



**DEPARTMENT OF WAR
FINANCIAL MANAGEMENT REGULATION**

**VOLUME 6: "REPORTING POLICY AND FORM AND
CONTENT OF THE DEPARTMENT OF WAR AUDITED
FINANCIAL STATEMENTS"**

**UNDER SECRETARY OF WAR
(COMPTROLLER)**

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VOLUME 6

**REPORTING POLICY AND FORM AND CONTENT OF THE DEPARTMENT OF
WAR AUDITED FINANCIAL STATEMENTS**

1.0 GENERAL

1.1 Purpose

1.1.1. Volume 6 defines the reporting policy and roles and responsibilities in the preparation and issuance of financial reports, footnotes, and required supplementary information for Department of War (DoW) Components. DoW Components and the Defense Finance and Accounting Service (DFAS) are responsible for the proper and consistent preparation of financial reports at the DoW Component departmental, intermediate, and installation level. DoW Components, in coordination with DFAS, are responsible for establishing memoranda of agreement/understanding (MOAs/MOUs) or similar signed documents that outline the services to be performed by DFAS and related responsibilities.

1.1.2. In some instances, DoW Components prepare their own financial reports without accounting support from DFAS. Ultimately, each DoW Component is responsible for the accuracy and completeness of financial information in the reports that present the financial effects of its operations. In these instances, when DFAS does not have responsibility for financial report preparation, the reporting entity must fulfill the responsibilities assigned in this Volume at both the DFAS and DoW Component levels. The requirements for the audited or interim financial statements addressed in the [Office of Management and Budget \(OMB\) Circular A-136](#) are contained in Volume 6 Supplemental document for DoW reporting entities.

1.1.3. The policies within this Volume apply to all DoW Components. This includes entities whose departmental, intermediate, and installation-level financial reports are prepared by DFAS, as well as DoW Components and organizations operating Enterprise Resource Planning (ERP) systems under an approved DFAS agreement. It also encompasses designated Components that prepare their own financial reports (e.g., the United States Army Corps of Engineers) and organizations required to perform independent accounting due to security considerations.

1.2 Authoritative Guidance

Refer to the authoritative guidance document on the FMR webpage.

1.3 Definitions

Refer to the glossary on the FMR webpage.

1.4 Procedures

Refer to the Supplemental listed throughout this Volume.

2.0 FINANCIAL REPORTS, ROLES, AND RESPONSIBILITIES

2.1 Stewardship and General Responsibilities

The U.S. Congress provides resources to finance the programs, missions, and functions of the DoW and its Components. Financial reports are tools for displaying the status and use of resources at a point in time. DoW Components and DFAS, as their service provider, have a responsibility to ensure that financial information is accurate and timely so managers can make sound decisions and exercise proper stewardship over these resources. Refer to the "DoW Internal Control Over Financial Reporting Guide" for additional information on roles and responsibilities for internal controls over financial reporting.

2.2 Reporting Schedules

2.2.1. DFAS must establish procedures requiring joint development of report preparation schedules with DoW Components according to the timeframes established by the U.S. Department of the Treasury (Treasury), Bureau of the Fiscal Service, Governmentwide Treasury Account Symbol (GTAS). DFAS and DoW Components must work to resolve issues identified during the report preparation process in accordance with the GTAS schedule.

2.2.2. Reporting schedules for reports provided to external recipients must include the opportunity to present a draft of the report to the DoW Component for review and approval prior to release to the recipients.

2.3 Journal Voucher Adjustments

2.3.1. Journal Vouchers (JVs) are summary-level adjustments to trial balance data recorded in financial reporting or general ledger systems. JVs may be manually entered or processed systematically based on a predefined set of programming criteria. JV documentation must include sufficient evidence to substantiate the audit trail of the adjustment.

2.3.2. JVs are required for several reasons, including instances when subsidiary records do not reconcile with the financial balances, transactions need correction, and adjustments are required to align obligations, accruals, or expenses with the liquidation amounts for receipts, acceptances, and/or disbursements. JVs do not include transactions and processes used to record detailed amounts in subsidiary ledgers as standard business transactions.

2.4 Certifications

2.4.1. DoW Component/Reporting Entity. A reporting entity is an organization represented by financial information in a financial statement or report and may be a DoW Component or a subordinate command/organization. For example, a reporting entity may include an individual command or activity, such as a shipyard or a supply depot, or it could encompass several activities within a business area, such as all shipyards or aircraft depot maintenance activities in a Military Department. A reporting entity can also be at a DoW Component level.

2.4.1.1. The reporting entity, rather than DFAS, is responsible for annual certifications required in the implementation of Title 31, United States Code, section 1501(a). See Chapter 4, "Appropriations and Fund Status Reports," for additional information related to year-end reporting.

2.4.1.2. Reporting entities having working capital funds are responsible for signing the Accounting Report (Monthly) (AR(M)) 1307, Defense Working Capital Fund Accounting Report addressed in Section 9.

2.4.2. DFAS. DFAS's role in processing financial data and preparing financial reports for DoW Components includes certain responsibilities. Accordingly, DFAS will provide the following to the DoW Component:

2.4.2.1. Assurances and certifications, when requested, to the reporting entity regarding the quality of accounting and report preparation services performed for the DoW Component;

2.4.2.2. Signed monthly, quarterly, and semiannual reports on behalf of the DoW Component following review and approval by the DoW Component. An exception is the AR(M) 1307, which the DoW Component is required to sign.

2.4.2.3. A certification provided by the chief of the applicable reports section confirming accuracy of the balances reported on the AR(M) 1307.

3.0 REPORT OF OUTLAYS, RECEIPTS, AND ADJUSTED TRIAL BALANCES

3.1 DoW entities submit monthly outlay and receipt information to the Treasury's Fiscal Service via the Central Accounting Reporting System (CARS). This data is combined with adjusted trial balances (ATBs) from the GTAS to generate financial reports. DoW entities are responsible for reconciling the information between these two systems to ensure accuracy and provide a clear audit trail for the reporting period. The policies in this section apply to all DoW entities that prepare and submit these consolidated reports. For additional instructions and guidance regarding CARS and GTAS reporting, refer to the Volume 6 Supplemental document.

