



Defense Logistics Agency **INSTRUCTION**

DLAI 7200.01
Effective October 22, 2015

J8

SUBJECT: DLA Headquarters Fund Holders

References: Refer to [Enclosure 1](#).

1. PURPOSE. This Issuance:

a. Establishes policy, assigns responsibilities, and provides instructions for DLA Fund Holders in accordance with Department of Defense Financial Management Regulation (DoD FMR) Volume 5, Chapter 5, (Reference (a)).

b. Establishes and maintains effective controls over appropriations and other funds, and a reporting system for the administrative control of funds to provide data for reviewing the efficient use of funds.

2. APPLICABILITY. This Issuance:

a. Applies to DLA Headquarters activities only.

b. Does not apply to DLA Primary Level Field Activities.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DLA HQ policy that:

a. DLA HQ execution of funding authority is only authorized by an appointed and trained Fund Holder delegated by the Directors of DLA Finance (J8), DLA J-Code, and D-Staff.

b. Fund Holders are accountable for administrative violations - exceeding the established funding targets which may result in termination of their authority.

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. See Enclosures 3.

7. INFORMATION REQUIREMENTS.

a. Documentation. J8 will maintain all documents evidencing the receipt and distribution of funds and periodically review for compliance with funding targets. Fund Holders, with J8 assistance, will ensure that documents evidencing the execution of funds are complete and accurate (i.e., appropriate use of funding line of accounting, etc.) and maintained to include but not limited to Enterprise Business System (EBS) reports used to verify the availability of funds.

b. Report Listing. J8 will provide Fund Holders with monthly listing(s) or electronic media identifying dormant commitments and Unliquidated Obligations (ULO) and reimbursable earnings recorded on behalf of the Fund Holder. The accounting office, generally the Defense Finance and Accounting Service, will also provide listing(s) or electronic media to J8 to assist in identifying accounts payable and accounts receivable to assist in verifying proprietary accounts (as well as budgetary accounts) and thus, ensuring that proprietary and budgetary accounts are valid, accurate and reconciled. J8 will also provide budget and fund status reports to Fund Holders, as needed, to facilitate the Fund Holders' ability to verify funds availability.

c. Record Keeping/Retention. Under provisions in the DoD FMR Volume 3, Chapter 8, Paragraph 080407; Volume 5, Chapter 21, Paragraph 210102; and Volume 1, Chapter 9, Paragraph 090201, requesting officials and Fund Holders are responsible for funds management and record keeping, including oversight of all evidentiary documentation. Fund Holders must maintain supporting documentation, other than for triannual review, for 6 years and 3 months. For triannual reviews, Fund Holders must maintain sufficient documentation for an independent organization such as the Office of the Inspector General, DoD, or the DoD Component Audit Agency/Service or Inspector General, to verify that the reviews were accomplished as required, for a period of 24 months following the completion of the triannual review.

d. Triannual Review. Triannual review process is an internal control practice used to assess whether commitments and obligations recorded are bona fide needs of the appropriations charged. The Fund Holder, with assistance from J8, will review commitments, ULOs, accounts payable, and accounts receivable transactions for timeliness, accuracy, and completeness during each four-month period. The goal in performing the triannual review is to increase DLA's ability to use available appropriations before they expire and ensure remaining open obligations are valid and liquidated before the cancellation of the appropriation. Attaining the triannual review goal is contingent on effective integration and synchronization of the Fund Holder, J8,

program management, contracting officers, and acquisition/logistics functions throughout execution.

e. Fiscal Year End Attestation. Fiscal Year End Attestation is the Fund Holder's and J8's confirmation to the accuracy of receipt and execution of funds. The Fund Holder is responsible for attesting to the accuracy of the status of funds, reimbursable orders, and earnings for the funds under their control. The J8 is responsible for attesting to the accuracy of the direct and reimbursable authority received and issued and for attesting to the accuracy of funds reported in the accounting records based on the attestations received from the Fund Holders.

