



OFFICE OF THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense Standard Line of Accounting/Accounting Classification

- References: (a) Secretary of Defense Memorandum, "Improving Financial Information and Achieving Audit Readiness," October 13, 2011
(b) Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) Memorandum, "Standard Financial Information Structure (SFIS) Implementation Policy," August 4, 2005
(c) Title 10, U.S.C., section 2222, as amended by the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010 (Public Law 111-84), section 1072, and reiterated in the NDAA for FY 2012 (Public Law 112-81)

The Secretary of Defense memorandum, reference (a), asked for an "all hands" effort across the Department to improve our business practices, "ensuring that we are operating in a common sense, accountable, and modern business environment." This policy memo establishes a Department of Defense (DoD) Standard Line of Accounting (SLOA) and updates the Standard Financial Information Structure (SFIS), reference (b). This memo also directs efforts to improve financial information, improve interoperability between business systems, provide better end-to-end funds traceability and linkage between budget and expenditures, comply with new Treasury requirements, and help achieve audit readiness through business process reengineering (BPR). The BPR effort will require system interface evaluation with the goal to reduce the overall number of interfaces to maximum extent practicable as mandated by the NDAA, reference (c). Today, each Component and functional area uses different structures to represent the Line of Accounting (LOA). The LOA is used to identify the funding source associated with an organization's budget and to ensure accurate accounting transactions. The SFIS was established and implemented to create a common business language within the Department. Interoperability between systems, for transactional data exchange remains a problem for the enterprise, because the content of a DoD LOA is non-standard, creating errors, rejections, reconciliation problems, unmatched disbursements, unsupported eliminations, and higher costs to develop and maintain interfaces.



Therefore, within 120 days from the memorandum's date, an initial SLOA implementation plan must be submitted to the action officers listed below using the attached template. Components may begin implementation prior to the initial plan due date. The plan must address interfaces having financial accounting impacts, to include procurement, logistics, travel, human resource systems, etc. The plan should give priority to interfaces affecting auditability and provide implementation dates, targeting completion by September 2014 – subject to Investment Review Board review, centralized Department or Component schedule coordination, and funding.

After receipt of the Component-level plans, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) and the Office of the Deputy Chief Management Officer (ODCMO) will consolidate the plans to form an enterprise transition plan with targeted completion dates. The OUSD(C) and ODCMO will work with Components to identify business process changes and measure progress to ensure proper implementation.

Target environment systems will be required to implement the SLOA outlined in the attachment, where applicable. Target systems must send, receive, capture, store, and maintain the data constructed as discrete data. System owners must update their current SFIS implementation plans to address this new requirement. The SLOA requirement is incorporated into the Financial Management Functional Strategy, which includes progress metrics, and will be incorporated into the Business Enterprise Architecture and the *DoD Financial Management Regulation* (DoD FMR).

Legacy systems that are integral to auditability should be included in the plan, on a case-by-case basis. Each Component plan should be a joint, coordinated effort between the Component's offices of Financial Management, Chief Information Officer, Chief Management Officer, and any other relevant offices. System owners and Service Providers must also ensure that their systems are interoperable with their trading partners' or customers' systems with respect to this requirement. Further, Components and Functional Areas must determine how to apply SFIS in all phases of financial management: programming, budgeting, acquisition, and execution.

Policy contained in this memorandum remains in effect until DoD FMR, Volume 1, Chapter 4 is updated. Questions regarding this guidance may be directed to Ms. Micky Chopra, OUSD(C), and/or Mr. Raymond Bombac, ODCMO. Ms. Chopra can be reached at (703) 614-7253 or micky.chopra@osd.mil. Mr. Bombac can be reached at (571) 372-3092 or raymond.bombac@osd.mil.