3.2 CARS Reporting

CARS handles Treasury-level accounting and reporting for all federal agencies and is the system of record for Fiscal Service. CARS captures and records TAS information for payments, deposits, and intragovernmental transactions and provides agencies with daily status of their Fund Balance with Treasury. All agencies must use the CARS Modules and submit the CARS TAS/Business Event Type Code (BETC) reporting classification for each payment, deposit, and intragovernmental transaction. The CARS Glossary identifies and defines the reporting processes and data elements used by CARS reporters. For additional instructions and guidance related to CARS reporting, refer to the Volume 6 Supplemental document.

3.3 GTAS Reporting

3.3.1. Fiscal Service administers and maintains GTAS to facilitate preparation and consolidation of the Financial Report of the United States Government (FR). Within GTAS, reporting entities submit both proprietary and budgetary data simultaneously in the Bulk File Format. Systemic edits validate data across both budgetary and proprietary reporting, including the Governmentwide Accounting System Account Statement. Reporting entities reconcile GTAS data with amounts reported in CARS to verify the accuracy of reported balances. Agencies must ensure that the data in their Agency Financial Reports matches exactly the data reported in GTAS and the defense financial reporting system as of the GTAS close date. For additional instructions and guidance related to GTAS reporting, refer to the Volume 6 Supplemental document.

3.3.2. The FR provides a comprehensive view of the Federal Government's financial position and condition, its revenues and costs, assets and liabilities, and other obligations and commitments. The FR includes consolidated financial statements and related disclosures, as well as reports on stewardship responsibilities. ITFM 2-4700 and OMB Circular A-136 describe how agencies provide data to the FR through GTAS. For additional instructions and guidance related to the FR, refer to the Volume 6 Supplemental document.

3.3.3. The Digital Accountability and Transparency Act (DATA Act) mandates that federal agencies report financial and payment data according to standards set by the Treasury and OMB. The goal is to make federal spending information more accessible and reliable for improved oversight and decision-making. To ensure compliance, agencies are guided by the DATA Quality Playbook and must provide accurate financial reports through GTAS, which enables the submission of data required by the DATA Act.

4.0 APPROPRIATION AND FUND STATUS REPORTS

4.1 Reporting Requirements and Policy

This section prescribes the reporting requirements and policy to follow when preparing appropriation and fund status reports at the departmental level. These reports identify, for the DFAS and its customers, the status of accounting transactions on a monthly, quarterly, and annual basis. This section does not prescribe the reporting requirements of the intermediate command and installation levels. The provisions apply to all DoW Components and cover fund types included in Section 79 of OMB Circular A-11.

4.2 Reporting

4.2.1. The report formats for the appropriation and fund status-type reports are identified within the respective paragraphs. For sample fund status reports, see Volume 6 Supplemental document.

4.2.2. Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

4.2.2.1. The Department of the Treasury (Treasury), Bureau of the Fiscal Service (Fiscal Service), administers and maintains GTAS to facilitate the preparation and consolidation of the Financial Report of the U.S. Government. Reporting Agencies upload both proprietary and budgetary data to GTAS in the Bulk File Format. Refer to Section 3 for DoW policy related to the submission of financial data using GTAS.

4.2.2.2. Consolidation entities are required to submit requests for new Treasury symbols to be used in GTAS reporting to the OUSW (C), Program/Budget (P/B), Program and Financial Control (P&FC) Directorate (an organization within P/B), along with justification that cites the specific authorizing legislation. P&FC will review requests and coordinate with OMB and the Treasury to establish new accounts when authorized.

4.2.3. Standard Financial Information Structure

Appropriation and fund status reporting utilizes the data structure and reporting elements outlined in the Standard Financial Information Structure (SFIS). SFIS is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across DoW. See Volume 1 for additional information on SFIS reporting.

4.3 Year-End Reporting

4.3.1. This section contains an overview of reporting unexpended appropriation and fund balances required by TFM, Volume I, Part 2, Chapter 4700. Unexpended appropriations include the amount of unobligated appropriations and undelivered orders outstanding for Congressional appropriations provided to the Department.

4.3.2. Year-End Reporting pertains to all DoW consolidation entities uploading unexpended balances of appropriation accounts to Fiscal Service through GTAS.

4.3.3. Consolidation entities utilize GTAS and the Fiscal Service Year-End Module to report unexpended balances of appropriation accounts. Fund holders are responsible for verifying the accuracy of reported balances and providing final confirmation of amounts reported in GTAS to DFAS Accounting Standards and Reporting, Budget Execution Analysis via signed documentation for electronic certification.

4.4 Report on Budget Execution And Budgetary Resources

4.4.1. The Standard Form (SF) 133, Report on Budget Execution and Budgetary Resources, shows the status of budgetary resources and details how funds are obligated and spent. The report is intended for use, with other available information, in reviewing apportionments and the U.S. Government's budgetary programs, in managing the rate of incurring obligations and outlays, and as a basis for initiating requests for reapportionments and transfers. See Section 130.1 of OMB A-11 for additional uses of SF 133 data. For additional support and instructions for DoW Components for the SF 133, refer to the Volume 6 Supplemental document.

4.4.2. The compilation of an agency's SF 133s must agree with the agency's Statement of Budgetary Resources (SBR). OMB Circular A-11 identifies the few differences between the SF 133 and SBR.

4.4.3. Amounts reported in the fourth quarter SF 133 must be consistent with information reported to Treasury as part of the year-end closing procedures and based on actual accounting information pursuant to 31 U.S.C. § 3512. Actuals submitted to OMB for inclusion in the President's annual budget, which is submitted to Congress, will agree with those submitted to Treasury and reported on the fourth quarter SF 133.

4.5 Report On Reimbursements And Refunds (Accounting Report (Monthly) (AR(M)) 725)

The AR(M) 725 identifies supplemental budget execution data for reimbursements and refunds, including their sources and the fiscal year (FY) programs being executed. The AR(M) 725 identifies reimbursable activities during the reporting period and includes refunds of prior-year orders from direct appropriations. For additional support and instructions for DoW Components for the AR(M) 725, refer to the Volume 6 Supplemental document.

4.6 Appropriation Status by Fiscal Year Program And Subaccounts (AR(M) 1002)

The AR(M) 1002 includes the preparation and submission of reports on the application and status of appropriation and other fund accounts. The reports present budget execution data on obligational authority for FY programs executed at budgetary subdivisions not listed on SF 133. Program value, obligation, unobligated balance, unexpended balance, and expenditure balance data integrity, by line item, must be maintained throughout an account's unexpired and expired availability periods. Expired account adjustments, which move resources between Budget Line Items (BLI), must reflect the appropriate change to that line item's program value amount, obligations, unobligated balance, unexpended balance, and expenditure data on the AR(M) 1002. For additional support and instructions for DoW Components for the AR(M) 1002, refer to the Volume 6 Supplemental document.