8. INTERNAL CONTROLS. The J8 Director, Chief Financial Officer will delegate DLA HQ J-Code and D Staff Directors as Fund Holders for funds subdivided in accordance to DLA Annual Operating Budgets (AOBs) and Funding Authorization Documents (FADs). Further, delegations can only be made by DLA HQ J-Code and D Staff Directors.

a. Delegation Procedure. Each DLA HQ J-Code and D Staff Director may delegate Fund Holders on their staff in writing. All delegations, updates, and rescissions of Director delegations must be reported to J8, Agency Accounting Operations (J85). Standard formats for these letters are in Appendix 2 to Enclosure 2. The purpose of this internal control is to have an auditable record of responsible individual's delegated authority to incur obligations against the administrative subdivision or funding target and manage the use of such funds.

b. Training. Fund Holders must complete appropriations law training and appropriate refresher courses. Also required is Certified Officers Legislation (COL) training and refresher courses as needed. A Fund Holder must complete the training within a reasonable amount of time of delegation, not to exceed one month for COL and three months for appropriations law. The Fund Holder and Program Manager will retain copies of proof of completion (certificates). The Treasury publication, "Now That You're a Certifying Officer," is a suggested supplemental reading.

c. Due Diligence. Fund Holders must exercise due diligence in executing funds appropriated for the DLA mission, and be familiar with the due diligence prescribed the DoD FMR Volume 3, Chapter 8, Paragraph 080410.

d. Funds Availability. Fund Holders must verify that funds are available prior to authorizing the execution of funds. When requested by the DLA Fund Holder, the J8 will assist in this effort.

e. Authorization. Only Fund Holders can authorize execution against funding targets, to include any adjustments. Transactions must be recorded in the official accounting system if authorized by an appointed Fund Holder. J8 will verify Fund Holder authorization before recording a transaction in the accounting system.

9. RELEASEABILITY. UNLIMITED. This Instruction is approved for public release and is available on the Internet from the DLA Issuance Internet Website.

10. EFFECTIVE DATE. This Instruction:

a. Is effective on October 22, 2015.

b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DLAI 5025.01, DLA Issuance Program. If not, it will expire effective October 22, 2025 and be removed from the DLA Issuances Website.

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Director, DLA Strategic Plans and Policy

Enclosures

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Enclosure 2 – Responsibilities

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Glossary

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ENCLOSURE 1

REFERENCES

- (a) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 5, Chapter 5, 050201, February 2015
- (b) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 14, Chapter 1, Paragraph 010203-4, May 2015
- (c) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Glossary, April 2015
- (d) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 5, Chapter 5, Paragraph 050401, February 2015
- (e) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 3, Chapter 8, Paragraph 0813, September 2009
- (f) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 3, Chapter 8, Paragraph 080407, September 2009
- (g) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 5, Chapter 15, Paragraph 150802, August 2014
- (h) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 1, Chapter 9, Paragraph 090201, August 2011
- (i) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 3, Chapter 8, Paragraph 080410, September 2009
- (j) DoD FMR 7000.14-R, “Department of Defense Financial Management Regulation (FMR)”, Volume 3, Chapter 8, Section 0804, September 2009

ENCLOSURE 2

RESPONSIBILITIES

1. **The Director, DLA Finance must:**

a. Designate Resource Managers to assist Fund Holders in the execution of funding targets and in the verification of financial data on documentation. Verification includes the proper use of funds related to purpose, time, and amount; availability of funds; determine bona fide need, monitor, and review of execution in the official accounting system on behalf of appointed Fund Holders.

b. Implement monitoring controls to detect over execution of funding targets; and

c. Delegate Fund Holder responsibilities to DLA J-Code and D Staff Directors. Refer to Appendix 1 of this enclosure.

2. **DLA Agency Accounting Operations (J85)** must receive and record funding in EBS and certify the availability of funds on DLA AOBs and FADs for execution.

3. **DLA Operationalized Activities (J86)** must notify DLA Capital Funds Fund Holders of funding targets.

4. **DLA Enterprise Financial Operations (J87)** must notify appropriated funds and DLA Corporate Activities Fund Holders of funding targets.

5. **DLA Center of Financial Excellence (J82)** must provide Defense Working Capital Fund and General Fund direct and reimbursable financial execution services on appropriate execution request. This includes recording Fund Holder corrections when appropriate, providing Fund Holders with dormant commitment and ULO listings for the triannual review and reimbursable earnings, assisting in the review of open documents, and providing a consolidated attestation statement for serviced customers.

