

VOLUME 6B, CHAPTER 2: “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue](#) font.

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [December 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Clarified language to improve readability, updated formatting and hyperlinks in accordance with Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
1.2	Added additional authoritative guidance and updated previous guidance with current versions and hyperlinks	Revision
4.4 (previous version)	Removed outdated budgetary data representation requirement from 2007 Office of Management of Budget Bulletin 07-04, “Audit Requirements for Federal Financial Statements.”	Deletion
Policy Memo 5.3.1 - 5.3.3	This revision incorporated and cancelled the Deputy Chief Financial Officer (DCFO) memorandum titled, “Reporting Guidance for Aggregated Cases for Contingent Legal Liabilities,” dated March 27, 2024, adding a section for Management Schedules of Information requirements.	Cancellation/ Addition
Policy Memo 5.3.4	This revision incorporated and cancelled the DCFO memorandum titled, “Reporting Requirements for Legal Contingent Liabilities (FPM 21-10),” dated September 24, 2021, adding case aggregation methodology for Management Schedules of Information preparation.	Cancellation/ Addition
Policy Memo 6.5	This revision incorporated and cancelled the DCFO memorandum titled, “Variance Analysis for Financial Statement Reporting (FPM 19-17),” dated April 6, 2020, updating variance analysis requirements and adding language regarding materiality thresholds.	Cancellation/ Addition

Table of Contents

VOLUME 6B, CHAPTER 2: “GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS”	1
1.0 GENERAL.....	4
1.1 Purpose.....	4
*1.2 Authoritative Guidance	4
2.0 RESPONSIBILITIES	4
2.1 Responsibility for Preparation of the Financial Statements	4
2.2 Reporting of Foreign Military Sales and Other Security Assistance	5
3.0 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS.....	5
3.1 Interim Financial Reporting	5
3.2 Annual Financial Statements.....	6
3.3 Quality Control Reviews of Financial Statements and Notes	6
3.4 Key Financial Statements Preparation Due Dates.....	6
4.0 MANAGEMENT REPRESENTATION LETTERS	7
4.1 Preparation and Submission	7
4.2 Management Representations	7
4.3 Materiality	7
4.4 Date of Management Representation Letter.....	7
4.5 Signature Levels of Representation Letters	8
4.6 Referrals to the Office of the Deputy Chief Financial Officer.....	8
5.0 LEGAL COUNSEL RESPONSES	8
5.1 Inquiries of Legal Counsel	8
5.2 Obtain Legal Representation.....	9
*5.3 Management Schedules of Information (MSIs).....	9
5.4 Preparation of Legal Counsel Responses	10
5.5 Determination of Legal Cases	10
5.6 Summary of Legal Counsel Responses.....	11
6.0 GENERAL PREPARATION INSTRUCTIONS	11
6.1 Generally Accepted Accounting Principles	11
6.2 United States Standard General Ledger	11
6.3 Agreement Between Totals in Statements and Notes	11
6.4 Comparative Data.....	12
*6.5 Variance Analysis/Fluctuations.....	12

Table of Contents (continued)

6.6	Statement Consolidation	12
6.7	Disclose Material Balances	13
6.8	Notes to the Financial Statements	13
6.9	Consistency in Reporting	13
6.10	Consolidated or Combined Statements	13
6.11	Rounding	13
6.12	Additional Information.....	14
6.13	Organization of the Financial Statements	14
6.14	Posting the Financial Statements.....	14
6.15	Responsibility for Sections of DoD Agency-wide Financial Statements	14

CHAPTER 2

GENERAL INSTRUCTIONS FOR THE FINANCIAL STATEMENTS

1.0 GENERAL

1.1 Purpose

This chapter identifies the general requirements for the preparation and submission of financial statements and the required disclosures, as required by the Office of Management and Budget (OMB) and other departmental guidance. It establishes the roles and responsibilities of departmental and agency financial managers and provides specific instructions for the preparation of the Management Representation Letter (MRL) and the Legal Counsel Response (LCR).

*1.2 Authoritative Guidance

The financial management policy and related requirements in this chapter are in accordance with the applicable provisions of:

1.2.1. The OMB Circular A-136, “Financial Reporting Requirements.”

1.2.2. OMB Bulletin 24-02, “Audit Requirements for Federal Financial Statements.”

1.2.3. The Statements of Federal Financial Accounting Standards (SFFAS)

1.2.4 The Statements of Federal Financial Accounting Concepts (SFFAC).

1.2.5. 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 Department of Defense (DoD) Financial Statement Audit Requirements and Overview Guide (DoD Common Access Card (CAC) required).

