DCMA Manual 4301-05, Volume 6

Financial Systems and Interfaces: Budget to Report

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Purpose: This Manual is composed of several volumes, each containing its own purpose. In accordance with the authority in DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," this Manual implements policies and defines procedures as defined in DCMA Instruction 4301, "Stewardship," and outlines DCMA business processes pertaining to Defense Agencies Initiative's Budget to Report module and related processes.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence. It further applies to all users of DCMA's financial management system, Defense Agencies Initiative (DAI).

1.2. POLICY. All DCMA employees have fiduciary responsibility as stewards of government resources and must comply with the guidance in this Manual. It is DCMA policy to execute this manual in a safe, efficient, effective, and ethical manner.

   a. Scope. DAI is the official financial data entry and repository system for DCMA's financial management. DAI leverages financial management integration and process improvement to streamline financial management capabilities, eliminate material weaknesses, and achieve financial statement auditability for Agencies across the DoD. In DAI, Budget to Report (B2R) is used to enter funds from the Treasury, allocate funds to organizations, and to update general ledger accounts and reports.

   b. Usage. The Budget to Report process includes general ledger and budgetary control functions. The basic process flow covers the setup and maintenance of the general ledger, the establishment of approved budget information, the recording of actual transactions against the budget information and the reporting of that information.

1.3. OVERVIEW.

   a. Background. DAI represents DoD's effort to standardize Defense Agencies' financial management capabilities to achieve accurate and reliable financial information. The Defense Logistics Agency manages DAI, complying with the DoD's transformation goals to modernize the Defense Agencies' financial management systems.

   b. Objective. DAI is an enterprise resource-planning tool that delivers the basis for an integrated, enterprise level solution. The DAI architecture allows agencies to manage internal and external resources including tangible assets, financial resources, materials, and human resources (HR). The design also facilitates the flow of information between all business functions inside the boundaries of the organization, and manages connections to outside stakeholders.

   c. B2R Module.

      (1) B2R is one of six DAI modules required for the integrated financial solution. The B2R process focuses on budget execution and encompasses U.S. Standard General Ledger (USSGL) and budgetary control functions performed by DCMA and the Defense Finance and Accounting Services (DFAS) to:

         (a) Achieve accurate, timely and reliable financial information.

         (b) Establish and maintain an approved budget.

(c) Reconcile accounts through real-time reporting.

(d) Report transactions and budgetary impacts.

(2) Budgetary accounts are self-balancing accounts and represent different levels of obligation authority for different components of an Agency's business. The B2R solution tracks all fund types from the highest authority to the lowest authority. DAI requires that all budget transactions be entered and approved in the correct sequence to ensure accurate posting of accounting entries associated with each transaction. Spending cannot occur until the sub-allotments are entered and approved.

SECTION 2: RESPONSIBILITIES

2.1. DCMA DIRECTOR. The DCMA Director has overall responsibility to ensure the Agency complies with all laws, regulations, and policies for executing financial transactions with DoD financial systems.

2.2. EXECUTIVE DIRECTOR, FINANCIAL AND BUSINESS OPERATIONS. The Executive Director, Financial and Business Operations (FB) will:

   a. Facilitate and provide oversight for the development of all budgetary and fiscal matters and exercise overall accountability for the Agency.

   b. Exhibit expertise and oversight in accounting, financial statement preparation and analysis, financial statement audits, and exercise overall responsibility of the Agency's budget process and financial management system.

   c. Verify the documented procedures in this Manual are accurate and reliable for business processes supporting the B2R module.

   d. Advise the DCMA Director and senior leadership on budget issues.

2.3. DIRECTOR, CHIEF FINANCIAL OFFICER COMPLIANCE DIVISION. The Director, Chief Financial Officer Compliance Division (FBL) will:

   a. Determine the data and reporting requirements within the B2R process.

   b.   Prepare financial statement and analysis, in conjunction with DFAS.

   c. Prepare monthly and quarterly trial balance variance analysis.

   d. Support DCMA Funds Control Officers in their duties of accurately and timely recording commitments and obligations through transaction review and training.

   e. Manage audits and examinations of financial reporting, in conjunction with the DCMA Office of Inspector Affairs and Inspector General.

   f. Report and correct Unmatched and In-Transit disbursement transactions, Reject Reports, and research other accounting anomalies, as reported in the Office of Secretary of Defense (OSD) monthly metrics.

   g. Validate completeness and accuracy of transactions through periodic reconciliations to source business systems and/or validate reconciliations and reviews by responsible entities.

   h. Originate, validate, and approve Journal Vouchers, in coordination with DFAS.

   i. Review the general ledger and subsidiary ledgers, and coordinate corrections.

j. Perform Eliminations Entries reconciliation and analysis.