4.7. Special Instructions for Selected Accounts

47.2.1. Obligation Limitation for Annual Accounts. Each year, Title VIII of the DoW Appropriations Act requires a certification that not more than 20 percent of the appropriations in that act, which are limited for obligation during the current FY, will be obligated during the last 2 months of the FY. The exception to this policy is the Reserve Components' record obligations for support of active-duty training or the Reserve Officers Training Corps' record obligations for summer camp training.

4.7.2.2. Certification. Each year, DoW Components must provide one of the following certifications, depending upon the level of obligations incurred, on the July AR(M) 1002 for those annual appropriations to which the limitation applies:

4.7.2.2.1. In determining direct obligational authority, the number of transfers in or out within the applicable DoW Appropriations Act will be considered. This

certification is usually referred to as the "80/20" criterion. If obligations are 80 percent or more of direct authority, the certification will be as follows:

"I hereby certify that direct obligations have been incurred equal to or in excess of 80 percent of the funds subject to the congressional limitation on year-end spending."

4.7.2.2.2. If obligations are less than 80 percent, then the certification will be as follows:

"I hereby certify that action has been taken to assure that not more than 20 percent of the funds subject to the congressional limitation on year-end spending remains available for obligation during the remainder of the FY."

4.8 Reporting Obligation and Outlay Data Purpose

4.8.1. Consolidation entities will report obligation and outlay planning and execution data to OUSW(C) (P/B) P&FC for monitoring the planned monthly execution of approved DoW programs.

4.8.2. OUSW(C) updates requirements for planning data on an annual basis. Specific report formats are updated annually by memorandum to the Assistant Secretaries of the Military Departments' Financial Management and Comptroller (FM&C). OUSW(C) also updates the requirements for execution data annually. Specific report formats are updated annually by memorandum to DFAS.

4.8.3. Report on the SF 133 monthly totals for obligation and outlay execution data. These reports, provided monthly by DFAS to OUSW(C) and the Military Departments, must be consistent with data reported to the Treasury via GTAS. These reports must be available to DoW consolidation entities.

4.8.4. Planning and execution data for obligations and outlays applies to DoW Components with respect to obligations incurred for all military functions, including obligations incurred in connection with related allocation and transfer appropriation accounts. This includes all DoW Military accounts as well as related receipt accounts.

5.0 FOREIGN CURRENCY REPORTS

5.1 Reporting Policy

This section establishes reporting policy for tracking all transactions that increase or decrease the foreign currency fluctuation (FCF) accounts. FCF, Defense (FCF, D), and FCF, Construction, Defense (FCF, C, D) appropriations were established by Congress to reduce the adverse impact of FCF losses on the DoW operating budget.

5.2 Program Management

The provisions of this section apply to all DoW Components unless a specific written exception has been granted by the OUSW(C).

5.2.1. FCF Key Terms refer to the Volume 6 Supplemental.

5.2.2. FCF, D

5.2.2.1. Congress authorized the FCF, D appropriation (TAS 97X0801) to manage foreign currency net gains and losses in the DoW Operation and Maintenance (O&M) and Military Personnel (MILPERS) appropriations. As net gains from O&M and MILPERS are realized by de-obligation of the unneeded portion of the direct program, transfer the gains to FCF, D. Funds held in FCF, D will be transferred to O&M and MILPERS to cover net losses. Charge net gains or losses from foreign currency exchange rate fluctuations funded by FCF, D to the same FY as the underlying obligation. In areas participating in the FCF program, the occurrence of a gain or loss on an FCF transaction is an expected, normal component of an obligation; therefore, treat it as an ordinary event. Record the gain or loss on an FCF transaction using current USSGL accounts for Other Gains (USSGL account 719000) and Other Losses (USSGL account 729000).

5.2.2.2. Under 10 U.S.C. § 2779, funds previously transferred from the Foreign Currency Fluctuations, Defense (FCF, D) appropriation can be moved back if they are no longer needed to hedge against currency fluctuations. This transfer must take place no later than the end of the second fiscal year following the year in which the funds were originally made available. Additionally, any return transfer is limited to ensure that the total balance of the FCF and D appropriation does not exceed \$970 million.

5.2.3. FCF, C, D

5.2.3.1. In FY 1987, Congress enacted the current authority for an FCF appropriation to protect DoW Military Construction, Family Housing, and North Atlantic Treaty Organization (NATO) infrastructure programs from substantial gains or losses resulting from foreign currency fluctuation. The title of this appropriation is FCF, C, D TAS 97X0803.

5.2.3.2. The FCF, C, D appropriation was initially capitalized by transferring unobligated balances from the family housing and military construction appropriations. Pursuant to authority conferred by recurring annual Military Construction Appropriations Act general provisions, unobligated balances from family housing and military construction appropriation accounts may be transferred into FCF, C, D during the 5 years after the appropriations expire for original obligation purposes. As FCF gains are realized by de-obligation of the unneeded portion of the direct program, transfer the gains to FCF, C, D. Funds held in FCF, C, D will be transferred to family housing and military construction to cover net losses. Charge net gains or losses from foreign currency exchange rate fluctuations, funded by FCF, C, D, to the same FY as the underlying obligation. In areas participating in the FCF program, the occurrence of a gain or loss on an FCF transaction is an expected, normal component of an obligation; therefore, treat it as an ordinary event. Record the gain or loss on an FCF transaction using current USSGL accounts for Other Gains (USSGL account 719000) and Other Losses (USSGL account 729000).

5.2.3.3. OUSW(C) must approve all amounts transferred from this appropriation to other appropriations available for construction.

5.2.3.4. For additional information on specific Accounting Scenarios for Gains and Losses on Foreign Currency Rate Fluctuations under 097*0803, refer to the following OUSW(C) DCFO Memo titled "Accounting Scenario for Gains and Losses on Foreign Currency Rate Fluctuations under DoW Centrally Managed Account 097*0803, Foreign Currency Fluctuation, Construction, Defense," dated September 29, 2023.