Elizabeth A. McGrath
Deputy Chief Management Officer



Robert F. Hale
Under Secretary of Defense (Comptroller)/
Chief Financial Officer

Attachment:
As stated

Standard Line of Accounting (SLOA)/Accounting Classification

Data Element Name (Length); SFIS reference (<http://dcmo.defense.gov/products-and-services/standard-financial-information-structure/>); Examples

- **Sub Classⁱ (2):** A7 in SFIS; Grouping of a transaction type, e.g., 46 Payments from Current Appropriations for Obligations of Closed Accounts; a.k.a. Sub-level Prefix (SP)
- **Department Transferⁱ (3):** A2 in SFIS; A transfer of obligation authority from DOE, e.g., 089; a.k.a. Allocation Transfer Agency Identifier (ATA)
- **Department Regularⁱ (3):** A1 in SFIS; e.g., 021 Army, 017 Navy, 057 Air Force; 097 ODOs; a.k.a.
- **Beginning Period of Availability Fiscal Year Dateⁱ (4):** A27 in SFIS, e.g., 2012
- **Ending Period of Availability Fiscal Year Dateⁱ (4):** A28 in SFIS, e.g., 2012
- **Availability Typeⁱ (1):** A24 in SFIS; e.g., X = No-year TAS
- **Main Accountⁱ (4):** A3 in SFIS; Synonymous with Basic Symbol, Appropriation Symbol, e.g., 4930
- **Sub Accountⁱ (3):** A4 in SFIS; Indicates the relationship to the Main Account, e.g., 002
- **Business Event Type Codeⁱⁱ (8):** T20 in SFIS; Replaces Transaction Codes, e.g., DISB - Disbursement
- **Object Classⁱⁱⁱ (6):** B6 in SFIS; Will initially be implemented at the three-digit level as in SFIS with room to expand to six, e.g., 252
- **Reimbursable Flagⁱ (1):** A9 in SFIS; Examples: Direct, Reimbursable Code, e.g., D or R
- **Budget Line Itemⁱⁱⁱ (16):** For MilPers, value will be Budget Sub-Activity (BSA) plus Budget Line Item (BLI). B4 in SFIS; Further sub-divides the Treasury Account Fund Symbol below sub-activity, e.g., 111
- **Security Cooperation (formerly Foreign Military Sales (FMS) Customer Code)^{iv} (3):** T21 in SFIS; Security Cooperation (SC) Customer; The country, customer, or U.S. program receiving the product/service, e.g., EI IRELAND or F1 F-16 CO-PRODUCTION, or B4 SECTION 1206
- **Security Cooperation Implementing Agency (IA) Code^{iv} (1):** T27 in SFIS; Identifies the U.S. MILDEP or agency which is executing the FMS sale on behalf of the U.S. Government; e.g., B-Army, D-Air Force, P-Navy
- **Security Cooperation Case Designator (formerly known as “FMS Case Identifier”)^{iv} (4):** T22 in SFIS; Identifies the FMS or Security Cooperation contractual sales agreement between countries, e.g., UAK
- **Security Cooperation (formerly FMS) Case Line Item Identifier^{iv} (3):** T23 in SFIS; Security Cooperation (SC) Customer; Identifies a detailed line-item requirement, e.g., 001

- ***Sub-Allocation (formerly known as “Limit”)*ⁱⁱⁱ (4)**; Use of this data element is exclusive to sub-allocation purposes, useful for Financial Reporting; e.g., 2504
- **Agency Disbursing Identifier Codeⁱⁱ (8)**; O2 in SFIS; Synonymous with Treasury DSSN definitions for each disbursing office, e.g., 1700
- **Agency Accounting Identifier^v (6)**; O3 in SFIS; Fiscal Station Number; Comptroller defined; Identifies the accounting system responsible for the accounting event e.g., 021001 – DFAS Indianapolis (GFEBS)
- **Funding Center Identifier^{vi} (16)**; Cost Object/Cost Accounting (CA) section in SFIS; e.g., Army = Funds Center, ASN; Air Force = OAC, OBAN; Navy = BCN
- **Cost Center Identifier^{vi} (16)**; CA section in SFIS; e.g., Army = Cost Center, ASN; Air Force = Resource Center/Cost Center (RC/CC); Navy = BCN
- **Project Identifier^{vi} (25)**; CA section in SFIS; e.g., Army = WBS; Air Force = Project; Navy = WBS (Cost Code)
- **Activity Identifier^{vi} (16)**; CA section in SFIS; e.g., Army = Activity/Network; Air Force = Activity or Special Project; Navy = Activity
- **Cost Element Code^{vi} (15)**; CA section in SFIS; e.g., Army = Commitment Item; Air Force = Element of Expense Investment Code (EEIC); Navy = Cost Element
- **Work Order Number^{vi} (16)**; CA section in SFIS; e.g., Army = Internal Order; Air Force = Job Order; Navy = Job Order (Cost Code)
- **Functional Area^{vi} (16)**; CA section in SFIS; e.g., Army = Functional Area; Air Force = Budget/Project

