MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF DEFENSE AGENCIES
COMMANDER, U.S. ARMY CORPS OF ENGINEERS
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: DoD Standard Chart of Accounts in Standard Financial Information
Structure (SFIS)

We are committed to implementing SFIS to improve the accuracy and timeliness
of financial reporting. Changes to simplify the requirements as well as stabilizing the
requirements are both critical to making progress. Creating an enterprise Standard Chart
of Accounts consistent with Treasury's United States Standard General Ledger (USSGL)
is crucial to reduce complexity and continue implementation progress.

The attached guidance requires consistent implementation of a DoD Standard
Chart of Accounts in Component target general ledger accounting systems. The DoD
Standard Chart of Accounts is comprised of USSGL accounts and DoD standard account
extensions to provide the detail required for budgetary, financial, and management
reports. The implementation of the Standard Chart of Accounts will:
  • Reduce customization of target general ledger accounting systems,
  • Eliminate translation and crosswalking of account values in DDRS, and
  • Improve comparability of data across target general ledger accounting systems.

Your continued support of OUSD(C) efforts to improve DoD financial
management is greatly appreciated.

Robert P. McNamara
Acting, Deputy Chief Financial Officer

Attachment: As stated

DoD Standard Chart of Accounts Implementation Guidance

The OUSD(C) is directing the use of a DoD Standard Chart of Accounts in Component target general ledger accounting systems. The Chart of Accounts must be employed in the Component systems to aggregate transaction activity into account balances and report those balances to departmental reporting and other accounting systems. This will require changes to the Standard Financial Information Structure for the following reasons:

- A single data element for the chart of accounts is standard accounting practice.
- Treasury USSGL uses account series to identify major account categories. For example, all liabilities start with the number 2 and all expenses with the number 6. This is standard accounting practice. The separate data elements are redundant.
- There are pieces of the chart of accounts that are not in SFIS (7400 and 3000 series USSGL *sub-accounts* and other OMB and Treasury budgetary reporting requirements.) Instead of creating new data elements for each of these areas as would be required under the current SFIS paradigm, we are switching to a single data element approach for the chart of accounts.
- The single element chart of accounts may cause changes to some existing and target accounting and feeder systems but will reduce customization of future systems including planned version upgrades to existing ERPs.

The Office of the Under Secretary of Defense (Comptroller) will take the following actions to foster timely and consistent implementation of the Standard Chart of Accounts DoD wide:

- Update DoD Financial Management Regulation to include the DoD Standard Chart of Accounts.
- Publish and maintain the Standard Chart of Accounts in compliance with US Treasury guidance[1] and DoD goals as follows:
   - o Standardize all values required for collection and reporting of financial accounting data for budgetary reports and for financial statements to eliminate translation and crosswalks in DDRS.
   - o Include values for management information and common accounts that exist across the Department to improve management information and account balance comparability.
   - o The DoD Standard Chart of Accounts is comprised of the USSGL accounts and DoD standard account extensions.

USSGL	DoD Extension	USSGL / DoD Account Number
6100	.1006	6100.1006

- Update and publish the DoD Standard Chart of Accounts in concert with OMB and Treasury guidance.

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[1] TFM-USSGL http://www.fms.treas.gov/ussgl/tfm_releases/06-02/2006/sec1_chrtacct_2006.doc

Component Business System Functional Sponsors will take the following actions:
- Component target general ledger accounting systems will:
  o Include the Standard Chart of Accounts values within their system where posting accounts are assigned to a DoD standard account.
  o Use the Standard Chart of Accounts to summarize transactional activity and transmit the data in the standard format to DDRS and other users of the data. DDRS will use the data to produce daily versions of the DoD AR(M)1002 report for appropriation status reports. The DDRS Program Manager will define the specific data fields needed on a daily and monthly basis for budgetary and financial reporting.
- Component target general ledger accounting systems may employ more detail in their posting chart of accounts. Each internal account must aggregate to one USSGL / DoD account. Components will coordinate changes to posting charts of accounts with DFAS to help ensure compatibility and comparability of management and financial information across the Department.
- Where more information is needed for given transaction beyond what is communicated using the SFIS Transaction Type element, Component target business feeder systems should use the applicable Standard Chart of Account values to communicate that additional information. Example – Where a system records details of environmental liabilities, the transaction type B420 used to communicate a liability is not sufficient information for footnote 14. The system should send the transaction type and the standard chart of account value of 2995.9503.
- Submit implementation plans to the SFIS Governance Board at the later of 90 days of the date of this memo or the next scheduled IRB review.

The BTA will coordinate with the SFIS Governance Board to make the following SFIS changes within 60 days of this memo:
- Change the element "USSGL Account Number" to "USSGL / DoD Account Number" and increase length to 9 positions.
- Remove SFIS Expense Type, Revenue Type, and Liability Type elements as the information can be captured in the expanded USSGL / DoD Account Number element. Asset Type and Cost Element Code values for departmental reporting will be included in the USSGL / DoD Account Number element and the elements and values will remain in SFIS for uses other than financial reporting.