2.4. DIRECTOR, FINANCIAL BUSINESS AND BUDGET DIVISION. The Director, Financial Business and Budget Division (FBB) will:

a. Manage and report status of appropriated funds to FB Executive Director and advise on budget issues.

b. Provide strategic oversight and guidance to maximize labor and non-labor execution of the Agency's direct and reimbursable programs.

c. Provide continuous review of obligations and expenditure rates of appropriated funds, to include consideration and review of reprogramming proposals.

d. As necessary, submit reports to OSD, Office of Management and Budget (OMB), and the Treasury Department regarding the status of appropriations and apportionments.

e. Collect justification and validation requirements and draft Justification Books for each appropriation.

f. Ensure compliance with Anti-deficiency Act statutory requirements.

g. Perform analysis and report status in support of accountability and effective decision-making.

2.5. DIRECTOR, FINANCIAL SYSTEMS DIVISION. The Director, Financial Systems Division will:

a. Serve as the Agency DAI Program Manager to the Program Management Office and manage overall DAI system operations for the Agency.

b. Provide the final approval of all system upgrades and enhancements.

c. Authorize or delegate authority on financial systems' best practices for the Agency.

d. Effectively distribute notifications to keep DCMA Users apprised of system operations relative to latency, usability, and maintenance.

2.6. FINANCIAL SYSTEMS OPERATIONS BRANCH. Financial Systems Operations Branch (FBSO) personnel will:

a. Ensure that customers can utilize the system and input their financial, HR and timekeeping data.

b. Establish all B2R activities to ensure service capability is fully operational.

c. Provide customer support, training, and resolution of system issues.

2.7. BUDGET ANALYSTS/FUNDS CONTROL OFFICERS. Budget Analysts and Funds Control Officers will:

a. Serve as the focal point and coordinator for all subordinate organization budgets.

b. Validate subordinate organization's actions and ensure preparation of documentation for proper budget reporting.

SECTION 3: SYSTEM ROLES

3.1 ROLES DESCRIPTIONS. System roles are established in DAI to support the B2R process area. These roles enable DCMA users to perform queries and activities as identified in Table 1, System Roles for B2R.

Table 1. System Roles for B2R

DAI Role	Inquire On:	Provides Ability To:
Fed Admin Budget Manager DCMA *Restricted to FBB personnel*	• Funds available online at detail and summary levels • Budget level and amount available for that budget level • View effects of budgetary authority vs. spending transactions for commitments, obligations, and expenditures	• Enter, maintain and approve appropriations • Enter, maintain and approve distributions (apportionments, allotments, and sub-allotments) • Import, correct, and delete budget transactions • Run B2R related requests/reports
Fed Admin Budget Analyst DCMA *Restricted to FBB personnel*	• Funds available online at detail and summary levels • Query a budget level and amount available for that budget level • View effects of budgetary authority vs. spending transactions for commitments, obligations, and expenditures	• Enter and maintain appropriations • Enter and maintain distributions (apportionments, allotments, and sub-allotments)
Fed Admin Inquiry	• Treasury confirmation • Central Contractor Registration Vendors • Invoice Status of Accounts Payables • Prior year upward and downward adjustments to obligations • Document cross references between	• Run B2R related requests/reports

