

VOLUME 6B, CHAPTER 2: “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font***.

The previous version dated August 2008 is archived.

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Corrected and added hyperlinks.	Update
020103	Added another group for Treasury Index (TI) 97 Defense appropriation/funds, Medicare-Eligible Retiree Health Care Fund.	Update
020202	Updated interim financial reporting guidance from revised Office of Management and Budget (OMB) A-136. Updated guidance for the Statement of Budgetary Resources (SBR) reconciliation based on the realigned SBR, effective Fiscal Year 2012.	Update
020505	Updated the requirement for variance analysis reports to be prepared for Agency-wide financial statements for material fluctuations.	Update
020510	Updated guidance to allow Components discretion to prepare consolidating or combining financial statements and include as part of their Agency Financial Reports.	Update

Table of Contents

VOLUME 6B, CHAPTER 2: “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”	1
0201 RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS	4
020101. Responsibility for Financial Statements.....	4
020102. Responsibility for Preparation of the Financial Statements.....	4
*020103. Responsibility for Other Defense Organization Subentities	4
020104. Reporting of Foreign Military Sales (FMS) Activity.....	5
0202 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS	5
020201. Annual Financial Statements.....	5
*020202. Interim Financial Reporting	5
020203. Quality Control Reviews of Financial Statements and Notes	6
020204. Key Financial Statements Preparation Due Dates.....	6
0203 MANAGEMENT REPRESENTATION LETTERS.....	6
020301. Preparation and Submission.....	6
020302. Management Representations	7
020303. Materiality	7
020304. Representation of Budgetary Data	7
020305. Signature Levels of Representation Letters	7
020306. Referrals to Office of the Deputy Chief Financial Officer.....	8
020307. Date of Management Representation Letter.....	8
0204 LEGAL REPRESENTATION LETTERS.....	8
020401. Inquiries of Legal Counsel	8
020402. Obtain Legal Representations	9
020403. Preparation of Legal Representation Letters	9
020404. Determination of Legal Cases.....	9
020405. Summary of Legal Representation Letters.....	10
0205 GENERAL PREPARATION INSTRUCTIONS.....	10
020501. Generally Accepted Accounting Principles	10
020502. United States Standard General Ledger	10
020503. Quarterly Interim and Fiscal Year-end Financial Statements	11
020504. Comparative Data.....	11
*020505. Variance Analysis/Fluctuations.....	11
020507. Disclose Material Balances	12
020508. Notes to the Financial Statements	12

Table of Contents (Continued)

020509. Consistency in Reporting 12

*020510. Consolidated or Combined Statements 12

020511. Rounding 13

020512. Additional Information..... 13

020513. Organization of the Financial Statements 13

020514. Requirements for Audited Financial Statements..... 13

020515. Posting the Financial Statements..... 13

020516. Responsibility for Sections of the DoD Agency-wide Financial Statements..... 13

Table 2-1 Officials Responsible for OMB Required Financial Statements 15

Table 2-2 Official Responsible for Sections of the Financial Statements 16

Table 2-3 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities 17

Table 2-3 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities (Continued)..... 18

CHAPTER 2

GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS

0201 RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

020101. Responsibility for Financial Statements

Primary responsibility for the content and submission of the financial statements rests with the head of the reporting entity for which the statements are prepared. The actual preparation of the financial statements is the joint responsibility of the Department of Defense (DoD) accounting activity maintaining the official departmental accounting records and the DoD Component for which those official accounting records are maintained. It is important to recognize that, while the accounting organization is responsible for assembling the principal statements, much of the data needed to prepare the principal statements originates in nonfinancial systems. Entity management is responsible for ensuring that the data originating outside of the official accounting systems is provided to the accounting organization in a timely manner, that it is complete, and that there are adequate internal controls and audit trails to ensure the data is accurate. The officials responsible for the content and submission of financial statements required by Office of Management and Budget (OMB) are identified in Table 2-1.