2.0 RESPONSIBILITIES

2.1 Responsibility for Preparation of the Financial Statements

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.

2.2 Reporting of Foreign Military Sales and Other Security Assistance

2.2.1. The Defense Security Cooperation Agency administers certain Foreign Military Sales (FMS) and other security assistance programs on behalf of the Executive Office of the President (EOP). While FMS activity is primarily reported separately from DoD activity, OMB has approved the following provisions regarding the specific information on the financial activity of FMS programs that is to be included in the DoD financial statements.

2.2.2. Revenue and expense amounts pertaining to FMS goods or services provided from the stocks of the DoD Components on a reimbursable basis must be reported in the financial statements of the applicable selling DoD Component and in the DoD Agency-wide consolidated statements.

2.2.3. [Principal statements for certain EOP accounts are prepared separately from the DoD Agency-wide financial statements. See Volume 15, Chapter 1 for details regarding these accounts.](#)

3.0 REPORTING SCHEDULES AND QUALITY CONTROL REVIEWS

3.1 Interim Financial Reporting

3.1.1. Interim financial reporting requirements are detailed in the OMB Circular A-136.

3.1.2. All DoD financial reporting entities are required to support the [Defense Finance and Accounting Service \(DFAS\)](#) and [Under Secretary of Defense \(Comptroller\)](#) USD(C) preparation and analysis of the Department's quarterly Agency-wide financial statements that must be submitted to OMB after the end of the third quarter of the fiscal year (FY) [as of the date designated by OMB within OMB Circular A-136](#). OMB-designated reportable entities are required to submit their interim unaudited Balance Sheet, Statement of Net Cost (SNC), and Statement of Changes in Net Position (SCNP) to OMB. Agencies are required to use the [MAX](#) Federal Community to submit their interim financial statements electronically to OMB.

3.1.3. The DoD Agency-wide submission for the interim quarter and for the fiscal year end must include [year-end financial statement variance analyses for the Balance Sheet with explanations for significant changes to material line items](#).

3.1.4. USD(C) and DFAS may require the OMB reportable entities to prepare and submit full note disclosures, variance analyses, and the Statement of Budgetary Resources (SBR) to Standard Form [\(SF\) 133](#), "Report on Budget Execution and Budgetary Resources," reconciliations as part of other departmental reporting and analyses activity to support the Agency-wide submission due to OMB after the interim quarter and at fiscal year-end.

3.1.5. Additionally, the [DoD 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](#).

3.16. Chapter 10 requires the disclosure of all abnormal balances appearing on the individual note schedules or financial statement lines. These disclosures are reported in the accompanying notes to the financial statements in the third and fourth quarters of each FY. In support of the DoD Agency-wide consolidated financial statements, all Components must investigate abnormal balances and correct as required by the TFM. Further, all Components must explain material, abnormal United States Standard General Ledger ([USSGL](#)) account balances on the summary program-level trial balance within the Defense Departmental Reporting System-Audited Financial Statement (DDRS-AFS). They must also explain any abnormal balance that appears on the statements or notes schedule, regardless of the amount.

3.2 Annual Financial Statements

3.2.1. In accordance with OMB Circular A-136, the Department submits a draft of the Agency Financial Report (AFR) to [OMB's Office of Federal Financial Management \(OFFM\)](#) and [the appropriate OMB Resource Management Office using MAX](#). This draft must include all sections of the Agency-wide AFR, as identified in Chapter 1, except the audit report if it is not available at that time. If the audit report is not available when the draft AFR is submitted to OMB, then a draft audit report, or a summary of the audit results, including the type of opinion anticipated and names and descriptions of material weaknesses and significant deficiencies, is to be provided to OMB as soon as it is available.

3.2.2. Each of the reporting entities identified in Chapter 1 is required to submit audited financial statements in accordance with the detailed financial statement reporting schedule contained in the DoD Financial [Reporting](#) Guidance. The final AFR must be posted to the reporting entity's public website the same day the report is submitted to OMB, the Government Accountability Office (GAO), the U.S. Department of the Treasury (Treasury), and Congress. Agencies must submit their final reports to OMB using the MAX Federal Community and to the Treasury and GAO using the contact information provided in Appendix B of OMB Circular A-136. Additionally, reporting entities must also submit their final reports to the USD(C).