Table 1. System Roles for B2R

DAI Role	Inquire On:	Provides Ability To:
	related commitments, obligations, receipts, invoices, payments • Customer invoice status for Accounts Receivable • Funds available online at detail and summary levels • Budget level and amount available for budget level	
B2R GL Accountant DCMA *Restricted to FBL Accountants*	• Journals (batch, detail lines) • Average balances for any summary or detail account • Account balances at the summary or detail level (drill down to journal details and review sub-ledger detail)	• Maintain Agency General Ledgers • Process month-end closings • Run B2R related requests/reports
B2R GL Inquiry DCMA	• Journals (batch, detail lines) • Average balances for any summary or detail account • Account balances at the summary or detail level (drill down to journal details and review sub-ledger detail)	• Run B2R related requests/reports
Fed Admin System AP	• Federal Funds Available	• Enter Prior Receipts • Enter Invoice Returns • Confirm Payment Batches • Perform Cross-Reference
Cost Management DCMA	• Sub-ledger Inquiry	• View Sub-ledger Event Inquiry

Table 1. System Roles for B2R

DAI Role	Inquire On:	Provides Ability To:
		• View Sub-ledger Journal Entry Lines • View Receiving Transaction Summary
Projects Cost Accounting All DCMA	• Projects and budgets • Transaction Imports • Labor Distribution processes	• Provide access to Project Status Inquiry and Expenditure Inquiry • Update transaction import
Projects Budgets All *Restricted to FBB*	• Project Status Inquiry • Project Expenditures	• Create and update Projects/Tasks • Update employee default Projects/Tasks • Add/update budgets • Maintain allocation rules
Projects Inquiry DCMA	• Project Status Inquiry • Project Expenditures	• View Project status and expenditures
Projects Inquiry All DCMA	• Project Status Inquiry • Project Expenditures	• Review labor and non-labor costs for organization
Projects Finance DCMA *Restricted to FBB, Planning and Budgeting Center personnel, and Special Programs Budget Analysts*	• Project Status Inquiry • Project Expenditures	• Review labor costs for organization • Add/update budget
Projects Capitalization All	• Capital Projects, Tasks and Subtasks	• Search Capital Projects, Tasks and Subtasks • Edit fixed assets • View Project Status • Split Asset Lines
Projects WEB ADI	• Expenditure Batch Cost Allocations	• Perform Miscellaneous Expenditure Batch Cost Allocations via spreadsheet upload • Run processes and reports

SECTION 4: BUDGET TO REPORT FUNCTIONS

4.1. OVERVIEW. DCMA and DFAS are jointly responsible for primary B2R functions. The B2R module supports budget execution processes that are associated with:

- Budget execution
- Distributing funds via Funding Authorization Document
- End of Month/End of Year processing
- General Ledger reporting
- Journal Vouchers
- Maintaining General Ledgers
- Prior Year Adjustments
- Processing spend plans into targets
- Realigning Resources
- Reporting to Defense Departmental Reporting System
- Support annual, multi-year, and no year appropriations
- Transferring funds
- Withdrawing Rescinded Funds

   a. DCMA Function. DCMA is responsible for entering and distributing budgets, modifying budgets to include reprogramming and/or reductions, and establishing budgetary funds control.

   b. DFAS Function. DFAS is responsible for maintaining DCMA general ledgers, processing month-end and year-end closings, and generating standard budgetary and proprietary reports to meet monthly, quarterly, and annual reporting requirements.

4.2. SYSTEM PROCESSES.

   a. Create/Maintain Projects and Tasks. Cost accounting is another module required for the integrated financial solution and it has been incorporated into the B2R function. Cost accounting establishes Project and Task structures that support system transactions and provide a management view of budgeting, budget execution, and reporting.

      (1) FBB is responsible for determining the Project and Task structure, identifying and establishing key members that will be used to support system transactions, and providing a management view of budgeting, budget execution and reporting.

         (a) Projects are units of work that can be broken down into one or more tasks and subtasks with a finite start and end date resulting in an output of a product or service. The Project and Task structure:

            1. Drives the budgeting strategy and execution of business processes.

            2. Drives what the user sees and records in the system.

<u>3</u>. Links managerial accounting to the statutory elements required for a compliant and auditable general ledger.

(b) Projects and Tasks will have a start date effective the next fiscal year so they cannot be charged against prior to the fiscal year beginning.

(c) Key members establish approval workflows for project budgets and Procure to Pay transactions.

(2) One month prior to the beginning of the fiscal year, FBSO personnel will load the next fiscal year's Project and Task structure into DAI. This allows Directorates to review proposed new projects and tasks prior to the effective date.