020102. Responsibility for Preparation of the Financial Statements

The primary responsibility for the financial statements rests with the reporting entity management. Responsibility for preparation of the principal statements and notes, however, is shared with the accounting organization responsible for maintaining the financial records of the reporting entity. Table 2-2 identifies the office that is primarily responsible for preparation of each section of the financial statements. Additional information regarding the responsible accounting activities who prepare the required supporting statements for the subentities and the responsible officials for those statements can be found in the [DoD Audited Financial Statements Reporting and Analysis \(DoD AFSR&A\) Financial Reporting Guidance](#), hereafter referred to as "[DoD AFSR&A Guidance](#)". The responsible official shall ensure that: (1) known business processes/systems that could materially impact the financial statements are communicated; (2) all necessary data that originates in nonfinancial processes and systems (e.g., inventory and property data) is provided; (3) combining statements are reviewed and analyzed; and (4) feedback is provided to the entity's supporting accounting center as required or upon request.

*020103. Responsibility for Other Defense Organization Subentities

Departmental preparation of the DoD Agency-wide audited financial statements requires supporting financial statements be prepared for the remaining DoD organizations not identified in Volume 6B, Chapter 1, section 0105. The organizations covered by this paragraph and Table 2-3 are the activities funded with Treasury Index (TI) 97 Defense appropriation/funds and are aggregated into three groups: (1) Other Defense Organizations (ODO) General Funds (GF), (2)

ODO Working Capital Funds (WCF), and (3) Medicare-Eligible Retiree Health Care Fund (MERHCF).

020104. Reporting of Foreign Military Sales (FMS) Activity

The Defense Security Cooperation Agency (DSCA) administers the FMS programs on behalf of the Executive Office of the President. While FMS activity is primarily reported separately from DoD activity, OMB has approved the following provisions regarding the specific information on the financial activity of FMS programs that is to be included in the DoD financial statements.

A. Revenue and expense amounts pertaining to FMS goods or services provided from the stocks of the DoD Components on a reimbursable basis shall be reported in the financial statements of the applicable selling DoD Component and in the DoD Agency-wide consolidated statements.

B. Principal statements for the following Executive Office of the President accounts are to be prepared by Defense Finance and Accounting Service (DFAS) and reported separately from the DoD Agency-wide financial statements: 11*1081, 11*1082, 11*1084, 11X4116, 11X4121, 11X4122, and 11X4174.

0202 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS

020201. Annual Financial Statements

Each of the reporting entities shown in Volume 6B, Chapter 1, section 0105 is required to submit audited financial statements no later than 45 days after the end of the fiscal year. A detailed financial statement reporting schedule can be found at the [DoD AFSR&A Guidance](#).

*020202. Interim Financial Reporting

Each of the reporting entities shown in Volume 6B, Chapter 1, section 0105 are required to submit unaudited interim financial statements on a quarterly basis (December 31, March 31, and June 30) no later than 21 business days after the end of the reporting period. In recent fiscal years, DoD participated in a 21 Business Day Pilot Project, which was designed to assist agencies to improve the accuracy and reliability of their financial statements. Quarterly financial statement variance analysis reports are prepared exclusively for Agency-wide financial statements. Reporting entities are no longer required to formally submit quarterly financial statement variance analysis reports. However, reporting entities materially impacting Agency-wide variances for assets, liabilities, costs, revenues, budgetary resources, obligations, and outlays must provide variance explanations, when requested by the DoD Audited Financial Statements Reporting and Analysis. Reporting entities are also required to submit an analysis of any material differences between the current quarter's unaudited Statement of Budgetary Resources (SBR) and the current quarter's Standard Form (SF) 133 (Report on Budget Execution and Budgetary Resources), as compiled from the Federal Agencies' Centralized Trial Balance System II (FACTS II) submission. Reporting entities shall reconcile the two reports; however, OMB only requests explanations for material differences between the SBR and SF 133 for comparable line items related to budgetary

resources, obligations, and outlays. Refer to paragraph 020507 in this chapter for the definition of material. Results from the analysis will be consolidated at the Departmental level and forwarded to the DoD Audited Financial Statements Reporting and Analysis for further consolidation and submission to OMB. A detailed interim financial statement reporting schedule and updates of financial statement requirements can be found at the [DoD AFSR&A Guidance](#).

020203. Quality Control Reviews of Financial Statements and Notes

Each component, along with their supporting accounting center, shall review their financial statements and notes to ensure the completeness of financial information provided by both the accounting activity and the various Component functional organizations.