3.3 Quality Control Reviews of Financial Statements and Notes

Each Component, along with its supporting accounting organization, must review its financial statements and notes to ensure the completeness of financial information provided by both the accounting activity and the various Component functional organizations.

3.4 Key Financial Statements Preparation Due Dates

The development and publication of the financial statements requires coordinated actions by entity management, the supporting accounting organization, and the audit community. Additional information regarding the key financial statement preparation milestones is in the financial statement reporting schedule [in the DoD Financial Reporting](#) Guidance.

4.0 MANAGEMENT REPRESENTATION LETTERS

4.1 Preparation and Submission

4.1.1. Auditors require [management](#) to prepare and submit an MRL for each reporting entity audited, prior to the conclusion of an audit, [for the periods covered by the auditors' report](#). The MRL must be signed by those members of management with overall responsibility for financial and operating matters. Members of management are those that the auditor believes are responsible for and knowledgeable about, directly or through others in the organization, the matters covered by the representations. Such members of management generally include the head of the agency, the Chief Financial Officer, and any others deemed responsible for matters presented in the MRL.

4.1.2. During the audit, management makes many representations to the auditor, both oral and written, in response to specific inquiries and through the submission of the financial statements. In the MRL, management confirms the representations explicitly or implicitly given to the auditor, states and documents the continuing appropriateness of such representations, and reduces the possibility of misunderstanding concerning the matters that are the subject of the representations. [Management](#) must represent that the financial statements do, or do not, present fairly the financial position of the reporting entity in accordance with federal generally accepted accounting principles.

4.2 Management Representations

Management representations must include all representations that are required by generally accepted auditing standards. General representations must, however, be modified to be consistent with findings reported by the auditor. In accordance with OMB Circular A-136, management's representations may be limited to matters that are considered either individually or collectively material to the financial statements, provided management and the auditor have reached an understanding on materiality for this purpose. MRLs are due to the office performing the entity's audit prior to the conclusion of the audit. The schedules for the draft and final letters are contained in the DoD Financial [Reporting](#) Guidance. The USD(C) is responsible for submitting the final MRL to OMB.

4.3 Materiality

As required by OMB Circular A-136, the MRL must include a representation regarding the materiality of unrecorded financial statement adjustments aggregated by the auditors. A list of any uncorrected misstatements (in Excel format), including those audit adjustments waived [at](#) the Component level, must be attached to the MRL.

4.4 Date of Management Representation Letter

Generally, the date of an MRL must be the date the auditor issues the audit report on the entity's financial statements. Coordinating the two dates is essential. The due dates for the MRLs are specified in the financial statement reporting schedule in the [DoD](#) Financial Reporting

Guidance. Management must not provide auditors with pre-signed, undated letters or with predated letters. If auditors need an advance copy of the intended management letter, then auditors must include that requirement when submitting the initial request for the MRL. Active cooperation and interaction between auditors and management [are](#) expected so that the MRL reaches the auditors on the due date.

4.5 Signature Levels of Representation Letters

Signature levels for MRLs are as follows and may be handwritten or electronic.

4.5.1. The Secretary or Under Secretary of the Military Department concerned must sign an MRL in support of the audited financial statements for a Military Department's General Fund and Working Capital Fund.

4.5.2. The Director or Deputy Director of the Defense Agency concerned must sign an MRL in support of the audited financial statements for a Defense Agency.

4.5.3. The fund manager of the trust, or revolving fund concerned, must sign an MRL in support of financial statements for a trust or revolving fund managed by the Office of the Secretary of Defense or Defense Agency.

4.5.4. The head of other reporting entities not described in [subparagraphs 4.5.1 through 4.5.3](#), but listed in Chapter 1 and pursuing a full financial audit and producing stand-alone financial statements, must sign an MRL in support of their audited financial statements.

4.5.5. The Secretary of Defense or Deputy Secretary of Defense, and the USD(C), must sign the final MRL for the DoD Agency-wide financial statements.

4.6 Referrals to [the](#) Office of the Deputy Chief Financial Officer

Auditor requests for MRLs below levels cited in [paragraph 4.5](#) must be referred to the USD(C), Office of the Deputy Chief Financial Officer (ODCFO).

5.0 LEGAL COUNSEL RESPONSES

5.1 Inquiries of Legal Counsel

[The](#) auditor will request [that](#) entity management send a letter of inquiry to those lawyers with whom management consulted concerning litigation, claims, and assessments. Refer to the GAO [Financial Audit Manual](#), Section 1002B, Example Legal Letter Request, and subsequent revisions, for an illustrative letter of inquiry from entity management to legal counsel. Management must document in a schedule how the information contained in the legal counsel's response(s) was considered in preparing the financial statements.