6. **DLA HQ J-Code and D-Staff Directors** must:

a. Ensure compliance with this instruction;

b. Appoint, update, and rescind, in writing, Fund Holder delegations in accordance with funding targets (i.e. controlling fund center level); Refer to Appendix 2 to this enclosure.

c. Ensure Funds Holders are trained to perform Fund Holder responsibilities; and

d. Implement controls to manage funds.

7. **Fund Holders** must:

- a. Ensure execution of funds in accordance with program needs, work with contracting officials on contractual requirements, and maintain a system of funds control to ensure that programs operate within funding targets;
- b. Receive funding targets, generate requirements, and monitor execution;
- c. Authorize the execution of funds against a funding target and manage the use of such funds;
- d. Certify funds availability under their control before ordering goods and/or services, and assign funding citations on documents prior to authorizing use of funds or performing work;
- e. Implement business practices and oversight of the documents for which they are responsible and serve as the authorizing official;
- f. Review documents to ensure the accuracy and completeness (for example. service terms, dollar amount, and line of accounting);
- g. Approve/disapprove and return improper documents;
- h. Develop, maintain, or obtain documentation - contracts, Military Interdepartmental Purchase Requests, receipt and acceptance documents, invoices, disbursements, task monitor notes, correspondence, and all other supporting information available - for the period of retention;
- i. Implement procedures to promptly record all financial transactions in the accounting system;
- j. Review and monitor execution to include validating end-of-month reports and provide documentation for any adjustments necessary for existing transactions; and
- k. Review, with assistance from J8, commitment, ULO, accounts payable, and accounts receivable transactions for timeliness, accuracy, and completeness at the end of each four-month period, and sign attestations statements in support of the triannual review. This includes maintaining documentation sufficient to verify that the review was accomplished.

Delegation of Authority – Fund Holders

CFO

- Intrinsic Authority
- Subject to Anti Deficiency Act

J-Code, D Staff & DS Directors

- Delegated Authority from CFO
- Administrative Violations

Fund Holders

(At the discretion of Directors)

- Delegated Authority from J-Code, D Staff, and DS Directors
 - Primary and Alternate per funding target
 - Administrative Violations
- Sample Delegation Template
(Appendix 1 to Enclosure 2)

APPENDIX 2 TO ENCLOSURE 2

Fund Holder Delegation Letter Template

MEMORANDUM FOR [NAME]

SUBJECT: DLA Fund Holders Control Process and Delegations

DLA Finance (J8) has implemented standard practices for Fund Holders. A Fund Holder is an individual holding an operating target of funds, who is responsible for incurring obligations against that target and for managing the use of such funds. The Fund Holder is responsible for authorizing the execution of funds and ensuring transactions are valid and recorded as business events occur, conducting reviews of commitments, unliquidated obligation (ULO) accounts payables, and accounts receivables, and reviewing the accuracy of such items regularly and in support of the Triannual attestations (DoD FMR Volume 3, Chapter 8) which occur three times per year. This requirement applies not only to direct appropriations, but also to all reimbursable transactions, as well as the Department's revolving and trust funds. This responsibility is with the Fund Holder because the Fund Holder initiates the actions that result in these transactions and, therefore, is in the best position to determine the accuracy and the status of such transactions.

DLAI 7200.01 establishes the responsibilities of personnel within each J-Code Directorate acting as a Fund Holders. It contains details on the processes and internal controls for agency receipt of funding authority, establishment of funding targets, and the delegation of funds management.

Under the provisions of DLAI 7200.01, you are hereby delegated authority to act as the Fund Holders on behalf of DLA [J-Code or Directorate]. This delegation covers funding targets for [Name of Programs/Controlling Fund Center]. This authority expires upon termination of your assignment, unless sooner rescinded or superseded in writing by the undersigned. This authority may not be further delegated.

[SES NAME]
Director, DLA [ORGANIZATION]
[TITLE]

I acknowledge receipt of this delegation and understanding my responsibilities as a Fund Holder.