020204. Key Financial Statements Preparation Due Dates

The development and publication of the financial statements requires coordinated actions by entity management, the supporting accounting organization, and the audit community. Additional information regarding the key financial statement preparation milestones can be found in the financial statement reporting schedule at the [DoD AFSR&A Guidance](#).

0203 MANAGEMENT REPRESENTATION LETTERS

020301. [Preparation and Submission](#)

Auditors shall require the responsible senior manager to prepare and submit a management representation letter, for each reporting entity audited, prior to the conclusion of an audit. The management representation letter should be signed by those members of management with overall responsibility for financial and operating matters that the auditor believes are responsible for and knowledgeable about, directly or through others in the organization, the matters covered by the representations. Such members of management generally include the head of the agency, the CFO, and any others deemed responsible for matters presented in the management representation letter. During the audit, the management function makes many representations to the auditor, both oral and written, in response to specific inquiries and through the financial statements. In the management representation letter, the senior responsible manager confirms the representations explicitly or implicitly given to the auditor, indicates and documents the continuing appropriateness of such representations, and reduces the possibility of misunderstanding concerning the matters that are the subject of the representations. Representations by management generally relate to: (1) the financial statements; (2) completeness of the information; (3) recognition, measurement, and disclosure; and (4) subsequent events. Specifically, the management function shall represent that the financial statements do, or do not, present fairly in accordance with federal generally accepted accounting principles.

020302. [Management Representations](#)

Management representations must include all representations that are required by generally accepted auditing standards and [OMB Bulletin Number 07-04](#), “Audit Requirements for Federal Financial Statements,” Section 8. General representations must, however, be modified to be consistent with findings reported by the auditor. In accordance with the [Statement on Auditing Standards \(SAS\) Number 85, “Management Representations”](#) (AU section 333) management’s representations may be limited to matters that are considered either individually or collectively material to the financial statements, provided management and the auditor have reached an understanding on materiality for this purpose. Management representation letters are due to the office performing the entity’s audit by the due date specified in the reporting schedule which can be found at the [DoD AFSR&A Guidance](#).

020303. [Materiality](#)

As required by [SAS Number 89, “Audit Adjustments”](#) (AU sec. 333.06 and 333.16), the management letter should include a representation regarding the materiality of unrecorded financial statement adjustments aggregated by the auditors. A list of any uncorrected misstatements, including those audit adjustments waived by the component-level, should be attached to the management representation letter.

020304. [Representation of Budgetary Data](#)

Management is required to include a representation that addresses the consistency of budgetary data reported on the [SBR](#) and the budgetary data submitted through FACTS II to prepare the year-end SF 133s. Management may consider using the following sample representation: “The information presented on the Department’s Statement of Budgetary Resources agrees with the information submitted on the Department’s year-end Reports on Budget Execution and Budgetary Resources (SF 133s). This information will be used as input for the fiscal year (FY) 20xx actual column of the Program and Financing Schedules reported in the FY 20xx Budget of the U.S. Government. Such information is supported by the related financial records and related data.”

020305. [Signature Levels of Representation Letters](#)

Signature levels for management representation letters are indicated, [as follows](#):

A. The Secretary or Under Secretary of the Military Department concerned shall sign a management representation letter in support of the audited financial statements for a Military Department’s GF and WCF.

B. The Director or Deputy Director of the Defense Agency concerned shall sign a management representation letter in support of the audited financial statements for a Defense Agency.

C. The fund manager of the trust or revolving fund concerned shall sign a management representation letter in support of financial statements for a trust or revolving fund managed by the Office of the Secretary of Defense or Defense Agency.

D. The head of the component for other reporting entities not described in 020305.A through 020305.D, but listed in Volume 6B, Chapter 1, section [0105](#), shall, [if applicable](#), sign a management representation letter in support of their audited financial statements.

E. The Under Secretary of Defense (Comptroller) (USD(C)) shall sign a management representation letter for the DoD Agency-wide financial statements.

020306. [Referrals to Office of the Deputy Chief Financial Officer](#)

Auditor requests for management representation letters below levels cited in paragraph 020305 should be referred to the USD(C), Office of the Deputy Chief Financial Officer (ODCFO).

