

United States Marine Corps General Fund Reporting Entity

The United States Marine Corps was established on 10 November 1775 to provide security to naval vessels, boarding parties, and to conduct limited land engagements in support of naval operations. During the 20th century, the Marine Corps pioneered the concept of close air support and developed the doctrine of amphibious operations that became vital during the island hopping campaigns in the Pacific during World War II. After the war, Congress codified the roles and missions of the Marine Corps in the National Security Act of 1947. The Marine Corps' missions include:

- Seizing or defending advanced naval bases and to conduct such land operations as may be essential to the prosecution of a naval campaign
- Providing detachments and organizations for service in armed vessels for the Navy or for the protection of naval property on naval stations and bases
- Developing with the other Armed Forces, tactics, techniques, and equipment employed by landing forces in amphibious operations
- Training and equipping, as required Marine forces for airborne operations
- Developing with other Armed Forces, doctrine, procedures, and equipment of interest to the Marine Corps for airborne operations which are not provided for by the Army
- Expand from peacetime components to meet the needs of war in accordance with mobilization plans.

To support its core mission, the Marine Corps receives distinct General Fund Appropriations and the fiduciary responsibilities for the proper execution of those funds. The Marine Corps General Funds are Congressional appropriations to include military personnel, operations and maintenance, and procurement. The Marine Corps, which has been designated as a reporting entity within the Department of Defense (DoD), maintains accountability for its appropriated General Funds' and shared appropriations provided by the Department of the Navy (DoN).

The Statement of Federal Financial Accounting Concepts, Number 2, *Entity and Display*, states that reporting entities are entities that issue general-purpose financial statements to communicate financial and related information about the entity. The Marine Corps meets the following criteria, as required by the statement to be designated as a reporting entity:

There is a management responsible for controlling and deploying resources, producing outputs and outcomes, executing the budget or a portion thereof (assuming that the entity is included in the budget), and held accountable for the entity's performance.

The entity's scope is such that its financial statements would provide a meaningful representation of operations and financial condition.

There are likely to be users of the financial statements who are interested in and could use the information in the statements to help them make resource allocation and other decisions and hold the entity accountable for its deployment and use of resources.



The tables below detail the stand-alone General Fund appropriations for which the Marine Corps has sole-responsibility and the General Fund appropriations shared with the DON:

Appropriation Number	Name	FY08 Funds (\$000)
17-1105	Military Personnel, Marine Corps	\$ 10,362,899
17-1106	Operation and Maintenance, Marine Corps	\$ 9,503,206
17-1107	Operation and Maintenance, Marine Corps Reserve	\$ 260,351
17-1108	Reserve Personnel, Marine Corps	\$ 586,454
17-1109	Procurement, Marine Corps	\$ 4,569,406

Table 1. Stand-Alone General Fund Appropriations

Appropriation Number	Name	FY08 Funds (\$000)
17-1319	Research and Development, Test and Evaluation, Navy and Marine Corps	\$ 766,730
17-1508	Procurement of Ammunition, Navy and Marine Corps	\$ 839,229
17-0735	Family Housing, Navy and Marine Corps	\$ 41,503

Table 2. Shared General Fund Appropriations

The appropriations received support the daily operations, equipping, and sustainment of the Marine Corps to meet its mandated missions. These funds support the major types of expenses incurred by the Marine Corps for mission support. An example of this support is reflected below:

Expense Category	Appropriation	Supported Activity
Labor	17-1105	Active Duty Military Personnel
	17-1108	Reserve Military Personnel
	17-1106	Civilian Personnel
Travel	17-1105	Military Permanent Change of Station (PCS)
	17-1106	Temporary Duty Travel
	17-1107	Temporary Duty Travel
Procurement and Contract Support	17-1106	Purchase Support Services, Maintenance, & Material
	17-1107	Purchase Support Services, Maintenance, & Material
	17-1109	Purchase Military Equipment
	17-1319	Research and development of new equipment
Supply	17-1106	Purchase of Consumable Supplies & Materials
	17-1106	Purchase of Consumable Supplies & Materials
	17-1508	Purchase of Ammunition