Employee Signature

Date

ENCLOSURE 3

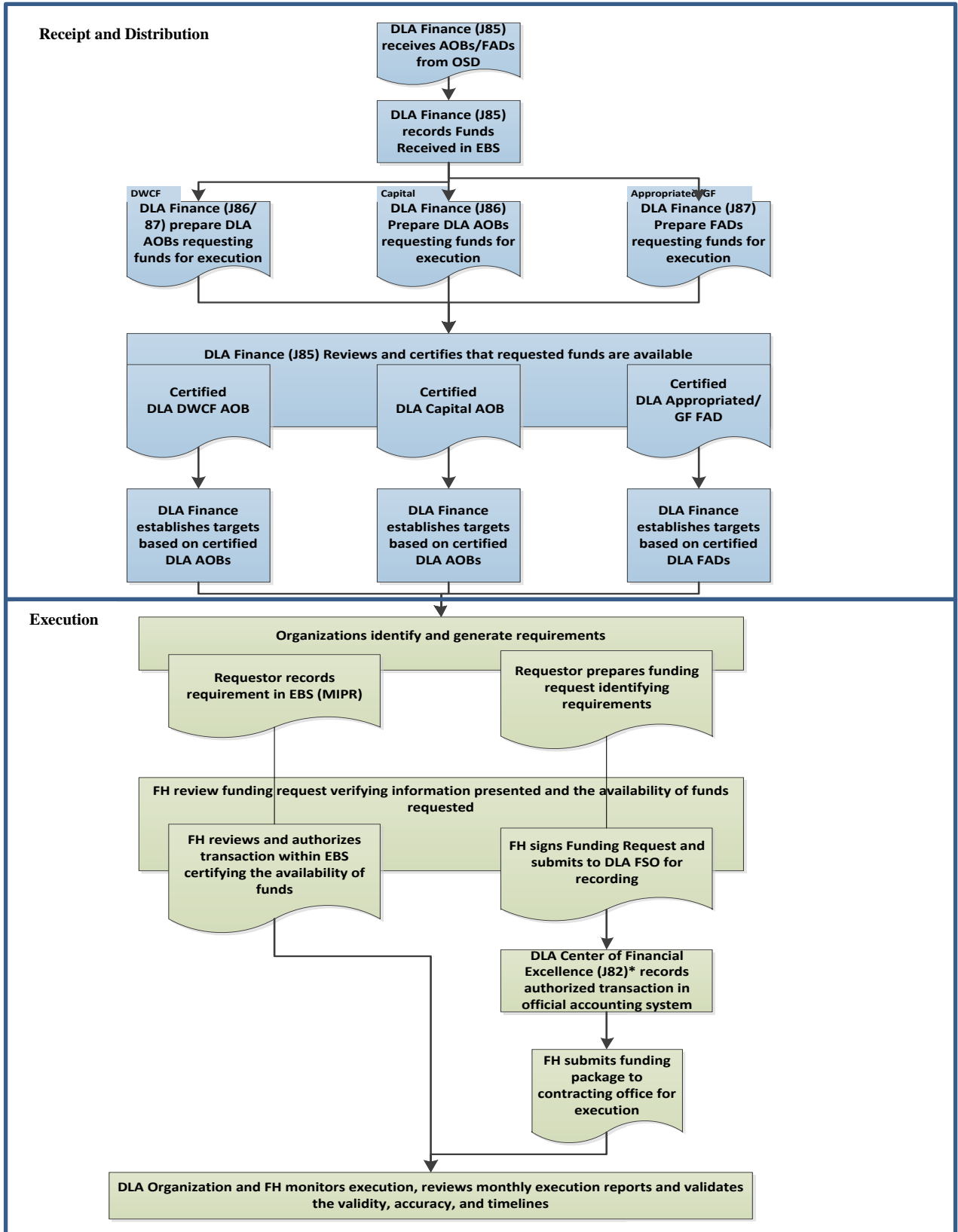
PROCEDURES

See the Appendix to this enclosure for a visual depiction of the procedures outlined below.