020307. [Date of Management Representation Letter](#)

Generally, the date of a management representation letter shall be the date the auditor issues the audit report on the entity's financial statements. Coordinating the two dates is essential. The due dates for the management representation letters are specified in the financial statement reporting schedule [at the DoD AFSR&A Guidance](#). Management shall not provide auditors with pre-signed, undated letters or with predated letters. If auditors need an advance copy of the intended management letter, then auditors will include that requirement when submitting the initial request for the management representation letter. Active cooperation and interaction between auditors and management is expected so that the management representation letter reaches the auditors on the due date.

0204 LEGAL REPRESENTATION LETTERS

020401. [Inquiries of Legal Counsel](#)

[According to SAS Number 12](#), "Inquiry of a Client's Lawyer Concerning Litigation, Claims, and Assessments" (AU [section 337](#)), the auditor will request entity management to send a letter of inquiry to those lawyers with whom management consulted concerning litigation, claims, and assessments. (Refer to the General [Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual \(GAO/PCIE FAM\)](#) Section 1002B, Example Legal Letter Request, and subsequent revisions, for an illustrative letter of inquiry from entity management to legal counsel.) Management should document in a schedule how the information contained in the legal counsel's response(s) was considered in preparing the financial statements. In accordance with [OMB A-136](#), Section V, legal representation letters and management's schedules are required for the audits of entity financial statements and the special-purpose financial statements used to compile the Financial Report of the United States (U.S.) Government.

020402. [Obtain Legal Representations](#)

Upon receipt of the audit agency request, it is the responsibility of the senior financial management official of the entity being audited to request interim or final legal representation letters from the General Counsel of the Military Department or DoD Component that is being audited. Judge Advocates General shall not be requested to furnish legal representation letters, rather the legal representation letters requested from the General Counsel of the Military Departments shall include the request that the General Counsel report matters involving both military and civilian counsel. Requests for a legal representation letter pertaining to the Agency-wide financial statements and to any defense-wide account audited separately, such as the Military Retirement Fund, shall be sent to the General Counsel, Department of Defense (GC, DoD). Copies of any letters prepared by the General Counsel of the Military Departments and DoD Components shall be provided to the GC, DoD, Attention: Deputy General Counsel (Fiscal) (DGC(F)) and to the Inspector General (IG), DoD or other independent auditors performing the audit. In letters provided to the GC, DoD shall report only cases at or above the materiality threshold established for that year's Agency-wide financial statement audit. Each year, the ODGC(F) shall advise the counsel of the Military Departments and the Defense Agencies preparing legal representation letters of the mandatory times for submission of the legal representation letters, which are specified in the financial statement reporting schedule [located at the *DoD AFSR&A Guidance*](#), and the applicable Agency-wide materiality threshold for that year's Agency-wide financial statement.

020403. [Preparation of Legal Representation Letters](#)

When preparing the legal representation letters, the General Counsel should reference the guidance found in [OMB Bulletin Number 07-04](#), Section 9, [as amended](#). Report cases and claims using the legal representation format found on the Department of Justice website, [USDOJ \(Civil Division Documents and Forms\)](#). In addition to reporting the status of pending contingent liabilities, the interim legal representation letters should also include the cases reported in the previous year's legal representations that are no longer pending. The final representation letter should be limited to new information (i.e., cases that arise subsequent to the interim letter or changes in the status of cases that were reported in the interim letter). The final letter should not repeat information from the interim letter that has not changed. Any subsequent changes in cases that arise after the final representation letter, but before the end of the audit fieldwork on the financial statements must be communicated to the auditor. The required summaries of the legal letters [will](#) be submitted to the cognizant audit agency for the reporting entity, to the entity's supporting accounting [activity](#), and to the ODCFO.