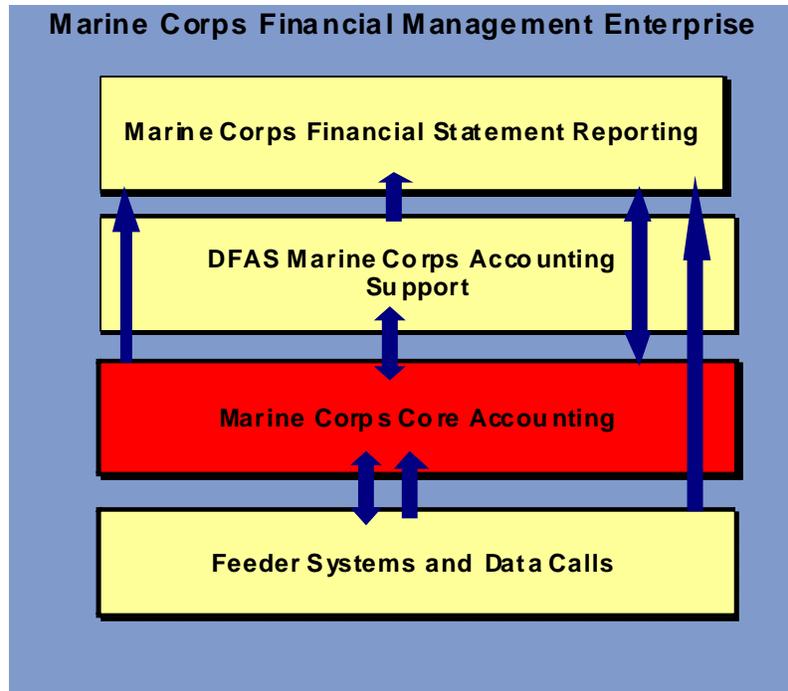
Table 3. Appropriations Supporting Major Expense Categories

In support of its mission, the Marine Corps has built a Financial Management Enterprise that provides the Commandant and supporting leadership with accurate and timely financial information and helps to ensure accountability and transparency of Marine Corps financial management and data. The Marine Corps Financial Management Enterprise is discussed in more detail below.



Marine Corps Financial Management Enterprise

The Marine Corps Financial Management Enterprise is composed of 4 layers. These layers consist of the Feeder systems and Data Call layer, the Marine Corps Core Accounting layer, the Defense Finance and Accounting Service (DFAS) Accounting Support layer, and the Marine Corps Financial Statement Reporting layer. The diagram below depicts each layer of the Marine Corps Financial Management Enterprise.



The sections below detail the Marine Corps Financial Management Enterprise layers in more detail and show the flow of data through each layer starting with Feeder Systems and Data Calls and ending with the creation of the Marine Corps Financial Statement Reports.