5.2.4. Standards

5.2.4.1. The FCF, D and FCF, C, D appropriations are not available to finance cost increases resulting from changes in the scope of programs, inflation increases, or other such changes, nor to finance Prompt Payment Act interest payments. Other important provisions of the FCF appropriations relate to obligation/expenditure limitations and to financial accounting requirements for foreign currency exchange fluctuations.

5.2.4.1.1. Authorizations or limitations now or hereafter contained within appropriations or other provisions of law limiting the amounts that may be obligated or expended will be increased to the extent necessary to reflect fluctuation in foreign currency exchange rates from those used in preparing the applicable budget submission.

5.2.4.1.2. Contracts or other obligations entered into that are payable in foreign currencies may be recorded as obligations based on currency exchange rates used in preparing budget submissions, as amended by Congress, and adjustments to reflect fluctuation in such rates will be recorded as disbursements are made.

5.2.4.2. Funds transferred from the FCF appropriation CMAs will be available for funding accounts established within the applicable O&M, construction, family housing, or NATO infrastructure appropriations to cover losses or account for gains in direct programs due to fluctuation in foreign exchange rates. Base these transfers on need, funds available to cover such losses DoW-wide, and other budgetary considerations. Consequently, such losses may not be fully funded.

5.2.4.3. DoW Components will record foreign currency obligations at the installation level in dollars, at the budgeted rate, or at the congressionally established budget exchange rate for direct program of affected appropriations as reflected in applicable committee reports or the appropriate appropriation acts.

5.2.4.3.1. OUSW(C) will provide these rates to the DoW Components.

5.2.4.3.2. Foreign currency obligations are those obligations that are either payable in specified foreign currency or payable in dollars, the amount of which is determined by the rate of exchange.

5.2.4.3.3. When payment is made, charge the variance between the budget rate and the current rate directly to the applicable FCF account. If the transaction results in a gain, credit the FCF account in the amount de-obligated from the original FCF, C, D obligation. For example, a military construction project was included in the FY 2017 President's Budget (PB). Funds for the project were obligated in FY 2018 using FY 2017 funds, and all the project expenditures were disbursed in FY 2019. In this example, record the obligations in the accounting system using the FY 2017 budget rates. There would be no effect on the military construction FCF account prior to FY 2019 since no disbursements were made until FY 2019. The foreign currency reports for each of those years, however, would identify accrued variances, i.e., the differences between the project obligations carried at the FY 2017 budget rate and those valued at the current exchange rate. Use this accrued variance to identify the projected disbursement requirements of the component FCF account. The realized foreign currency variance would be recorded against the military construction FCF account for FY 2017 at the time of the actual disbursements.

5.2.4.4. The DFAS Service Component central accounting activities will determine the total foreign currency unliquidated obligations at the budget exchange rate provided by OUSW(C) for each appropriation, and identify and accumulate both favorable and unfavorable variances. The supporting activity will also determine the "accrued variance" at the end of each month by comparing unliquidated obligations at the budget rate with those at the current rate, using the exchange rate on the last day of the month. The accrued variance will never be obligated in the official accounting documents.

5.2.4.5. Each DoW Component holding an FCF account is responsible for establishing internal controls and carefully monitoring funds availability at all times, as Antideficiency Act provisions apply to each FCF account. Establish controls to reserve sufficient funds within the appropriation's availability to finance projected disbursement requirements for the FCF account. For family housing and construction, a 6-month requirement is recommended. Should FCF account funding availability drop below that level, take immediate action to avoid over-obligation. Such action will include providing additional funds from current accounts and, if necessary, advising all disbursing officers to cease payments from the FCF account without prior certification until funding is obtained. Do not take any action that presumes relief through a transfer of funds from the FCF appropriations because of the limited capital available in these accounts.

5.2.4.6. OUSW(C) publishes a monthly report of specific currencies in the FCF program and associated exchange rates. OUSW(C) may add and remove currencies as conditions warrant. The OUSW(C) Financial Management Reports site provides FCF reports that include the list of currencies, the applicable budget rate, and the current-period adjusting rate.

5.3 Reporting Requirements

5.3.1. Appropriation Transfers

OUSW(C) manages the FCF, D and FCF, C, D appropriations and instructs the DFAS Departmental Reporting Directorate-Indianapolis on the amount of the funds to transfer to and

from the applicable appropriations. DFAS-Indianapolis transfers the designated amounts by means of a Standard Form 1151, Nonexpenditure Transfer Authorization.

5.3.2. General Reporting Guidance

5.3.2.1. Other than calculating the monthly accrued variance described in subparagraph 2.4.4, no further adjustment to the original obligation is necessary until disbursement is made or until the appropriation is closed.

5.3.2.2. FCF requirements described in this section do not apply to reimbursable programs. The performing activity will continue to accept reimbursable orders, incur obligations, and bill for reimbursement at the current foreign currency exchange rate using the requirements found in Volume 1. 1 However, when the performing activity and the benefiting activity are DoW organizations, the performing activity will notify the benefiting activity of the amounts obligated that require payment in foreign currency. The benefiting activity will record that portion of its obligation for direct programs at the budget rate in the manner prescribed in subparagraph 2.4.3. Record the realized variance determined at the time of the disbursement in the respective FCF account of the benefiting activity.

5.3.2.3. Do not adjust normal operating budgets or other funding documents issued for the affected appropriations by DoW Components for foreign currency exchange rate fluctuation.

5.3.2.4. Prior to closing the financial records at year-end, each component holding an FCF account will review the status of that account. Transfer net gains in an FCF account to the applicable FCF appropriation. Components will also determine the portion of the losses that the FCF account can absorb and transfer to the FCF appropriation any remaining balances that are not required.

5.3.2.5. FCF requirements described in this section do not apply to Gains and Deficiencies on Exchange Transactions, Army (TAS 21 6763 and TAS 021 6763); Gains and Deficiencies on Exchange Transactions, Navy (TAS 17 6763 and TAS 017 6763); Gains and Deficiencies on Exchange Transactions, Air Force (TAS 57 6763 and TAS 057 6763); and Gains and Deficiencies on Exchange Transactions, Treasury (TAS 20 6763 and TAS 020 6763). Volume 5 provides guidance on deficiencies as well as on gains and losses from revaluation.

5.3.2.6. FCF requirements described in this section do not apply to Burdensharing funds received from other countries. See Volume 12 for guidance regarding Burdensharing funds.

