds control.	JFMIP SR-99-14, 21
15.04.08	The system must have the capability to subject all transactions from interfacing system to the standard seized property and forfeited assets system edits, validation, and error-correction procedures.	JFMIP SR-99-14, 21