

Fund Balance with Treasury Reconciliation Package Executive Summary

“The Marine Corps is a combat force-not a business. To be successful, however, we need to support warfighting excellence with well-managed business processes that are both effective and efficient.”

M.W. Hagee

33rd Commandant, United States Marine Corps



The Marine Corps mission is to provide trained and equipped forces to Combatant Commanders in support of the President’s National Security Strategy. The Commandant, in exercising his Title X responsibilities, must balance scarce resources to provide relevant and ready forces. The purpose of financial management is to provide the Commandant and supporting leadership with accurate, timely, and relevant financial information to support warfighting excellence and balance requirements and programs within the Marine Corps. Financial management goals include improving fund management efficiency by maximizing and distributing fund resources; reducing interest costs resulting from processing delays; and by reducing administrative and non-direct costs.

To this end, the Marine Corps has worked diligently to improve their financial environment and condition by assigning accountability and responsibility throughout standardized processes, environmental and compensating internal controls, and system processing.

Some of the financial management initiatives include:

- Implemented interfaces with BEA target systems
- Completed JFMIP/FSIO testing of core accounting systems (SABRS)
- Implemented and maintained the SABRS core financial system
- SABRS is SFIS compliant and interfaced with BEIS/DDRS
- Developed and implemented performance reports and metrics
- Implemented automated Tri-Annual review process
- Re-established Internal Review functions within Comptroller’s offices
- Implemented Cost of War Collection and Reporting
- Implemented data standardization for Installations and Operating Forces
- Developed a USMC website that houses the single authoritative source of information, procedures, policies, and guidance to field activities
- Designed and developed monthly and quarterly financial statement compilation processes

These financial management initiatives have assisted the Marine Corps in achieving the following milestones:

- Reduced DFAS bill by \$3M in FY07 and \$6M in FY08
- Improved obligation validation process resulting in less than 1% requiring redistribution compared to 5% in FY05
- Produced a 70% reduction in interest penalty cost from FY 04 to FY 06
- Produced a 60% reduction in interest paid from FY 04 to FY 06

These improvements along with others attribute to the Marine Corps commitment and determination in achieving financial accountability.

Purpose and Scope

The purpose of this Fund Balance with Treasury (FBWT) Reconciliation package is to present the documented “As Is” state of the FBWT Reconciliation process. This package will attempt to present that the Marine Corps and DFAS have established consistent and sustainable business processes that promote reporting of accurate, timely, and relevant financial information to Marine Corps leadership and external entities.

This package shows the Marine Corps processes, procedures, and key controls implemented and used to reconcile the Fund Balance with Treasury from the transaction level details resident in the core accounting system, the Standard Accounting, Budgeting and Reporting System (SABRS), through the Defense Departmental Reporting System (DDRS), to the balance reported per US Treasury. For the purposes of this package, only the processes and procedures used to reconcile the FBWT are presented. This package is intended to present Marine Corps’ confidence in its’ own documented, sustained, and repeatable processes and

procedures for the reconciliation of FBWT.

The scope of this package includes the business processes, systems and procedures that are utilized during the FBWT Reconciliation. The processes and procedures documented are as of 10/01/07 through 12/31/07.

Re-performance Methodology

In order to gain an understanding of the processes and procedures employed during the fund balance with treasury reconciliation process, re-performance efforts were performed to include inquiry, observation and analysis. The purpose of the tasks was to determine if the Fund Balance with Treasury and supporting reconciliations were being performed in accordance with the documented operating procedures and to ascertain whether adequate supporting documentation was being maintained. The following procedures were performed on the FY 08 Q1 Fund Balance with Treasury Reconciliation and Report 8. (Refer to Tab C for detailed procedures and results):

Re-performance of Reconciliation. This task was performed to confirm the procedures performed in the reconciliation process. Additional procedures were performed to confirm the Report 8 process.

Journal Voucher Analysis. This task was performed to determine if data quality errors exist within the population of journal entries and adjustments related to fund balance with treasury and if appropriate supporting documentation exists for each journal voucher.

Crosswalk Compliance. This task was performed to determine if the DDRS Balance sheet and Statement of Budgetary Resources crosswalk comply with the Treasury Crosswalks.

Process Validation Checklists. This checklist was created to confirm the procedures performed for USMC Fund Balance with Treasury Reconciliation, and to identify the process owners, documentation maintained, and required approvals.

DDRS-B Undistributed Adjustment Analysis. This task was performed to determine if the DDRS-B undistributed adjustment was supported by the Report 8 reconciliation.

Concluding Comments

The Fund Balance with Treasury Reconciliation package that follows presents the 'as-is' state of the Marine Corps by first detailing the Marine Corps General Fund Reporting Entity (Tab A), next explaining the Fund Balance with Treasury Segment and the procedures, processes and controls currently in place (Tab B), next the package explains the re-performance efforts (Tab C) and then introduces the reader to source documents used in those re-performance efforts (Tab D) the package also includes system documentation (Tab E) and audit reports (Tab F) , and lastly a remediation action plan to guide this effort (Tab G).

This package and the documentation contained within attempts to present the current state of the Fund Balance with Treasury Reconciliation. It will highlight the steps that the Marine Corps has made towards achieving a reconciled Fund Balance with Treasury account and also present an awareness of limitations and areas of improvement.