5.2 Obtain Legal Representation

5.2.1. To assist the auditor in completing the review of legal matters in a timely manner, the auditor may ask management to request that legal counsel submit an interim LCR so that a preliminary evaluation of the significance of material legal matters can be made. It is the responsibility of the senior financial management official of the entity being audited to request interim or final LCRs from their General Counsel (GC). The LCRs requested from the GC of the Military Departments must include the request that the GC report matters involving both military and civilian counsel.

5.2.2. Requests for an LCR pertaining to the Agency-wide financial statements, and to any defense-wide account audited separately, such as the Military Retirement Fund, must be sent to the DoD GC. Copies of any letters prepared by the GC of the Military Departments and DoD Components must be provided to the DoD GC, Attention: Deputy General Counsel (Fiscal) (DGC(F)), and to the DoD Inspector General (IG) or other independent auditors performing the audit. In letters provided to the GC, DoD must report only cases at or above the component's materiality threshold established for that year's financial statement audit.

*5.3 Management Schedules of Information (MSIs)

5.3.1. MSIs must be reported directly to the USD(C). Components must adhere to mandatory times for submission of their respective LCRs as specified in the financial statement reporting schedule within DoD Financial Reporting Guidance and follow the applicable Agency-wide materiality threshold for that year's Agency-wide financial statement.

5.3.2. DoD Component management is ultimately responsible for the preparation and submission of the MSI that summarizes the contingencies included in the LCR prepared by General Counsel, and documents how the information was used in preparing the entity's financial statements.

5.3.3. The MSI must: (1) agree with the LCR case summaries; (2) agree with the Legal Contingent Liabilities recorded on the Balance Sheet; and (3) agree with the related note disclosures. To ensure accurate and complete financial reporting and disclosures of contingent liabilities, DoD Component management must validate that these numbers agree.

5.3.4. To establish a consistent methodology for the aggregation of similar cases during MSI preparation, DoD Components are to use these contingent legal liabilities aggregated case categories to aggregate individual matters not listed individually:

5.3.4.1. Labor and Employment Law Cases. Examples include employee grievances and workplace discrimination claims seeking monetary relief.

5.3.4.2. Tort Cases. Examples include claims for personal injury and property damage.

5.3.4.3. Contract Litigation. Examples include claims before a third-party adjudicator (court or contract appeals board) seeking monetary relief from the U.S. Government.

5.3.4.4. Environmental Cases. Examples include litigation seeking monetary damages or to compel agency action to remediate environmental damage to federal or non-federal property.

5.3.4.5. Intellectual Property Cases. Examples include copyright, trademark, and patent infringement claims.

5.3.4.6. Real Property Cases. Examples include eminent domain claims and disputes concerning the acquisition or conveyance of interests in real property.

5.3.4.7. Other Cases. Cases uncaptured in the defined categories in subparagraphs 5.3.4.1 through 5.3.4.6.

5.4 Preparation of Legal Counsel Responses

When preparing the LCRs, the GC must consider the guidance found in Treasury Financial Manual Volume I, Part 2, [Chapter 4700](#), Section 4745.10. Report cases and claims using the legal representation format and guidance on the U.S. Department of Justice ([DOJ](#)) website under the “Selected Documents & Forms.” In addition to reporting the status of pending contingent liabilities, the interim LCRs must also include the cases reported in the previous year’s legal representations that are no longer pending. For additional policy regarding contingent liabilities, see Volume 4, [Chapter 12](#). The final representation letter must be limited to new information (i.e., cases that arise subsequent to the interim response or changes in the status of cases that were reported in the interim response). The final response must not repeat information from the interim response that has not changed. Any subsequent changes in cases that arise after the final representation letter, but before the end of the audit fieldwork on the financial statements, must be communicated to the auditor. The required summaries of the legal letters must be submitted to the cognizant audit agency for the reporting entity, to the entity’s supporting accounting activity, and to the ODCFO.