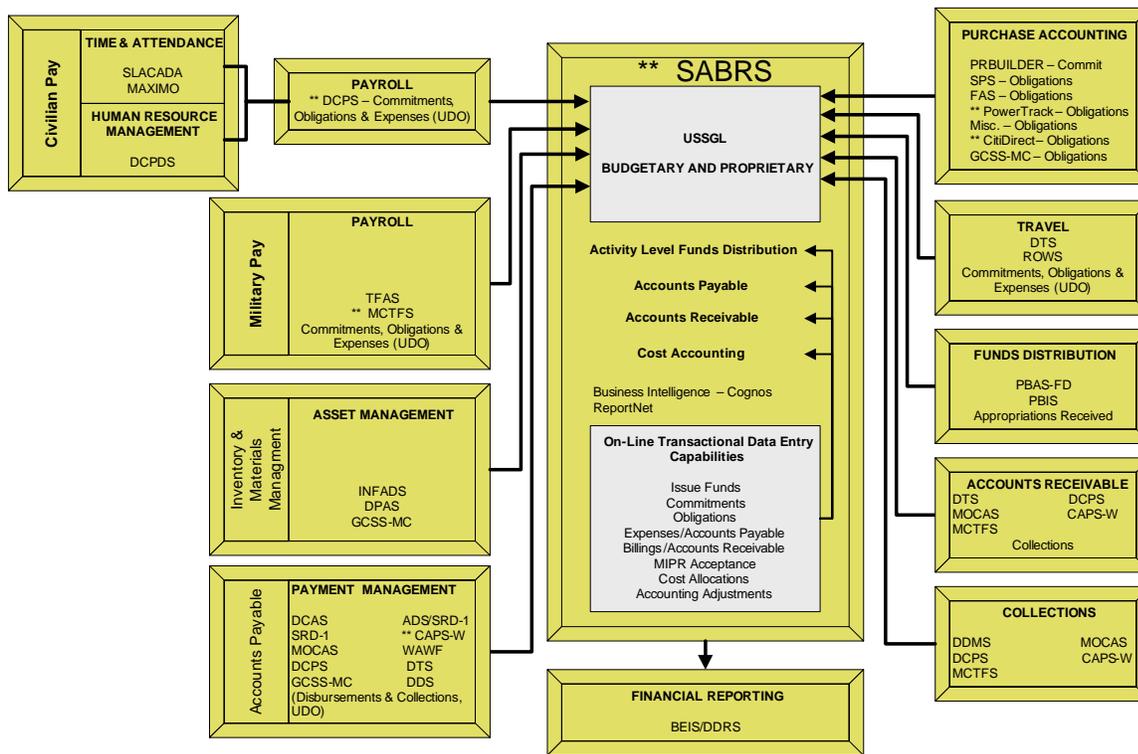
Feeder Systems and Data Calls

The Marine Corps Financial Management Enterprise begins with the Feeder Systems and Data Calls layer, discussed in detail below.

Feeder Systems

The Marine Corps enterprise consists of various feeder systems that interface and share financial transactional data with the Marine Corps accounting system. The core accounting system used by the Marine Corps for all general fund appropriations is the Standard Accounting, Budgeting and Reporting System (SABRS). These feeder systems provide direct input to and/or receive direct output from SABRS and are displayed in the graphic below.





** SAS 70 or FISIO Testing Completed

Marine Corps Systems Environment – Tier 1

Of the feeder systems that interface with SABRS, 21 are considered Tier 1 feeder systems. Tier 1 feeder systems are those systems that provide input to SABRS through an interface. Of these Tier 1 systems, seven systems are considered “critical” because they have the highest transaction volume and dollar value for recording detail source transactions and obligations into SABRS. The seven critical feeder systems are: Marine Corps Total Force System (MCTFS), Defense Civilian Payroll System (DCPS), Defense Travel System (DTS), PR-Builder, Standard Procurement System (SPS), Wide Area Work Flow (WAWF), and Supported Activities Supply System (SASSY).

- **MCTFS** – The integrated personnel and pay system supporting both the active and reserve component of the Marine Corps and personnel management for retired Marines. MCTFS maintains more than 500,000 records for pay and personnel management for the production of essential management reports. MCTFS provides input and receives output from SABRS utilizing File Transfer Protocol (FTP).
- **DCPS** – The designated system to record and report civilian time and attendance and process bi-weekly payroll and entitlements for Civilian Marines supporting assigned Marine Corps missions.
- **DTS** – A secure Web-based system used for creating, approving, and settling temporary duty travel orders. This is the mandated DoD travel system for use by military and civilian employees.



- **PR-Builder** – Electronically generates and routes purchase requests and funding documents. PR builder creates electronic requisitions and tracks the workflow and approval chains for each purchase request. PR Builder sends real time data to both SABRS and SPS via the Universal Interface (UI). SABRS also transmits information to PR Builder. The data that is transmitted between the two systems consists of requests for financial commitments, responses containing financial commitment information, and contract award information.
- **SPS** - A broad, commercial software package designed to meet the acquisition needs of the Marine Corps. The application supports procurement functions including source solicitation and selection; awarding, modifying, terminating, and closing out contracts; approving contractor payment requests; and monitoring and approving payments. SPS provides a unidirectional input to SABRS utilizing SFTP. SPS does not receive data/information from SABRS.
- **WAWF** – A secure Web-based system for electronic invoicing, receipt and acceptance. It provides the technology for government contractors and authorized Department of Defense (DoD) personnel to generate, capture, and process receipt and payment-related documentation, via an interactive Web-based application. WAWF provides a unidirectional input to SABRS utilizing Secure File Transfer Protocol (SFTP). WAWF does not receive data/information from SABRS
- **SASSY** – The primary data source for out-of-stores assets within the Marine Corps and the system of record for inventory custody (on hand) of out-of-stores retail held assets. SASSY provides the “retail” supply accounting functions such as stock replenishment, requirement determination, receipts, inventory, stock control, and asset visibility for Marine Corps units. SASSY has been designated a Legacy system to be replaced by Global Command Support System (GCSS) in Fiscal Year (FY) 09.

Data Calls

The Marine Corps enterprise also consists of Data Call information, which is financial data collected by another agency or department that is significant to the information reflected on the Marine Corps financial statements. Marine Corps data call information can be internal (data call information from within the Marine Corps) or external (data call information from an outside agency).