(3) New Project and Task requests may be initiated during the fiscal year as a result of new or changed mission requirements or new capital projects for software in development.

b. Enter Appropriations. Funds that have been authorized by Congress and allocated to Defense Agencies cannot be spent until they have been appropriated for a given purpose. DAI supports a common, shared line of accounting that is based on the Standard Financial Information Structure and the USSGL in accordance with DoD Financial Management Regulation (FMR) 7000.14-R, Chapter 7, "United States General Ledger." Values that comprise the line of accounting or chart of accounts are centrally managed by DFAS.

c. Funds Distribution. The DAI funds distribution process covers general ledger set up and maintenance; establishing, distributing, and approving budget data; and the posting of approved budget information.

(1) The general ledger performs all necessary financial postings for transactions within DAI. When a user processes a transaction or when transactions interface into DAI, amounts instantly post to established general ledger accounts to ensure a complete audit trail of transactions posted within the system.

(2) The general ledger updates with a record for each separate general ledger account associated with the transaction. Since any general ledger posting must have at least one debit and one credit entry, any transaction that posts will have at least two entries on the general ledger.

(3) All financial transactions are assigned a USSGL transaction code in DAI and these codes drive the accounting entries.

(4) Agencies can place orders against budgets when reimbursements are distributed down to the Apportionment level.

(5) Movement of funds can be easily tracked when approved general fund budgets at the Apportionment level are further distributed to the Allotment level.

d. Realign Resources. Sometimes it may be necessary to realign resources within the B2R function during the fiscal year.

(1) FB can reprogram funds between limits and activities; however, funds cannot be reprogrammed across appropriations without proper approval in accordance with DoD FMR 7000.14, Volume 3, Chapter 3, "Appropriation Transfer Authorities" and Chapter 6, "Reprogramming of DoD Appropriated Funds." Funds may, however, be transferred between activity cost codes and object classes within their own system unit identification code.

(2) Resource realignments do not require additional funds, but instead a shift in existing fund allocations. The net dollar value of these adjustments must be equal to zero.

e. Manage Budget Execution. The management of budget execution in DAI includes the funds certification of budget execution transactions, the analysis of transactions and targets, and the reporting of transactions. The goal of budget execution is to maximize use of funding before expiration, to eliminate overage and dormant transactions, and to enforce fiduciary discipline across the enterprise.

(1) Funds Certification. Funds certification occurs in DAI when a transaction is submitted for final approval by an authorized user at DCMA that is granted the ability to certify transactions. Funds certification includes an automated check of funds, the reservation of funds, and the application of a digital Common Access Card-based signature to create an audit trail and for internal control.

(2) Budget Execution Analysis. DAI provides standard reports for budget execution analysis to help fund holders review various budget execution transactions. Oracle Business Intelligence Enterprise Edition (OBIEE) reports are available in DAI and can be used to create ad hoc queries to support execution analysis for such special interest items as travel, overtime and Advisory and Assistance Services contracts. DAI also supports proactive year-end processes that help to identify at risk account balances prior to funds expiration and the management of funds in expired status.

(3) Tri-Annual Review (TAR). Standard reports are available in DAI to support TAR standard operation procedures for the review of commitments and obligations. TAR reports can filter transactions according to last action, days without action, and outstanding balances. Because DAI cannot store user comments, DCMA can utilize a SharePoint location to archive reports with user comments by each tri-annual period.

f. Post to General Ledger. The posting of general ledgers in DAI includes the collection of detailed transactions from DAI sub-ledgers and manual journal vouchers that are directly entered to the general ledger.

SECTION 5: SYSTEM REPORTS

5.1. REPORTING. Users can create DAI OBIEE system generated reports to support the DAI B2R solution. A description of these reports is available in Table 2, System Reports for B2R.