ⁱ Treasury Account Symbol (TAS) data elements requirement for the Treasury’s Central Accounting and Reporting System (CARS)/Government Wide Accounting (GWA); also a Payment Information Repository (PIR) requirement

ⁱⁱ Requirement for the Treasury’s PIR

ⁱⁱⁱ Office of Management & Budget; OUSD(C) Program/Budget for the AR(M) 1002 Report

^{iv} Security Cooperation transaction requirements

^v DFAS requirement

^{vi} Component requirements, based on the cost accounting standards in Statements of Federal Financial Accounting Standards (SFFAS) #4

The data elements in italics will have either updates/corrections/SFIS Business Rules established in an update to the BEA, targeted to be in the BEA 10.0.

Initial SLOA Implementation Plan Template (an Excel template will also be provided on <http://dcmo.defense.gov/products-and-services/standard-financial-information-structure/>):

The Plan should address unreconciled differences caused by interoperability with trading partners' or customers' systems by:

- (A) Analyzing existing functionality and cost-efficiency within a mixed Legacy and Target and/or Enterprise Resource Planning (ERP) systems environment.
- (B) Determining the best way forward to resolve inherent data exchange problems.
- (C) Consolidating functionality by reducing the overall number of systems and thereby interfaces, which pass transactional data.
 - (1) This should be based on a DoDAF SV-6 structure outlining each of the system's interfaces.
 - (2) Each interface is required to be labeled as Target or Legacy.
- (D) Evaluating if those systems/interfaces can be subsumed by the Target and/or ERP systems.
 - (1) Each interface is required to be labeled as Subsumed or Maintained.
 - (2) Each interface is required to be labeled as SLOA Applicable or Not Applicable.
 - (3) Rule of thumb:
 - Those that are Target (C)(2), which will be Maintained (D)(1), lead to postings between commitments and disbursements; and
 - Those that are Legacy (C)(2), which will be Maintained (D)(1), should be noted with a comment specifying why these Legacy interfaces are critical/applicable.
- (E) Implementing the SLOA for the remaining interfaces.
 - (1) Projected dates (MM/YY) are required for subsumption or SLOA implementation.
 - System owners and Service Providers must also ensure that their systems are interoperable with their trading partners' or customers' systems with respect to this requirement.
 - Certain cases may require a business process reengineering effort to effectively execute this requirement. Components should identify this in their SLOA implementation plans.
 - (2) Participating in SLOA coordination discussions with the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and the Office of the Deputy Chief Management Officer after their receipt of the Component-level plans to form an Enterprise SLOA Transition Plan with targeted completion dates.

Note: Items (C)(1) through (D)(1) should already exist, given that for (C)(1) and (C)(2) Target systems should have an SV-6 and given that (D)(1) was a requirement associated to FY2010 National Defense Authorization Act (NDAA) IRB certification. If items (C)(1) through (D)(1) have been done properly, then items (D)(2) & (E)(1) should be an intelligible task.