020404. [Determination of Legal Cases](#)

The official responsible for a reporting entity's financial statements (Table 2-1) or that official's designee shall prepare, and submit to the auditors for their review, the management schedule showing how the information contained in the legal counsel's response was considered in preparing the financial statements. The required format and instructions are provided in Section 1002C of the [GAO/PCIE FAM](#). The schedule should be consistent with information presented in the legal representation letters and the notes to the financial statements. An

assessment as to whether pending, threatened litigation or unasserted claims should be reported or disclosed in the financial statements must be made by management. This determination extends to cases in which legal counsel has classified the likelihood of loss as “unknown.” The name and telephone number of the individual who is able to answer questions regarding the presentation of legal claims and assessments in the financial statements should also be provided. The required summaries of the legal letters shall be submitted to the cognizant audit agency for the reporting entity, the entity’s supporting accounting activity, and the ODCFO. The DoD due dates for the interim and updated legal letters and the associated summaries are reflected in the financial statement reporting schedule located at the [DoD AFSR&A Guidance](#).

020405. [Summary of Legal Representation Letters](#)

Rather than having the cognizant auditors submit copies of the interim and updated legal representation letters, along with the summaries of the information contained in these responses for each reporting entity, the GAO has agreed to use the single summary of the various legal representation letters prepared for submission with the Agency-wide statements. The IG, DoD and ODCFO shall make the required submission to the OMB, the Department of the Treasury, the Department of Justice, and the GAO per the due dates in the financial statement reporting schedule located at the [DoD AFSR&A Guidance](#).

0205 GENERAL PREPARATION INSTRUCTIONS

020501. [Generally Accepted Accounting Principles](#)

The principal statements and notes embody the generally accepted accounting principles contained in the [Statements of Federal Financial Accounting Standards](#) (SFFASs) and [Statements of Federal Financial Accounting Concepts](#) (SFFACs). The SFFASs and SFFACs have been incorporated into the accounting policy and guidance contained in this Regulation. Preparers of financial statements seeking detailed guidance on matters involving the recognition requirements for transactions and information covered by the SFFASs should refer to this volume. If sufficient guidance is not found in this volume, then preparers shall follow the generally accepted accounting principles hierarchy contained in Volume 1, Chapter 2.

020502. [United States Standard General Ledger](#)

Direct preparers of financial statements and notes shall crosswalk their unique general ledger accounts to the [United States Standard General Ledger \(USSGL\)](#) chart of accounts and at a lower level of detail to include Treasury Department’s Financial Management Service, FACTS attributes, [Standard Financial Information Structure \(SFIS\) elements](#), the Department’s trading partner information, and other DoD required attributes to prepare statements and note schedules. The USSGL, with FACTS attributes and other DoD required attributes, shall be used to populate the Defense Departmental Reporting System – Audited Financial Statement (DDRS-AFS) System which will populate financial statements and note schedules. Additional information regarding the import sheets and DDRS-AFS can be found in the quarterly guidance at the [DoD AFSR&A Guidance](#).

020503. Quarterly Interim and Fiscal Year-end Financial Statements

The DoD components/reporting entities shall prepare statements for quarterly interim and fiscal year-end comparative Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. Supporting financial statement note schedules must have total figures that agree with the amounts presented in the body of the financial statements. The chosen rounding level must be maintained consistently throughout the principal statements and notes in accordance with paragraph 020511. In addition, rounded totals must agree between the principal statements as applicable (e.g., ending balances from the Statement of Changes in Net Position equal the Total Net Position line on the Balance Sheet). Individual line items must sum to the totals. (This may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals).

020504. Comparative Data

Comparative financial statements are required. Data presented in the fiscal year end prior year column must be identical with the amounts reported on the financial statements of the prior year. Information for the current and preceding years should be presented regardless of the type of audit opinion rendered by the auditor. The notes should contain the information that is necessary for full disclosure of the current year.