5.3.3. Report Error Correction

Service components and OUSW (Personnel & Readiness) (OUSW(P&R)) Military Compensation Policy are responsible for ensuring the completeness and accuracy of monthly report submissions to the DFAS Departmental Reporting Directorate-Indianapolis. DFAS forwards the consolidated reports to the Office of the Deputy Comptroller (Program/Budget) (ODC(P/B)), OUSW(C), which also conducts a review of submitted reports for completeness and accuracy. ODC(P/B), OUSW(C) will notify the applicable data submitter if data correction is

required. The applicable data submitter is responsible for data correction and resubmission through the DFAS Departmental Reporting Directorate-Indianapolis to ODC(P/B), OUSW(C).

5.4 FCF Reporting Roles and Responsibilities

5.4.1. Accounting Report (Monthly) 1506 (AR(M) 1506) – Foreign Currency Fluctuations, War Report (O&M).

5.4.1.1. DFAS Departmental Reporting Directorate-Indianapolis is responsible for submitting the consolidated monthly report to the ODC(P/B), OUSW(C).

5.4.1.2. The DFAS Service Component central accounting activities, DoW Education Activity (DoWEA), Defense Security Cooperation Agency, Defense Health Agency (DHA), and Defense Media Activity will provide a monthly report to DFAS Departmental Reporting Directorate, Indianapolis using the format in the Volume 6 Supplemental document.

5.4.2. FCF, D Report (MILPERS)

5.4.2.1. Foreign currency rate variances increase or decrease the value of allowances paid to service members. To maintain the value of that portion of allowances members receive to purchase foreign currency, adjust allowances to offset increases or decreases in foreign currency rates. For purposes of FCF, D transfers, the calculated effect on MILPERS disbursements resulting from changes in foreign currency rates (foreign currency variance) is the difference between the dollars required for the allowance at budget exchange rates and the current allowance rates. However, FCF, D transfers are approved only for Cost-of-Living Allowances (COLA) and Overseas Housing Allowances (OHA).

5.4.2.2. DFAS Departmental Reporting Directorate-Indianapolis is responsible for submitting this consolidated monthly report to the ODC(P/B), OUSW(C).

5.4.3. DD-COMP (M) 1761 – Foreign Currency Fluctuation, Construction, Defense Report.

5.4.3.1. DFAS Departmental Reporting Directorate-Indianapolis is responsible for submitting this consolidated monthly report to ODC(P/B), OUSW(C).

5.4.3.2. The DFAS Service Component central accounting activities, DoWEA, DHA, Defense Logistics Agency (DLA), and U.S. Special Operations Command will provide a monthly report to the DFAS Departmental Reporting Directorate-Indianapolis using the format in the Volume 6 Supplemental document.

6.0 ACCOUNTING AND REPORTING FOR OPERATION AND MAINTENANCE OF THE FAMILY HOUSING PROGRAM

6.1 This section overviews a uniform accounting structure for Family Housing Operation and Maintenance (O&M) to consistently identify, accumulate, and report program costs across all DoW Components. Mandated by Congress with its own distinct appropriation, this structure

separates Family Housing O&M funding from other O&M programs. This uniformity is essential for enabling program, budget, and cost comparisons across the DoW. All obligations for Family Housing O&M must be charged to this specific appropriation, and the specified cost identification methods are designed to be efficient while forming the basis for all required reporting. For specific procedures, terms, account structure and content, and requirements, refer to the Volume 6 Supplemental document.

6.2 Reporting of O&M of Family Housing

This policy applies to all DoW Components that support military family housing under the Family Housing Program. Military Departments' Housing Privatization support costs associated with the Military Housing Privatization Initiative (MHPI) Program, such as assessments/studies; portfolio, program, and asset management; construction oversight; consultant fees; and other administrative costs, including Civilian manpower for oversight, are funded by the Family Housing O&M appropriation and fall within the parameters of this policy. The OUSW for Acquisition and Sustainment (OUSW(A&S)) and DFAS MHPI Program administrative support costs are separately budgeted, accounted for, and reported in the Defense-wide Family Housing Improvement Fund (FHIF) and Military Unaccompanied Housing Improvement Fund (MUHIF) Program accounts.

6.2.1 Internal Control

Management must develop and implement internal control techniques to ensure effective control over and accountability for the resources charged to this program and for the full and prompt receipt of all proceeds from reimbursements for rents, service charges, and disposal or handling of excess family housing property.

6.2.2. Responsibility of DoW Components

The DoW Components responsible for operating and maintaining family housing facilities are required to prepare the reports described in this section. Administrators of Housing programs under MHPI are required to prepare these reports for the FHIF and MUHIF program accounts. The FHIF and MUHIF Financing accounts, however, require only the Standard Form (SF) 133, Report on Budget Execution and Budgetary Resources.

7.0 INTERNATIONAL BALANCE OF PAYMENTS REPORTING AND ESTIMATING

7.1 This section establishes the policies and requirements for DoW Components to account for and report international transactions, including grants and credits to foreign countries. This reporting is required to provide the U.S. International Balance of Payments (IBOP) data that the Departments of Commerce and Treasury require for financial control. For additional information on procedures, key terms, report formats, and other guidelines, refer to the Volume 6 Supplemental document.

7.2 IBOP Reporting Overview

7.2.1. Applicability and Scope

7.2.1.1. These requirements apply to the OSD, the Military Departments (Army, Navy, Air Force, Marine Corps), Defense Agencies (including the Military Postal Service Agency (MPSA) and nonappropriated fund activities), and DoW Field Activities (hereafter referred to collectively as "DoW Components"). DoW Components are responsible for reporting transactions affecting the IBOP. Each DFAS main site (Indianapolis, Columbus, and Cleveland) is responsible for consolidating the data for the DoW Components and submitting a final report to the Department of Commerce. While DFAS reports a majority of the IBOP data, the Department of Commerce may identify specific information to be reported directly by select DoW components.