5.5 Determination of Legal Cases

Management must make an assessment as to whether pending, threatened litigation or unasserted claims must be reported or disclosed in the financial statements. This determination extends to cases in which legal counsel has classified the likelihood of loss as “unknown.” The name and telephone number of the individual who is able to answer questions regarding the presentation of legal claims and assessments in the financial statements must also be provided. The required summaries of the legal responses must be submitted to the cognizant audit agency for the reporting entity, the entity’s supporting accounting activity, and the ODCFO. DoD due dates for the interim and updated legal letters, and the associated summaries, are reflected in the financial statement reporting schedule in DoD Financial [Reporting](#) Guidance.

5.6 Summary of Legal Counsel Responses

Rather than having the cognizant auditors submit copies of the interim and updated LCRs, along with the summaries of the information contained in these responses for each reporting entity, the GAO has agreed to [accept](#) the single summary of the various LCRs prepared for submission with the Agency-wide statements. The IG and ODCFO must make the required submission to the OMB, the Treasury, the DOJ, and the GAO per the due dates in the financial statement reporting schedule contained in the DoD Financial Reporting Guidance. [The IG must inform GAO, DOJ, and Treasury’s Bureau of the Fiscal Service \(Fiscal Service\)](#) whether there were “no changes” or “changes” due to subsequent events that resulted in a change in the likelihood of a loss, or the amount of a loss, or both, after the effective date of the final LCR, but before the date of the audit report.

6.0 GENERAL PREPARATION INSTRUCTIONS

6.1 Generally Accepted Accounting Principles

The principal statements and notes embody the generally accepted accounting principles contained in the SFFAS and SFFAC. The SFFAS and SFFAC are incorporated into [the](#) accounting policy and guidance contained in this Regulation. Preparers of financial statements seeking additional guidance must follow the hierarchy contained in Volume 1, Chapter 2.

6.2 United States Standard General Ledger

Preparers of financial statements and notes must crosswalk their unique general ledger accounts to the USSGL chart of accounts, and at a lower level of detail to include Fiscal Service’s Governmentwide Treasury Account Symbol (GTAS) attributes, [Standard Financial Information Structure](#) elements, DoD’s trading partner information, and other DoD-required attributes to prepare the financial statements and note schedules. DDRS-AFS must utilize the USSGL, GTAS attributes, and other DoD required attributes to populate financial statements and related note schedules.

6.3 Agreement Between Totals in Statements and Notes

DoD Components/reporting entities preparing quarterly interim and fiscal year-end financial statements, and related supporting notes and other schedules, must ensure the total figures disclosed in the supporting notes and other schedules conform to the amounts presented in the body of the financial statements. The chosen rounding level must be maintained consistently throughout the principal statements and notes. In addition, rounded totals must agree between the principal statements as applicable (e.g., ending balances from the SCNP equal the Total Net Position line on the Balance Sheet). Individual line items must sum to the totals (this may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals).

6.4 Comparative Data

Comparative financial statements are required. Data presented in the fiscal year-end prior year column must be identical to the amounts reported on the financial statements of the prior year. Information for the current and preceding years must be presented, regardless of the type of audit opinion rendered by the auditor. The notes must contain the information that is necessary for full disclosure of both years. Refer to Chapter 10 for additional policy regarding the notes required for the financial statements.

*6.5 Variance Analysis/Fluctuations

6.5.1. A comprehensive financial statement variance analysis report, addressing material fluctuations between comparative periods on report lines of the Balance Sheet, SNC, and selected lines of the SCNP, SBR, and supporting note schedules, is prepared each quarter for the Agency-wide financial statements. The analysis compares the current quarter year-to-date statement to the same quarter's year-to-date statement from the prior year. Additionally, the Balance Sheet analysis compares the current quarter statement to the prior year-end statement.

6.5.2. Components must provide explanations for variances exceeding component materiality thresholds. A lower variance threshold is permitted, if desired. The FAM is the authoritative guidance for the thresholds; specifically, FAM Sections 230, "Determining Materiality," and 475, "Perform Substantive Analytical Procedures." Explanations must be reviewed by senior executive leadership and include detailed analyses with references to legislation, accounting standards, policy memos, and changes in business processes. Additional analyses may be requested on special interest line items regardless of the variance amount.

6.5.2.1. Variance explanations must clearly identify the underlying root cause and include sufficient detail to accurately convey the reason for the variance. Variances caused by errors must include an estimated timeline for correction.

6.5.2.2. Complex explanations require an executive summary with an attachment that includes the detailed information.

6.5.2.3. If journal vouchers are referred to, they should be considered as an integral part of the explanation and provided with the variance analysis.