Internal data call information is data from Marine Corps logistics, inventory, or accountability systems that do not interface with SABRS. This financial data is collected within the Defense Department Reporting System - Data Collection Module (DDRS-DCM). The Marine Corps’ Accounting and Financial Systems Branch (RFA) enters all data call information into DDRS-DCM. DFAS retrieves this data and prepares manual journal vouchers to account for the information within the Defense Department Reporting System – Audited Financial Statements module (DDRS-AFS). DDRS-AFS is discussed in detail in Section 1.2.3.

External data call information is data from the following outside agencies: Office of Personnel Management; Department of Labor; Department of Navy (DON); The U.S. Army Corps of Engineers; DFAS-Kansas City; DFAS-Indianapolis and DFAS-Columbus. Examples of external data calls include employment benefit expenses, FECA expenses, and unemployment expenses. There are 53 external data calls to the Marine Corps in total. This data is retrieved and reviewed by DFAS. DFAS then accounts for this information by creating manual journal vouchers in the DDRS-AFS system. DDRS-AFS is discussed in detail in Section 1.2.3.



Marine Corps Core Accounting

Transactions are transmitted from the various Tier 1 feeder systems into SABRS. SABRS accounts for all U.S. Marine Corps funds throughout the appropriation life and contains financial data from the installation level up to Headquarters, Marine Corps (HQMC). SABRS was designed to meet fiduciary standards established by the Government Accountability Office, Office of Management and Budget (OMB), United States Treasury Department, and the Department of Defense (DoD). SABRS, in its operational state, has been independently tested and reviewed in accordance with OFFM (JFMIP) standards. SABRS provides a proven, modern, compliant government owned accounting system that meets and provides the following:

- Incorporates the Business Transformation Agency (BTA) template
- Transaction driven USSGL
- Independently assessed and compliant with FFMR (Blue Book)
- JFMIP tested in configured operational environment
- Substantially meets requirements of the FFMIA for core accounting systems
- Business intelligence (made to order reports via COGNOS REPORTNET)
- Data structure compliant with phase 1 SFIS requirements
- Online general ledger update
- Batch general ledger transaction update for multiple source feeder systems
- Table driven
- Individual command and agency level trial balance reports
- Real-time contingency cost reporting cost of war and natural disasters
- DDRS-B trial balance feed
- Daily Departmental Reports to include 1002, 133, etc. with drill down capability to the detail transaction level
- Daily Balance Sheet and Statement of Budgetary Resources with drill down capability to the detail transaction level
- Transactional or summary feeds to BEIS