7.2.1.2. The requirements cover all transactions that relate to the IBOP report, including specified data on DoW assets and liabilities abroad and foreign currency transactions, DoW international investments, Foreign Military Sales, transfers of property and services abroad, and foreign grants and credits. This section's requirements apply to all transactions, regardless of payment method (e.g., U.S. dollars, foreign currency, and purchase card) accounted for in any of the following:

7.2.1.2.1. Expenditures from or reimbursements to U.S. dollar appropriation and fund accounts (general and special funds, public enterprise funds, deposit funds, and trust fund accounts for military and civilian functions); Transfer appropriation accounts including Foreign Military Sales; General fund receipt accounts established by the Treasury for collection of miscellaneous receipts for which the DoW has billing and collecting responsibility; Expenditures or receipts of foreign currencies charged or credited to other than U.S. dollar appropriation and fund accounts (such as DoW Foreign Currency (Foreign Transaction (FT) accounts)); Receipts or donations of commodities or services; Transfers under special drawdown authority of the President, Excess Defense Articles (EDA) program, or international treaties; Nonappropriated fund activities, such as commissaries, post exchanges, and officers' clubs; and MPSA transactions, such as meters (including Postage Validation Imprinters Sales), stamps, and money orders.

7.2.2. The IBOP report must be prepared, at a minimum, quarterly and is due to the Department of Commerce no later than 45 calendar days following the end of the quarter. The report may be prepared and submitted monthly, if desired, based on system capability. DFAS Operations Directorates will provide specific due dates to their respective DFAS Sites.

7.3 Policy

It is DoW policy to operate overseas activities efficiently and effectively and to reduce the balance of payments impact of these activities, when such reductions are consistent with U.S. national security goals and objectives. To support this policy, the Department maintains a mechanism to manage and control DoW transactions that enter the IBOP. This system provides for:

7.3.1. DoW-wide accounting for and reporting of IBOP transactions;

7.3.2. Evaluation and explanation of DoW IBOP transactions;

7.3.3. Use of uniform criteria, definitions, and requirements to report IBOP transactions;
and

7.3.4. Integration of IBOP management and the overall system of management within the Department.

7.4 Responsibilities

7.4.1. Heads of the DoW Components must:

7.4.1.1. Develop procedures for implementing the reporting requirements;

7.4.1.2. Ensure reports and required data are submitted on time and are complete and accurate; and

7.4.1.3. Identify, for the Department of Commerce, the office responsible for submitting required data and points of contact within respective organizations that can both provide supplemental information on specific IBOP transactions and resolve problems associated with collecting and processing data.

7.4.2. The DFAS Site Directors must:

7.4.2.1. Administer and monitor, as necessary, the reporting requirements for their field reporting offices;

7.4.2.2. Ensure the requirements prescribed are uniformly implemented;

7.4.2.3. Work with other DFAS Sites to provide technical assistance on collecting required data and preparing reports. Each DFAS Site acts as the focal point for the assigned reporting organizations (sites) in providing technical assistance; and

7.4.2.4. Ensure reports are submitted directly to the Bureau of Economic Analysis, U.S. Department of Commerce, and include all data required by Directive 19.

7.5. For IBOP Reporting Guidelines, refer to Volume 6 Supplemental.

8.0 DEPOT MAINTENANCE REPORTING

8.1 The Depot Maintenance Cost System (DMCS)

The DoW maintains a core depot-level maintenance and repair capability in support of mission-essential weapon systems and other military equipment needed to directly support operational requirements and enable the armed forces to execute the strategic and contingency plans prepared by the Chairman of the Joint Chiefs of Staff. This section overviews the Depot Maintenance Cost System (DMCS) requirements for providing a comprehensive accounting

of DoW depot maintenance workloads. Refer to the Volume 6 Supplemental document for the procedures, supporting documents, and example reports.

8.2 Depot Maintenance Reporting Requirements

8.2.1. Scope

8.2.1.1 DoW Components must satisfy these requirements regarding reporting the accomplishment and status of DoW depot maintenance workloads in: DoW depot maintenance facilities; Private-sector facilities; DoW and Federal Government facilities; and State, local, and foreign government facilities.

8.2.1.2. These requirements apply to all depot maintenance workloads, regardless of DoW funding source, e.g., Defense Working Capital Fund (DWCF), Research and Development, Procurement, General Purpose Forces, Special Operations Forces, Operation and Maintenance, or other appropriations; or non-DoW funding source, such as work done for private-sector customers or other federal, state, local, and foreign governments.

8.2.1.3 Additional guidance is provided in the Volume 6 Supplemental document on the following: DoW Major Depot Maintenance Activities; Reporting Activity Identifying Codes; DMCS Input File; Work Breakdown Structure Codes; and Work Performance Category (WPC) Codes.

8.3 Depot Maintenance Cost Data Collection

The uniform recording, accumulation, and reporting of costs incurred in depot maintenance operations document the use of DoW resources to assist management in measuring productivity and efficiency, developing and using performance measurement and cost standards, and identifying areas in need of increased management emphasis. In addition, the data will assist in assessing total DoW maintenance capability, capacity duplication, and opportunities for interservice support of maintenance workloads.

8.4 Managerial Use of Depot Maintenance Cost Data, refer to Volume 6 Supplemental.

8.5 DMCS Reporting Requirements and Responsibilities

8.5.1. The DMCS reporting requirements contained in this section, including any subsequent data and format revisions, are the responsibility of the Deputy Assistant Secretary of War for Materiel Readiness (DASD (MR)), OUSW A&S. The DASD (MR) must provide the data revisions and report format changes to the OUSW(C), Financial Management Policy and Reporting (FMPR), for publication in subsequent revisions of this section. The senior official responsible for logistics in each DoW Component is required to report in a timely manner. The Assistant Secretary responsible for financial management in the Military Departments (or equivalent in other DoW Components) must provide complete and accurate financial data to the report preparer in sufficient time for report submission.

8.5.2. The depot maintenance cost report required by this section applies to all Military Services and other DoW activities that perform depot maintenance tasks internally or outsource depot maintenance tasks to external organizations or contractors through contractual agreements.

8.6 DMCS Data Submission Process

Annual DMCS data submissions must be provided to DASD (MR) or its designated agent, no later than December 31 following the end of the fiscal year. Reporting requirement symbol AP-MP(A)1397 is assigned to this reporting requirement. Refer to the Volume 6 Supplemental document for the procedures, supporting documents, and example reports for the DMCS Data Submission Process for Depot Maintenance Reporting.

9.0 DEFENSE REVOLVING FUNDS ACCOUNTING REPORT [ACCOUNTING REPORT (MONTHLY) 1307]

9.1 Defense Revolving Funds (DRF) Accounting Report (AR(M) 1307) Policy

This section provides an overview of the reporting requirements and policies for preparing the Defense Revolving Funds (DRF) Accounting Report (AR(M) 1307). In accordance with 10 U.S.C. § 2208, these policies apply to all DoW Revolving Funds and mandate that the Secretary of War and the Secretaries of each Military Department ensure separate accounting, reporting, and auditing for activities managed through these funds.