6.5.3. Components must retain variance analysis documentation. Analyses and documentation must be readily available within 17 business days after quarter end. The variance analysis may be requested sooner, particularly in the fourth quarter. Explanations affecting the Agency-wide financial statements and notes will be incorporated into the agency-wide variance analysis.

6.6 Statement Consolidation

Balance Sheet line items are required to be presented as provided in OMB Circular A-136. User judgment must be exercised for other financial statements to determine if it is appropriate to

exclude some statement line items, notes, and lines or columns in notes from the final published statements, if those lines do not apply to the reporting entity. In order to ensure consistent and accurate aggregation of amounts from suborganizations, however, such lines must not be excluded prior to the submission of the final published version. Due to the short timeframes available for statement consolidation at the agency level, preparers are not authorized to combine lines for which the referenced account balances are immaterial.

6.7 Disclose Material Balances

Do not designate in the notes as “other” any discrete balances of a material amount. [If the individual components of the “Other” line item represent 10 percent or more of the value of the line, disclose those components separately.](#)

6.8 Notes to the Financial Statements

Refer to Chapter 10 for more detailed guidance on the preparation, presentation, and numbering of notes to the principal financial statements.

6.9 Consistency in Reporting

Accounting policies and procedures must be applied consistently throughout the financial statements. Ensure amounts are consistently reported throughout the financial statements, notes, supplemental information, and the Management’s Discussion and Analysis (MD&A) section. Also, ensure that schedules presented in the notes, in support of amounts presented on financial statements, have total figures that agree with the amounts presented in the financial statements. Financial information reported in multiple notes or other sections must be reported in a consistent manner. To the extent that information is not available for the accelerated reports, a reliable, alternative method of estimating amounts and balances must be developed and adequately disclosed.

6.10 Consolidated or Combined Statements

The Balance Sheet, SNC, and the SCNP principal statements must be prepared as consolidated statements, net of intra-entity transactions. The SBR must be prepared as a combined statement.

6.11 Rounding

DoD Agency-wide final published financial statements and notes must display dollars rounded to millions with one decimal point. All Component statements must display dollar amounts rounded to the nearest whole thousand on the final published principal statements and in the tables/schedules contained in the notes to the principal statements. Dollar amounts in note narratives must be reported with a maximum of three position integers and a single decimal value followed by an identifier, such as millions or billions (e.g., \$324.1 million; not \$324,100 thousand). To improve communication among preparers, reviewers, and auditors during the preparation process, and to avoid excessive workload associated with the resolution of rounding errors, all

accounting activities must report amounts as dollars and cents on all draft/working versions of the principal statements and note schedules prior to submission by the reporting entity of the final audited financial statements.

6.12 Additional Information

Reporting entities that choose to present additional financial statements or information must include these in the “Other Information” section (see Chapter 3).

6.13 Organization of the Financial Statements

The financial statements of the reporting entities will be organized as outlined in Chapter 1, Table 1-1.

6.14 Posting the Financial Statements

DoD’s Agency-wide financial statements and the AFR are posted [on the USD\(C\) public website](#). Reporting entity managers must post their individual AFRs on their public website and provide the ODCFO with electronic links to this report by the due date specified in the financial statement reporting schedule. The files must be prepared in the Portable Document Format (PDF) type.

6.15 Responsibility for Sections of DoD Agency-wide Financial Statements

6.15.1. USD(C), DFAS, the USD (Acquisition and Sustainment) (USD(A&S)) has responsibility for various sections of [the](#) DoD Agency-wide AFR for providing information to [the](#) Fiscal Service for inclusion in the FR of the U.S. Government.

6.15.2. The USD(C) and DFAS are responsible for preparing the draft and final versions of the AFR Financial section that includes the Agency-wide financial statements, notes, and Required Supplementary Information (RSI). In addition, DFAS must ensure that the GTAS adjusted trial balances are transmitted to Fiscal Service for inclusion in the FR of the U.S. Government with a notification to the USD(C). Refer to Volume 6A, Chapter 3 for guidance on GTAS reporting.

6.15.3. The USD(A&S) is responsible for compiling the deferred maintenance and repairs information for the Required Supplementary Information. The USD(A&S) must provide this information, electronically, to USD(C) and DFAS for inclusion in the draft and final version of DoD Agency-wide AFR per the due dates in the financial statement reporting schedule.

6.15.4. The USD(C) is responsible for preparing the Agency Head Transmittal Letter required by OMB Circular A-136, and the MD&A section of the Agency-wide financial statements, and for submitting the DoD Agency-wide financial statements to OMB and the Congress.