*020505. Variance Analysis/Fluctuations

A comprehensive financial statement variance analysis report is prepared each quarter solely for the Agency-wide financial statements for material fluctuations between comparative periods on report lines of the Balance Sheet, the Statement of Net Cost and selected lines of the Statement of Changes in Net Position, the Statement of Budgetary Resources and supporting note schedules. Only components materially contributing to the Agency-wide variances will be required to explain significant variances when requested by the DoD AFSR&A. A significant variance is a fluctuation from the same quarter in the prior year to the current year which is greater than or equal to 10 percent of the change of individual lines, or 2 percent of total assets and where the fluctuation amount is greater than the applicable threshold. The detailed explanations for the significant variances should provide concise answers to the following questions pertaining to the comparative periods:

- A. What is the dollar amount of the fluctuation?
- B. Who caused the fluctuation?
- C. What business event caused the fluctuation?
- D. Why did the fluctuation happen?
- E. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

020506. [Statement Consolidation](#)

User judgment shall be exercised to determine if it is appropriate to exclude from the final published statements some statement line items, notes, and lines or columns in notes that do not apply to the reporting entity. In order to ensure consistent and accurate aggregation of amounts from suborganizations, however, such lines may not be excluded prior to the submission of the final published version. Due to the short timeframes available for statement consolidation at the agency level, preparers are not authorized to combine lines for which the referenced account balances are immaterial.

020507. [Disclose Material Balances](#)

Do not designate in the notes as “other” any discrete balances of a material amount. Material balances shall be separately disclosed and designated by name. Material is defined for this purpose as any component of a line item that represents 10 percent or more of the value of the line in the principal statements.

020508. [Notes to the Financial Statements](#)

The note numbering sequence contained in Volume 6B, Chapter 10, shall be maintained in all working versions of the notes in order to ensure consistent and accurate aggregation to the DoD agency level. For notes that are not applicable to the reporting entity, indicate the note is not applicable after the note number and title. If additional notes are necessary to provide required disclosures, then number them sequentially as explained in Volume 6B, Chapter 10.

020509. [Consistency in Reporting](#)

The accounting policies and procedures shall be applied consistently throughout the financial statements. Ensure the amounts reported throughout the financial statements, notes, supplemental information, and the Management Discussion and Analysis section are consistently reported. Also ensure that schedules presented in the notes, in support of amounts presented on financial statements, have total figures that agree with the amounts presented in the financial statements. Financial information reported in multiple notes or other sections shall be reported in a consistent manner. To the extent that information is not available for the accelerated reports, a reliable, alternative method of estimating amounts and balances shall be developed and adequately disclosed.

*020510. [Consolidated or Combined Statements](#)

The Balance Sheet, Statement of Net Cost and the Statement of Changes in Net Position principal statements must be prepared as consolidated statements, net of intra-entity transactions. The [SBR](#) must be prepared as a combined statement. [Components have the discretion to prepare consolidating or combining financial statements and include as part of their Agency Financial Report.](#)

020511. [Rounding](#)

The DoD Agency-wide final published financial statements and notes must display dollars rounded to millions with one decimal point. All Component statements must display dollar amounts rounded to the nearest whole thousand on the final published principal statements and in the tables/schedules contained in the notes to the principal statements. Dollar amounts in note narratives shall be reported with a maximum of three position integers and a single decimal value followed by an identifier, such as millions or billions (e.g., \$324.1 million; not \$324,100 thousand). To improve communication among preparers, reviewers and auditors during the preparation process and to avoid excessive workload associated with the resolution of rounding errors, all accounting activities shall report amounts as dollars and cents on all draft/working versions of the principal statements and note schedules prior to submission by the reporting entity of the final audited financial statements.

020512. [Additional Information](#)

Reporting entities that choose to present additional financial statements or information shall include these in the Other Accompanying Information section (see Volume 6B, Chapter 3.)

020513. [Organization of the Financial Statements](#)

The financial statements of the reporting entities shall be organized as outlined in Volume 6B, Chapter 1, Table 1-1.

020514. [Requirements for Audited Financial Statements](#)

Reporting entity managers are responsible for the preparation and printing of the final complete annual audited version of their financial statements. These specific requirements are outlined on the [DoD AFSR&A Guidance](#).

020515. [Posting the Financial Statements](#)

The Department's financial statements will be posted [on the Office of Under Secretary of Defense \(Comptroller\) \(OUSD\(C\)\) website](#). Reporting entity managers will provide the ODCFO with [electronic copies](#) of their financial statements for posting to the DoD Internet website by the due date specified in the financial statement reporting schedule. The files will be prepared in the [Portable Document File \(PDF\)](#) type. If the reporting entity includes a large number of digital images, then the PDF can be very slow for users to access on the website. In those cases it is beneficial, and encouraged, to prepare separate files for each section of the financial report.