9.2 DRF AR(M) 1307 Reporting

9.2.1. Report Content

9.2.1.1. The DRF AR(M) 1307 consists of three principal internal accounting statements.

9.2.1.1.1. Statement of Financial Position. The Statement of Financial Position discloses the reporting entity's assets, liabilities, and net position.

9.2.1.1.2. Statement of Cash Flow. The Statement of Cash Flow discloses the reporting entity's cash flows from operations, adjustments, and appropriations and cash transfers, with an explanation of the changes in cash or cash equivalents for the reporting period.

9.2.1.1.3. Statement of Operations. The Statement of Operations discloses the results of the reporting entity's operations for the reporting period, including changes in the entity's net position from the end of the prior reporting period.

9.2.2. The DRF AR(M) 1307 is the official internal management report document for financial accounting and is a source document for the annual financial statements. The USSGL, on which the report is based, is updated at least annually and posted by the Fiscal Service. The DoW Standard Chart of Accounts provides normal account balance information. The DoW USSGL Transaction Library provides detailed general ledger transactions and posting business rules for accounting standardization, supporting the preparation of financial statements.

9.2.3. The AR(M) 1307 is prepared based on the activity's proprietary trial balances. An exception is the inclusion of obligation data in some items in Part VI and Part VII of the Statement of Operations.

9.2.3.1. The AR(M) 1307 provides accounting and inventory data for financial reporting and identifies the proprietary position of DRF activities. The AR(M) 1307 complements information provided in the Standard Form (SF) 133, which is prepared by using the activity's budgetary trial balances. Although AR(M) 1307 and SF 133 run independently, they should reconcile at the summary level. Refer to Volume 3 for additional guidance.

9.2.3.2. Use standard reconciliations, such as budgetary to proprietary relationships described in Volume 1, to verify the integrity of reported data.

9.2.3.3. Other supporting guidance can be found in Volume 3 and Volume 11 related to Defense Revolving Funds.

9.3 DRF AR(M) 1307 Reporting Requirement

9.3.1. Applicability. Each DoW Component DRF activity must produce consolidated reports. DRF activities may generate the AR(M) 1307 at different levels to manage their business effectively. Refer to the Volume 6 Supplemental document for the table that identifies the levels for which consolidated AR(M) 1307 reports are required with a pound (#) symbol.

9.3.2. Other Reporting Requirements. Do not retroactively implement policies that could have a significant adverse impact on the accuracy and integrity of financial reports, unless there is a clear offsetting benefit or unless directed by an external authority such as Congress. Refer to the Volume 6 Supplemental document for additional DRF AR(M) 1307 reporting requirements.

9.3.3. Report Formats. Use the financial report formats provided in the Volume 6 Supplemental document. Reports produced by Automated Data Processing (ADP) equipment may be substituted for the formats illustrated.

9.3.4. Frequency of Reports. Unless otherwise specified by the OUSW(C), prepare and submit the AR(M) 1307 reports monthly. Submit regular reports in accordance with due dates established by the DFAS and consistent with the requirements of OUSW(C).

9.3.5. Distribution and Responsibilities

9.3.5.1. Consolidated DoW Component and DRF Activity Reports. Submit a copy of consolidated DRF activity reports to the:

9.3.5.1.1. Director for Operations, ODC (P/B), OUSW(C);

9.3.5.1.2. Offices of the Assistant Secretary of the Army, Navy, and Air Force (FM&C); the Defense Commissary Agency (DeCA) Comptroller; and Comptrollers of Other Defense Activities (e.g., DLA Comptroller); and

9.3.5.1.3. Management Command responsible for the oversight of the DRF activity, if requested by a DoW Component.

9.3.5.2. Activity Level Reports. Submit a copy of DRF activity level reports to the:

9.3.5.2.1. Offices of the Assistant Secretary of the Army, Navy, and Air Force (FM&C); the DeCA Comptroller; and Comptrollers of Other Defense Activities if requested by a DoW Component;

9.3.5.2.2. Management Command responsible for the oversight of the DRF activity, if requested by a DoW Component; and

9.3.5.2.3. DRF activity, disclosing any adjustments made to the financial data submitted by that activity.

9.4 Detailed Instructions for AR(M) 1307

Detailed Instructions refer to the Volume 6 Supplemental document Section 9.4.

9.5 The Statement Of Financial Position

Format Of The Statement of Financial Position: refer to the Volume 6 Supplemental document, Section 9.5.

10.0 INTRODUCTION TO THE FORM AND CONTENT OF THE FINANCIAL STATEMENTS

10.1 Annual Audited Financial Statements

Under Public Law 101-576 (the Chief Financial Officers Act of 1990), Public Law 103-356 (the Government Management Reform Act of 1994), and 31 U.S.C. § 3515, the DoW is required to produce annual audited financial statements for all its accounts and activities, including both agency-wide and separate reporting entity statements. As directed by the OMB and defined in SFFAS 47, these statements must fully disclose the DoW's financial position and operational results. The primary objectives are to enable Congress, agency managers, and the public to assess management performance and stewardship, to improve the Department's overall management, and to integrate budget and financial information to support more effective program management.

10.1.1. The accounting policy and related requirements prescribed by this section are in accordance with the applicable provisions of: OMB Circular A-136, 31 U.S.C. § 3515, DoW Financial Statements Audit Guide; and DFAS Financial Reporting Guidance.

10.1.2. This section outlines the required form and content for both quarterly unaudited and annual audited financial statements applicable to all DoW consolidation entities. Refer to the Volume 6 Supplemental document for the level for consolidated reporting, additional authoritative

standards for statement format and disclosures, and other requirements. This section requires that all accounting transactions comply with the accounting standards hierarchy in Volume 1.

10.2 Required Reporting Requirements

Authoritative guidance requires the preparation of annual audited financial statements for the period ending September 30 of each fiscal year and quarterly unaudited financial statements for the periods ending December 31, March 31, and June 30 of each fiscal year. The Department must submit unaudited interim financial statements to OMB 21 business days after the end of the third quarter of the fiscal year and Notes to the Financial Statements 45 business days after the end of the third quarter of the fiscal year. Annual audited financial statements are due to OMB, the Treasury, the GAO, and Congress in accordance with OMB Circular A-136. Exceptions for DoW Components in their first year of a clean audit opinion may present their audited financial statements as a single-year statement. Additionally, all components receiving a standalone audit and a clean audit opinion may submit their audited financial statements by the last day of February following the end of the fiscal year. DoW Components must coordinate their exception request with their Inspector General and OUSW(C) DCFO.