Additional Guidance & Information (Updates will also be provided on <http://dcmo.defense.gov/products-and-services/standard-financial-information-structure/>):

- In the current systems environment, legacy and target systems are either configured or cross-walked to SFIS for external reporting purposes, in accordance with title 31, U.S.C., section 3512(b), and the Federal Financial Management Information Act of 1996, section 803(a) (Pub. Law 104-208, Div A, Title VIII, 31 USC sec 3512 note). These systems must be able to cross-walk trial balance data to the Defense Departmental Reporting System (DDRS) for DoD's consolidated/enterprise-level reports, for external stakeholders.
- Procurement and financial management communities developed the Financial Data in Procurement (FDIP) concept which linked financial data to contract documents (USD(C)/CFO and Under Secretary of Defense for Acquisition, Technology and Logistics Memorandum, "Linking Financial Data to Contract Documents," March 18, 2009.) The establishment of a DoD SLOA expands the FDIP concept to all functional areas, across the DoD, that generate general ledger information. This SLOA will, at the line-item level, enhance interoperability and enable the enterprise to move forward toward a target environment, link budget to execution, assist with the reconciliation of multi-funded contracts, and reduce unsupported accounting adjustments for improved auditability.
- Components have expressed the necessity to include the "Sub-Allocation" data element (formerly known as "Limit") in the SLOA for financial statement reporting and audit readiness purposes. The "Sub-Allocation" data element is used solely to track the sub-allocation of funds. A benefit of including the Sub-Allocation data element, in the SLOA, is to allow the sub-allocation of funds to be visible below the Funding Authorization Document level. Further, to support the Office of Management and Budget initiatives and the requirement for agencies to evaluate efficiency data and provide transparency of costs, SFIS is updated to include the federally defined Product Service Code (PSC). PSC, which is also a data element required by the DoD Procurement Data Standard (PDS), must be passed from contract writing systems, at the line item level, to financial management systems. In addition, OUSD(C) will work with OUSD(AT&L) to ensure the Military Interdepartmental Purchase Request (MIPR) data is standardized and in alignment with the SLOA and the PDS. Specific SFIS business rules will address system configuration for these requirements.
- To support this effort, the OUSD(C)/Office of the Deputy Chief Financial Officer (ODCFO), ODCMO, and Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L))/Defense Procurement and Acquisition Policy will lead an effort with the functional communities and appropriate standards committees to update exchange standards (e.g., ANSI X12 and XML) that are needed to: 1) support the SLOA requirement; 2) determine what data will be required to pass between financial accounting systems and

contract writing systems; and 3) recommend updates to DoD FMR chapters that drive specific data exchange requirements.

- The DoD IT Portfolio Repository (DITPR) is the Department's authoritative inventory of IT systems. Per the new Investment Review Board (IRB) Guidance, a system is either Target/Core or Legacy. "A Legacy DBS [Defense Business System] is a business system with a sunset date that is less than 36 months from the date of the DBSMC's approval of funds certification." "A Core DBS is an enduring business system with a sunset date greater than 36 months from the date of the DBSMC's approval of funds certification."
- The SLOA will be a requirement in the overall SFIS Implementation Plan. The configuration and storing of separate data elements is already an SFIS requirement.
- The SLOA should not affect the Legacy System configurations, unless the system is a fundamental enterprise system affecting auditability or it is a Component owned system which the Component deems necessary to upgrade to meet the SLOA requirement.
- Not all data elements are to be populated for all transactions. The exact set is conditional based on the function, accounting system's software package and specific configuration, and Component.
- No fields need to be zero filled, unless stated as an allowable value for the field or by the SFIS business rules.
- When communicating outside of the system, the SLOA data elements, in this attachment, must be exchanged between business partner systems using a discrete data exchange mechanism, e.g., X12 or XML. In situations where data cannot be exchanged using discrete data elements, a delimited data exchange may be used following the sequence of the data elements presented in this attachment. In these cases, the beginning and ending of each data element must be represented by the delimiter "^", for system to system exchange. Specifically, if the beginning of the SLOA is 46 (Sub Class), null (Department Transfer), 097 (Department Regular), 2012 (Beginning Period of Availability Fiscal Year Date), 2012 (Ending Period of Availability), null (Availability Type), 0100 (Main Account)...; then it must be represented as ^46^^097^2012^2012^^0100^.... The sequential ^^, in the preceding example, represents the value of null for Department Transfer and Availability Type.
- The sequencing layout above is meant only for the outbound/inbound data exchanges which carry the LOA as a single data string, not using discrete data exchange. It is neither required internal to a system nor for discrete data exchanges. The enterprise sequencing facilitates standard edits and easier location of data.
- If a Target to Legacy interface is deemed necessary, there may be no change to the current interface specification. GEX can convert the SLOA for a Legacy system that cannot handle the delineated exchange. In determining the SLOA Implementation Plan, system owners may identify which systems cannot utilize the delineated exchanges and determine whether it is necessary to utilize GEX to translate the data elements.
- For delimited data exchange, the fields are variable lengths with carrots "^" designating starts and stops. Specifically, a six character value length in an eight character field is represented

