MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS (FINANCIAL MANAGEMENT AND COMPTROLLER)

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND

COMMANDER, UNITED STATES TRANSPORTATION COMMAND

DIRECTORS OF THE DEFENSE AGENCIES

DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Enterprise Line of Accounting/Accounting Classification

Historically, each Component and business functional area has used different structures and mechanisms to represent the Line of Accounting (LOA). The LOA attempts to identify the funding source and to ensure accurate accounting transactions. To address LOAs in procurement, the Under Secretary of Defense (Comptroller)/Chief Financial Officer and Under Secretary of Defense for Acquisition, Technology, and Logistics signed out the memorandum, “Linking Financial Data to Contract Documents,” dated March 18, 2009. The memorandum put a plan in place to establish the expansion of the Financial Data in Procurement Concept to all business areas which generate general ledger information. Further, the memorandum established an interim standard Enterprise LOA construct to be used across all Components and business functional areas to improve system interoperability, data accuracy, and data transparency.

In the current systems environment, attempts to crosswalk data and use of “short keys” without the presence of the Enterprise LOA have proven to be ineffective, have caused “stovepipe” solutions, and are void of proper controls. The Department must immediately plan to transition away from “stovepipe” financial data solutions and convert to the Enterprise LOA structure represented in Attachment A.

The Department must begin to configure all interim and target systems which process transactions that have financial accounting implications (e.g., procurement, logistics, travel, etc.) by the end of Quarter 4, Fiscal Year 2012. The systems must be made to receive, capture, store, and maintain this standard Enterprise LOA data constructed as discrete data. When communicating outside of the system, the LOA data elements must be ordered as listed in Attachment A. Additionally, the beginning and ending of each data element must be represented by a “^”. Specifically, if the beginning of the LOA is 097, null, 0100, & 000; then it must be represented as ^097^^0100^000^. The sequential “^^”, in the preceding example, represents the Department Transfer’s value of null. These changes will meet applicable regulations such as the United States Standard General Ledger and the Federal Financial Management Information Act of 1996, which require federal agencies to utilize uniform accounting standards and to carry reporting data at the transaction level, respectively. Further, this data structure will give financial managers additional information by which they may properly reconcile financial transactions and move the Department in a direction that will allow it to comply with the timeline layout in the Sectary of Defense memorandum, “Improving Financial Information and Achieving Audit Readiness,” dated October 13, 2011.

The Office of the Deputy Chief Management Officer (ODCMO) and the Office of the Deputy Chief Financial Officer will work together to incorporate these requirements in the Business Enterprise Architecture and the Standard Financial Information Structure. Further, the Investment Review Boards will be required to weigh investment decisions based on the standard Enterprise LOA’s implementation progress. In the future, this concept will be expanded to include Enterprise transaction sets.

Questions regarding this guidance may be directed to Ms. Micky Chopra, Business Integration Office, Office of the Under Secretary of Defense (Comptroller), or Mr. Raymond Bombac, ODCMO. Ms. Chopra can be reached at (703) 614-7253 or micky.chopra@osd.mil.   
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