10.3 Reporting Entities

10.3.1. The financial statement consolidation entities include the DoW consolidation entities, OMB required entities, Senate Select Committee on Intelligence (SSCI) consolidation entities, and non-OMB consolidation entities. For additional requirements for each consolidation entity, refer to the Volume 6 Supplemental document.

10.3.2. Disclosure entities are those non-DoW entities required to be disclosed in the footnotes to the consolidated financial statements but are not included in the primary financial statements of the Department. Additional information on the disclosure entities is available in the Volume 6 Supplemental document.

10.4 Audit Compliance

10.4.1. OUSW(C) Audit Requirements

10.4.1.1. OMB-required consolidation entities and non-OMB consolidation entities are required to comply with the FIAR requirements and other guidance issued by the OUSW(C).

10.4.1.2. Each Component, after completing its assertion of auditability, and with the advice of the DoW Office of the Inspector General (OIG), must establish an audit committee to oversee its financial audit.

10.4.1.2.1. The purpose of the audit committee is to establish audit requirements, identify contract deliverables, monitor the execution of the contract, and identify and assist with resolution of obstacles to an unmodified audit opinion.

10.4.1.2.2. Once DoW Component consolidation entities are deemed auditable, the audit committee's focus should be on ensuring a forum exists to address ongoing accounting and auditing issues.

10.4.1.2.3. Audit committees for OMB-required consolidation entities must include a representative of DoW OIG.

10.4.2. OMB Audit Requirements

Audits of Federal financial statements are conducted in accordance with the requirements found in the annually updated OMB Bulletin, "Audit Requirements for Federal Financial Statements." These provisions apply to audits of financial statements of executive departments, agencies, government corporations, and certain components of these agencies. The Bulletin reflects changes resulting from other revised OMB guidance, including OMB Circular A-136.

10.5 Content of Annual Audited And Quarterly Unaudited Financial Statements

10.5.1. The OMB, in collaboration with the CFO Council and others, developed the required formats. The resulting annual audited financial statements must be organized as shown in Table 6-2. The annual audited financial statements of the OMB-required consolidation entities must be comprised of four major sections. Non-OMB consolidation entities not identified elsewhere in this section are to follow the requirements outlined in the Volume 6 Supplemental document.

10.5.2. The quarterly unaudited financial statements required for third and fourth quarters must be comprised of the principal statements and notes to the principal statements and, if applicable, supporting consolidating and/or combining statements. Although the first and second quarter principal statements must be prepared, the preparation of accompanying notes for the first and second quarters is not required.

10.5.3. The 4 required major sections and the sequence of their presentation are as follows:

10.5.3.1. Agency Head Transmittal Letter

10.5.3.2. Management's Discussion and Analysis (MD&A)

10.5.3.3. Financial Section; and

10.5.3.4. Other Information

10.5.4. The accompanying subsections of the Financial Section are as follows:

10.5.4.1. CFO Message;

10.5.4.2. Audit Report;

10.5.4.3. Principal Statements; which includes the Balance Sheet (Consolidated); Statement of Net Cost (Consolidated); Statement of Changes in Net Position (Consolidated); and Statement of Budgetary Resources (Combined)

10.5.4.4. Notes to the Principal Statements and

10.5.4.5. Required Supplementary Information (RSI)

11.0 GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS

11.1 Responsibilities

11.1.1. The primary responsibility for the financial statements rests with the reporting entity's management. Responsibility for preparation of the principal statements and notes, however, may be shared with the accounting organization responsible for maintaining the financial records of the reporting entity. The responsible official must 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) consolidating/combining statements are reviewed and analyzed; and (4) feedback is provided to the entity's supporting accounting organization as required or upon request.

11.1.2. The roles and responsibilities of reporting entities and service providers, as well as the processes they must follow to achieve audit readiness, are detailed in the [DoW Financial Statement Audit Requirements and Overview Guide](#) (DoW Common Access Card (CAC) required).

11.1.3. Additionally, the [DoW Financial Reporting Guidance](#) (CAC enabled) establishes other financial reporting requirements to assist in achieving full auditability. These financial reporting requirements and timelines are detailed within the guidance.

11.2 Other General Instructions for The Financial Statements

For additional information on the general required procedures, preparation and submission, and other responsibilities for the financial statements, Management Representation Letter (MRL), the Legal Counsel Response (LCR), and Management Schedules of Information (MSIs), as required by the OMB and other departmental guidance, refer to the Volume 6 Supplemental document.

12.0 AGENCY FINANCIAL REPORT SECTIONS

The AFR must include the Agency Head Transmittal Letter, MD&A, Financial Section, and Other Information (OI). OUSW(C) prepares and submits the consolidated, Agency-wide AFR and a separate Annual Performance Report (APR). Subcomponents are not required to prepare an APR. If they decide to prepare an APR, subcomponents are not required to prepare an OI but may choose to do so. For additional information on the requirements for DoW Tier 1 consolidation entities referenced in Section 10, subcomponents must prepare and submit an AFR to the OUSW(C). The AFR must include the following that conform to [OMB Circular A-136](#): Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, General Notes to the Financial Statements, and Required Supplementary Information.

13.0 GENERAL ADJUSTMENTS, ELIMINATIONS, AND RECONCILIATION REQUIREMENTS FOR INTRAGOVERNMENTAL BALANCES

Intra-Governmental Transactions (IGT) or balances result from business activities conducted between two federal entities or Federal Program Agencies (FPAs). When these transactions occur, these federal entities are called trading partners. The accurate reporting of reciprocal balances and the proper elimination of reciprocal activity between trading partners require accurate documentation of accounting events. Imbalances occur when trading partners are unable to account for and reconcile differences with one another. All DoW consolidation entities are required to report intragovernmental account balances in their financial statements, eliminate appropriate intra-DoW balances, and classify intragovernmental account balances by category and level. Refer to the Volume 6 Supplemental document for general instructions for trading partner exchange of data, eliminating intragovernmental transactions from the DoW quarterly and annual financial statements, and providing elimination information to the Treasury for use in preparing the Governmentwide financial statements.