020516. [Responsibility for Sections of the DoD Agency-wide Financial Statements](#)

DFAS, [Office of Under Secretary of Defense \(Acquisition, Technology, and Logistics\) \(OUSD\(AT&L\)\)](#) and [OUSD\(C\)](#) have responsibility for various sections of the DoD Agency-wide financial statements and for providing information to the Department of the Treasury,

Financial Management Service (Treasury FMS) for inclusion in the Financial Report of the U.S. Government.

A. DFAS is responsible for preparing the draft/working versions and final version of the principal statements, the notes to the principal statements, the Required Supplementary Information (RSI) section (except for the deferred maintenance information), and the Other Accompanying Information section of the DoD Agency-wide financial statements. In addition, DFAS shall ensure that the FACTS I adjusted trial balances are transmitted to the Treasury FMS. DFAS will input the required information into the Government-wide Financial Reporting System (GFRS) for use in the Financial Report of the U.S. Government. Refer to “FACTS I Reporting and Verification,” Volume 6A, Chapter 6 for guidance on FACTS I and GFRS reporting.

B. OUSD(AT&L) is responsible for compiling the complete Required Supplementary Stewardship Information (RSSI) section and the deferred maintenance information for the RSI section of the Department’s Agency-wide financial statements. OUSD(AT&L) shall provide this information, electronically, to DFAS for inclusion in the working versions and final version of the DoD Agency-wide financial report per the due dates in the financial statement reporting schedule. In addition, OUSD(AT&L) shall provide the RSSI and RSI deferred maintenance information to DFAS for inclusion in GFRS.

C. OUSD(C) is responsible for preparing the Management Discussion and Analysis section of the Agency-wide financial statements. OUSD(C) is responsible for the submission of the DoD Agency-wide financial statements to OMB and the Congress.

Table 2-1 Officials Responsible for OMB Required Financial Statements

OFFICIALS RESPONSIBLE FOR THE FINANCIAL STATEMENTS	
Reporting Entities	Responsible DoD Official
Department of Defense Agency-wide	Chief Financial Officer (CFO), DoD
Department of the Army General Fund (GF)	The Secretary of the Army
Department of the Navy GF	The Secretary of the Navy
Department of the Air Force GF	The Secretary of the Air Force
Army Working Capital Fund (WCF)	The Secretary of the Army
Navy WCF	The Secretary of the Navy
Air Force WCF	The Secretary of the Air Force
Department of Defense Military Retirement Fund	Under Secretary of Defense (Personnel and Readiness)
U.S. Army Corps of Engineers (USACE) Civil Works	The Secretary of the Army

Table 2-2 Official Responsible for Sections of the Financial Statements

OFFICIAL RESPONSIBLE FOR SECTIONS OF THE FINANCIAL STATEMENTS			
Responsibility for Preparation and Submission of Audited Financial Statements	CFO DoD	DFAS/USACE Accounting Activity	Reporting Entity Management
Management Discussion and Analysis of the Reporting Entity			X
Principal Statements			
Balance Sheet		X	
Statement of Net Cost		X	
Statement of Changes in Net Position		X	
Statement of Budgetary Resources		X	
Notes to the Principal Statements			
Note 1 to the Principal Statements		X	
Remaining Notes to the Principal Statements			X ¹
Required Supplementary Stewardship Information (RSSI)			X ²
Required Supplementary Information (RSI):			
Statement of Disaggregated Budgetary Resources		X	
Deferred Maintenance			X ²
Other Accompanying Information:			
Other Supporting Statements		X	
Management Challenges	X		
Improper Payment Information Act Reporting Details	X	X	X
Submission of entity-level complete unaudited financial statements concurrently to the Inspector General (IG), DoD for audit and to the Office of the Deputy Chief Financial Officer (ODCFO)			X
Submission of the Agency-wide complete unaudited financial statements to the IG, DoD for audit	X		
Submission of financial statements reports to the Office of Management and Budget (OMB) and the Congress	X		

NOTES:

1. Primary responsibility rests with the reporting entity. However, the Defense Finance and Accounting Service (DFAS) and the USACE Finance Center (FC) primarily prepare accounting type schedules in the notes and the reporting entity is primarily responsible for preparation of the narrative explanation statements to the notes. When comparative statements are required, the reporting entity shall explain in the notes significant year-to-year changes in amounts reported on lines of the Principal Statements.
2. The Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) has responsibility for the RSSI reporting requirements, review of reported RSSI in DoD Component statements, and consolidation of the RSSI section for the DoD Agency-wide financial statement. In addition, USD (AT&L) has responsibility for reporting Deferred Maintenance in the RSI section of the Agency-wide report.