1. DLA receives FADs or AOBs from OSD allocating funds for mission support.
2. J8 receives and establishes DLA formal administrative subdivision of funds in EBS at the Original Budget level.
3. J8 Chief Financial Officer delegates Fund Holder responsibilities to DLA J-Code Directors, D Staff Directors, and DLA Installation Support Director.
4. DLA J-Code, D Staff, and DLA Installation Support Directors identify key individuals as Fund Holders based on experience, knowledge, ability, and appropriateness. Directors delegate Fund Holders for each funding target under their primary responsibility. All delegations are documented in writing and submitted to J8 Agency Accounting Operations (J85) and their respective J8 Financial Service Office (J84 and J86). Fund Holder delegations should be limited to two Fund Holders (primary and alternate) per controlling fund center in EBS. If additional Fund Holders are identified within the same organization, the organization is responsible for implementing sufficient controls to manage these funds.
5. J8 (J85, J86, and J87) establishes funding targets for execution within EBS for Fund Holders. These funding targets are coordinated with Fund Holders and documented using DLA AOBs and FADs, requesting the distribution of Defense Working Capital Fund and appropriated funds. These funding targets are established in EBS at the Lead Budget and Fund Budget levels.
6. Fund Holders manage and authorize the execution of targeted funds through the completion and submission of appropriate documentation or the review and approval via EBS workflow, with the assistance of J8.
7. J8, Center of Financial Excellence (J82) records requested transactions in EBS in accordance with appropriately documented request. Transactions must be recorded in EBS within 10 days of receipt and within the month incurred. Notwithstanding the 10-day rule, obligations of \$100,000 or more—per fund citation or accounting line on the obligation document—should be recorded and included in the official accounting records in the same month in which the authorization occurred. If an obligation is not recorded within the specified timeframe, the guidance in DoD FMR Volume 3, Chapter 8, Paragraph 0813 (Reference (f)) shall be followed.
8. DLA Organization and Fund Holders monitor execution, review monthly execution reports, and validate the accuracy and timeliness of transactions.
9. Fund Holders, with assistance from J8, contracting personnel, and the supporting accounting office (generally Defense Finance and Accounting Service) will review dormant commitments, ULOs, accounts payable and accounts receivable transactions for timeliness, accuracy, and completeness during each of the four-month periods ending on January 31, May 31, and September 30 of each fiscal year. This requirement is in accordance with DoD FMR, Volume 3, Chapter 8, Paragraph 080401 in support of the agency's triannual review.

APPENDIX TO ENCLOSURE 3

Funds Control Process Chart



*There are instances where personnel other than J8 CoFE personnel are authorized to record transactions in EBS.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

AOB	Annual Operating Budget
COL	Certified Officer Legislation
DWCF	Defense Working Capital Fund
EBS	Enterprise Business System
FAD	Funding Authorization Document
FMR	Financial Management Regulation
HQ	Headquarters
ULO	Unliquidated Obligation

PART II. DEFINITIONS

Budgetary accounts – Accounts used by the federal government to allocate funds that are set aside for the government use. The budgetary accounts follow the budget execution cycle through appropriations, apportionments, allotments, commitments, obligations, expenditures and outlays.

Center of Financial Excellence (CoFE) - The office who records the obligations and expenses in the accounting system and provides the Fund Holder with the list of ULOs and reimbursable earnings for review and validation.

Certifying Official (AOBs/FADs) - The individual who certifies the availability of budgetary resources for DLA's programs, and ensures the total amount allotted to DLA organizations do not exceed the allocations and sub-allocations received from OUSD(C).

Fund Holder – Individuals (DoD officials) that receive an operating funding target, who is responsible for incurring obligations against the administrative subdivision or funding target and for managing the use of such funds. Fund Holders are to **ensure that transactions are valid and recorded as business events occur** The requirement for review of commitments and obligations applies to all appropriations and funds of all DoD Components. This requirement applies not only to direct appropriations, but also to all reimbursable transactions, as well as the Department's revolving and trust funds.

Program Manager - The individual who performs the same duties as the Organization's Fund Holder, but only for the assigned program/activity.

Proprietary accounts – Accounts that (in contrary to budgetary accounts) show the actual financial position of an agency such as actual assets, liabilities and equity accounts. Both the budgetary and proprietary accounts provide detail information through the general ledger accounts that are the core of financial reporting.

Resource Manager - The individual who receives the funding document from the Office of the Under Secretary of Defense (Comptroller), prepares the Funding Authorization Document (FAD) or Annual Operating Budget (AOB), to distribute funds to the Fund Holder/Program Manager.

Funding Target - A financial goal or financial target is an objective, which is expressed in or based upon the annual appropriated funding received.