Table 2. System Reports for B2R

DAI Report	Source	Description
Trial Balance with Abnormal Indicator	OBIEE	Used to create a trial balance view and identify any accounts that have an abnormal balance.
Status of Funds by Project	OBIEE	Used to show status of funds by any combination of appropriation or managerial element.
Status of Funds by Task	OBIEE	Used to show status of funds by detailed objects with sufficient information to support all balances.
Summary Status of Funds Report	OBIEE	Used to show the status of funds on all levels, for each Unit Identification Code (UIC) and the Directorates within each UIC.
Obligation/Commitment Report	OBIEE	Use with DCMA defined prompts to show the end to end history of a budget execution chain.
1002 Report	Global	Displays Appropriation status by Program and Subaccounts.
Cash Reconciliation Report	Global	Helps to verify cash balance as of close of business.
Funds Available Report	Global	Measures budgets against obligations and expenditures to determine the balance of funds available for future expenditures.
GL PA Reconciliation Report	Global	Compare General Ledger and Project Accounting balances to maintain accurate records with respect to current status of funds

GLOSSARY

G.1. DEFINITIONS.

Allocation. Subdivisions of allotments that establish responsibility for fund administration and ensure compliance with congressional intent and constraints in the use of funds for programs.

Allotments. Subdivisions of apportionments that are made by the heads of agencies, or their designee, to incur obligations within a prescribed amount. It authorizes the incurrence of obligations within a specified amount.

Apportionment. A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or in any combination. May be further subdivided into allotments, suballotments, and allocations.

Appropriation. Acts of Congress, signed into law by the President, that provide budget authority and permit a Federal agency to incur obligations and to spend public funds, including authority to obligate and expend offsetting receipts and collections that are provided in appropriations acts and other provisions.

Elimination Entries. Used to offset the effect of transactions between a DoD Reporting Entity and other federal agencies; DoD Reporting Entities; and organizations within a DoD Reporting Entity in order to eliminate intragovernmental account balances.

In-Transit Disbursements. Disbursements that have been reported by a disbursing office through a paying center to the Department of the Treasury, and charged against the Department's fund balances; however, they have not yet been received or processed by the applicable accounting office for recordation against the applicable corresponding obligation.

Journal Vouchers. A document on which is stored the essential information about an accounting transaction such as a unique identifying number.

Justification Books. Extract of the public DoD Procurement and Research, Development, Test and Evaluation exhibits submitted by the DoD Military Departments and Defense Agencies into multiple data formats to allow analysts to use their tool of choice when analyzing and/or merging with other data sources.

Project. Project is a unit of work that can be broken down into one or more Tasks within a finite start and end date that results in an output of a product or service. DAI uses Projects to group costs for managerial reporting purposes.

Reject Reports. Queries that identify reject transactions.

Reprogramming. Realignment of Budget Authority from the purpose for which appropriated to finance another (usually emergent, unfunded) requirement. A necessary, desirable, and timely

device during execution of defense programs for achieving flexibility in the use of DoD funds provided in appropriation acts. Reprogramming is generally accomplished pursuant to consultation with and approval from appropriate congressional committees.

Standard Financial Information Structure. A comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise. It standardizes financial reporting across DoD and allows revenues and expenses to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories.

Sub-Allotment. Subdivisions of allotments. Subdivision and distribution of allotments (e.g., sub-allotments and allocations to operating agencies or installation-level accounting activities) must contain at least the same legal and other limitations applicable to the original allotment.

Task. Individual work item that contributes to the completion of the larger body of work or Project.

Unmatched Disbursement. A disbursement transaction that has been received and accepted by an accounting office, but has not been matched to the correct detail obligation. This includes transactions that have been rejected back to the paying office or central disbursement clearing organization by an accounting office.

USSGL. Provides a uniform Chart of Accounts to be used in standardizing federal agency accounting that supports the preparation of standard external reports required by the OMB and the Department of Treasury.

GLOSSARY

G.2. ACRONYMS.

B2R	Budget to Report
DAI	Defense Agencies Initiative
DFAS	Defense Finance and Accounting Services
FB	Financial and Business Operations Directorate
FBB	Financial Business and Budget Division
FBL	Chief Financial Officer Compliance Division
FBSO	Financial Systems Operations Branch
FMR	Financial Management Regulation
GL	General Ledger
OBIEE	Oracle Business Intelligence Enterprise Edition
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
TAR	Tri-annual Reviews
UIC	Unit Identification Code
USSGL	United States Standard General Ledger

REFERENCES

DoD 7000.14-R, "DoD Financial Management Regulations (FMRs)," as amended

DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013