by ^xxxxxx^. An example for the object class would be ^252^ even though the length is 6 characters above.

- Specific information on Cost Objects – There are seven Cost Object fields in this requirement: Funding Center, Cost Center, Project, Activity, Cost Element Code, Work Order Number, and Functional Area (Planned BEA 10.0 SFIS Addition). Not all Cost Object fields must be populated on a specific transaction. The Cost Object fields, in the SLOA, are meant to accommodate the use of seven different SFIS Cost Accounting data elements. These seven SFIS data elements will be used depending on the software package, specific configuration, and Component specific cost structure.
 - o Oracle applications will carry the POET structure in most SLOA applicable transactions. POET is an acronym for Project, Organization, Expenditure Type and Task. Project, Organization, Expenditure Type and Task map to the SFIS data elements Project, Funding Center, Cost Element Code, and Activity, respectively.
 - o SAP has various ways to set up a cost structure. However, for SAP-based systems, Funding Center-will be carried in the LOA. In addition to Funding Center, up to three other Cost Objects will be carried.
 - o Other Interim and Target software packages or GOTS-based systems that are still required to be SFIS Compliant and need to have the applicable SFIS data elements configured in the system. These systems will need to at least carry a Funding Center and one other SFIS Cost Object.
- The SFIS Business Rules will be updated to specify that Fund Center must be used for accounting classification.
- SFIS business rules will be updated to reference all 7 cost elements identified in this attachment.
- A Referential Data structure, within a system, may be used as long as a system is capable of exchanging the SLOA directly with its business partner systems. The relationships between the SLOA component data elements as reflected in the accounting systems must be maintained and the system's referential data structure should leverage this to the highest extent possible.
- The SLOA is applicable to all Target system configurations carrying LOA information including short-keys, such as the Fund Code, to reference Treasury Account Symbol (TAS) data. For mission critical events, a transaction would happen in the field and later entered into the business system. At the time of entry into the business system, controls should be put in place to capture the necessary SLOA data.
- There will be certain cases where the implementation of this requirement is not feasible without a Business Process Reengineering (BPR) effort, such as Sales or Credit Returns, Credit Card Purchases or Syncada. In this case, the BPR effort should be identified in the initial Component Level Plan. OSD(C)/CFO and ODCMO will work with the affected Components to implement the necessary changes to meet the SLOA requirement.
- DoD business functional communities must provide updates to exchange standards, such as ANSI X12, that are needed to accommodate this memo.