Table 2-3 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities

OFFICIAL RESPONSIBLE FOR SECTIONS OF THE FINANCIAL STATEMENTS		
Responsible Official	Other Defense Organizations Subentities	Fund Type
Under Secretary of Defense for Acquisition, Technology and Logistics	Missile Defense Agency	GF
	Defense Advanced Research Projects Agency	GF
	Defense Acquisition University	GF
	Defense Logistics Agency	GF and WCF
	Defense Threat Reduction Agency	GF
	Chemical and Biological Defense	GF
	Defense Contract Management Agency	GF
	Federal Energy Management Program	GF
	Joint Logistics Systems Command	GF and WCF
	National Defense Stockpile Transaction Fund Office of Economic Adjustment	GF
Under Secretary of Defense (Personnel and Readiness)	Defense Commissary Agency	GF and WCF
	Defense Health Program	GF
	Defense Medical Program Activity	GF
	DoD Education Activity	GF
	DoD Education Benefits Fund	GF
	Tricare Management Activity	GF
	Service Medical Activity	GF
	Voluntary Separation Incentive Trust Fund	GF
	DoD Human Resources Activity	GF
	Defense Technology and Security Agency	GF
	Ready Reserve Mobilization Income Insurance Fund	GF (a revolving fund)
Under Secretary of Defense (Comptroller) (USD(C))	Defense Contract Audit Agency	GF
	Defense Finance and Accounting Service	GF and WCF
	Military Housing Privation Initiative	GF
	DoD Component Level Accounts	GF
	Management Systems Support Office	WCF
Under Secretary of Defense (Policy)	Defense Security Cooperation Agency	GF
	Host Nation Support for U.S. Relocation Activities, Defense	GF
	Defense Prisoner of War/Missing Persons Office	GF

Table 2-3 Office of the Secretary of Defense Principal Staff Assistants and Other Defense Organizations Subentities (Continued)

Responsible Official	Other Defense Organizations Subentities	Fund Type
Under Secretary of Defense (Intelligence)	Defense Information Systems Agency	GF and WCF
	Defense Intelligence Agency	GF
	Corporate Information Management	WCF
	Defense Security Service	GF
	National Security Agency	GF
	National Geospatial Intelligence Agency	GF
	National Reconnaissance Office	GF
Inspector General, Department of Defense	Office of the Inspector General (OIG), DoD	GF
Director, Joint Staff	Joint Chiefs of Staff	GF
Commander, U.S. Special Operations Command	U.S. Special Operations Command	GF
Commandant, U.S. Marine Corps	U.S. Marine Corps	GF and WCF
Director, Washington Headquarters Service (WHS)	Court of Appeals of the Armed Forces	GF
	American Forces Information Service	GF
	Office of the Secretary of Defense (OSD)	GF
	Pentagon Reservation Maintenance Revolving Fund	GF
	Washington Headquarters Service	GF
	Building Maintenance Fund, Defense	GF
	Other "97" Funds Provided to WHS by OSD	GF
	All Other (Prior Year Residual) "97" Funds	GF
	Defense Legal Services Agency	GF
	Civil Military Program	GF
Assistant Secretary of the Army (Financial Management and Comptroller) (FM&C)	Emergency Response Fund, Defense	GF
	Homeowners Assistance Fund, Defense	GF
	National Security Education Trust Fund	GF
	Other "97" Funds Provided to the Army by OSD	GF
Assistant Secretary of the Navy (FM&C)	Other "97" Funds Provided to the Navy by OSD	GF
Assistant Secretary of the Air Force (FM&C)	Other "97" Funds Provided to the Air Force by OSD	GF