- The Trading Partner (TP) Indicator is the Trading Partner's Department Regular code. Department Regular is in the SLOA. Federal/Non-Federal indicator can be derived off of Vendor data.
- Capturing TP data elements for reimbursable transactions with other Federal agencies/DoD Components will be found in incoming SLOAs. The SFIS Trading Partner (TP): Federal/Non-Federal Indicator (TP1), Trading Partner Indicator Code (TP2), Business Partner Number (TP3), and Trading Partner Main Account (TP4) data elements are implicitly included in the SLOA. The seller must provide its SLOA to the buyer. This will assist in inter/intra governmental reconciliations and departmental reporting. In addition, TP data elements will be required to ensure that the DoD quarterly trial balances submitted to Treasury, via DDRS, contain the trading partner information needed for GTAS reporting.
 - Trading Partner Indicator Code (TP2) is equal to Department Regular (A1). Depending on what side of the transaction you are looking at, TP2 is in the SLOA it is the Department Regular (A1). TP2 and A1 are the same data element on a transaction (though different for trial balance reporting). Whether it is TP2 or A1, depends on what side of the transaction an organization is.
 - TP1 can be derived off of a value for TP2, at the time of reporting. TP1 is the federal "F"/Non-federal "N" indicator. TP2 is the Department Regular Code of the other federal entity involved in the transaction.
 - TP3, the Business Partner Number, useful for intra-governmental transactions, must be associated with the transaction. This is the Data Universal Numbering System (DUNS) number at the federal level or "DOD" + DoDAAC for DoD organizations.
 - Trading Partner Main Account (TP4) is equal to Main Account (A3). Depending on which side of the transaction one is looking, TP4 is in the SLOA it is the Main Account (A3). TP4 and A3 are the same data element on a transaction (though different for trial balance reporting). Whether it is TP4 or A3, depends on what side of the transaction an organization is.
- Federal interfaces and/or interfaces with other federal agencies should be evaluated on a case by case basis to address SLOA interoperability and audit readiness requirements.
- Enterprise systems, such as Mechanization of Contract Administration Services (MOCAS), Centralized Master Edit Table (CMET), Automated Disbursing System (ADS), Defense Cash Accountability System (DCAS), etc. are required to update LOA maps to the SLOA format for applicable systems. DCAS will require one supplemental data screen to accommodate the supplemental data in the SLOA for cross-disbursements.
- For Transactions by Others; Transactions for Others, multiple pay offices will be identified by a breakout of Agencies Disbursing Identifier with each breakout indicating the specific pay office associated with the responsible Components.
- Besides for the MilPers appropriation, Budget Sub-Activity and Budget Activity information can be derived from the BLI level.
- For the Military Personnel Appropriation, the Budget Line Item field, for exchange, should include both the value for Budget Sub-Activity and Budget Line Item. For the system's base

configuration of the Budget Sub-Activity and Budget Line Item should still be separate fields as defined in the SFIS Business Rules.

- The Enterprise Funds Distribution System (EFD) must be used for validating the values for the following data elements:
 - Main Account
 - Beginning Period of Availability FY
 - Ending Period of Availability FY
 - Budget Subactivity Code
 - Budget Line Item

*EFD nomenclature is available at <https://guidanceweb.ousdc.osd.mil/efd.aspx>

**Note: EFD deploying incrementally; as such not all accounts are currently represented within EFD.

- This memo requires the updating of PDS to meet this requirement. For PDS, there will be new XML data tags for each of the SFIS data elements found in this SLOA.
- Within 30 days subsequent to the signing of this policy memo, the OUSD(C) will recommend SLOA requirements to OUSD(AT&L) to update Block 14 on DD Form 448, Military Interdepartmental Purchase Request.
- Product Service Code (PSC), a planned BEA 10.0 SFIS addition, supports OMB requirements for agencies to submit efficiency data via PSC.
- Document Numbers e.g., PO, PO/Contract Numbers are header level information; the SLOA is line-item level information. There is not a need to repeat the same document number/contract number for each line item. Those types of data elements will be included in the larger standard transaction set.
- Recommended ERP configuration guidance will be incorporated in to the SAP and Oracle SFIS Configuration Guides, the development of transitions plans will be part of the Investment Review Board (IRB) process, and it will be discussed and validated as part of the SFIS Validation process.
- The Defense Departmental Reporting System (DDRS) only receives Trial Balance data, not the SLOA.
- Until specific business rules are identified for the data elements in italics, targeted to be in the BEA 10.0, systems will not be required to re-configure their system to include those elements. The SFIS Governance Board will establish specific business rules to address the purpose and details for how systems should capture these elements.
- As identified on the SFIS checklist, the elements required for this SLOA only include those required based on each individual system function(s). Thus, the requirement to provide the stated SLOA elements during outbound/inbound data exchange is only applicable to those elements required given a system's function.