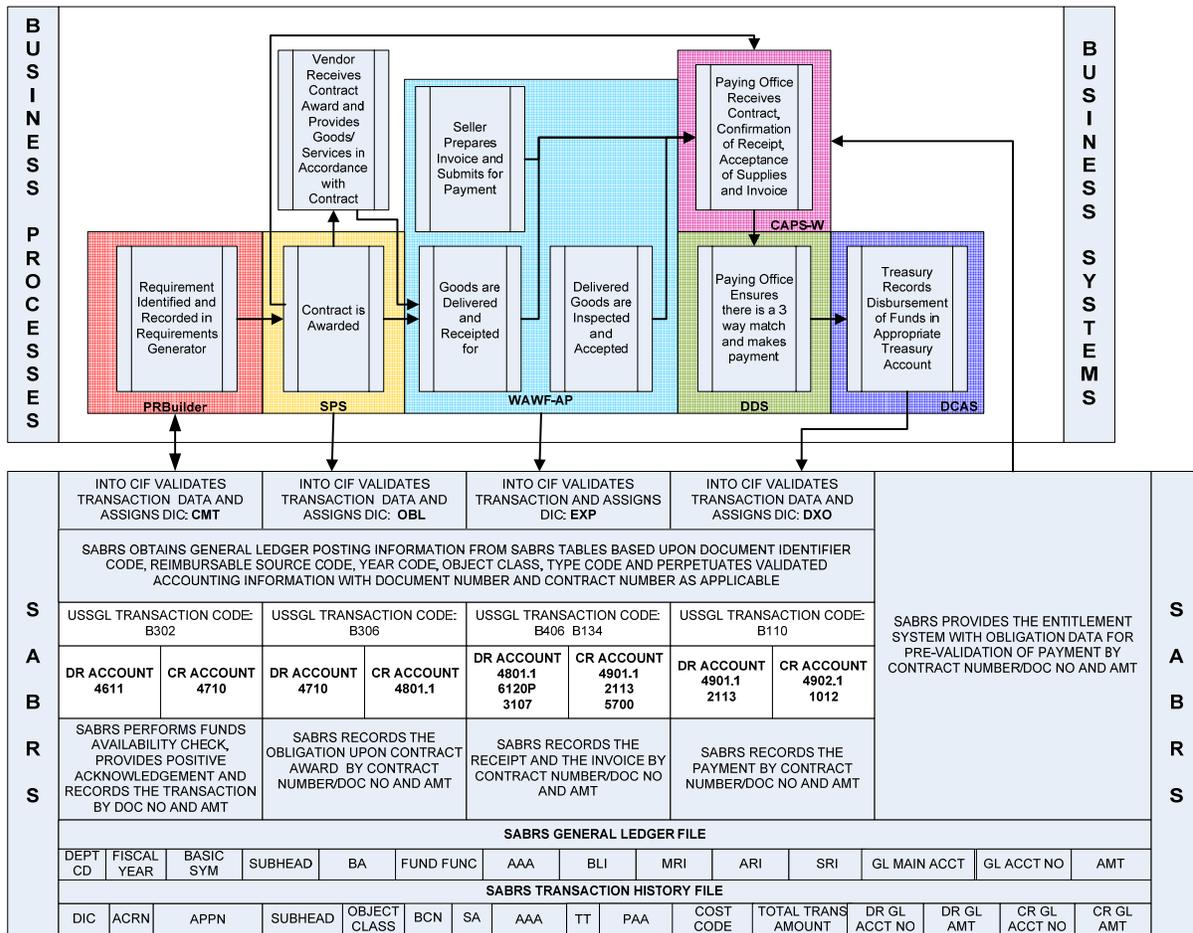
After the Marine Corps receives its apportioned funds from the DON, the appropriation authority is loaded into SABRS and distributed. Commands receive funding and then commitments, obligations, expenses, and liquidations are processed in SABRS based on source documents processed to obtain goods and services. In addition to the financial transactions entered directly into SABRS, SABRS interfaces with multiple feeder systems to receive and send transactional data. All financial transactions from feeder systems and direct entries into SABRS are recorded in the SABRS general ledger accounts. These



transactions form the basis for preparing fiscal year Financial Statements reflecting the Marine Corps' financial position.

SABRS and Feeder System Control Environment

Over 90% of detail source financial transactions are processed into SABRS from a business feeder system. These transactions will post the proper phase of the transaction cycle (i.e. commitment, obligation, expense, and liquidation) and update the appropriate USSGL accounts for budgetary and proprietary accounting. The below chart illustrates the interaction of SABRS and business feeder systems in the contract acquisition process:



Business Systems to SABRS Transaction Linkages for Contract Acquisition Process

- **Commitment Phase** - In the Contract Acquisition process, the program manager enters their requirements into PR Builder. The appropriate approval process is performed and the transaction is passed to SABRS for fund availability verification. If funds are available, SABRS passes PR Builder positive acknowledgement and processes a commitment. The appropriate budgetary USSGL accounts are updated to reflect this transaction. If funds are not available, SABRS passes a negative acknowledgement and does not process the commitment nor will PR Builder pass the requirement to the contracting system of SPS.



- **Obligation Phase** – The approved and authorized PR Builder requirement is passed to SPS and the regional contracting office for action. Once the contract is awarded, SPS passes the contract information to SABRS. SABRS obligates the transaction to include recording the Procurement Instrument Number (PIN) and Contract Line Item Number(s) (CLIN) associated with the award. The appropriate budgetary USSGL accounts are updated. The contract information is electronically passed to WAWF and the entitlement payment system.
- **Expense Phase** – Upon the delivery of goods and services, the vendor will process the invoice into WAWF. The program manager accepts the goods and services and provides positive receipt confirmation in WAWF. The expense transaction is then processed into SABRS with the appropriate budgetary and proprietary USSGL accounts being updated. WAWF electronically passes the invoice and receipt information to the entitlement payment system to process the liquidation.
- **Liquidation Phase** – SABRS provides the entitlement system with obligation data for pre-validation of payment. Upon electronic receipt of the vendor invoice, government acceptance, and verification of the obligation, DFAS will process payment. The payment transaction is processed to SABRS with the appropriate USSGL accounts being updated.

For each of the detail transactions processed from the business feeder systems to SABRS, the General Ledger and Transaction History Files are updated within SABRS. The information contained in these files is passed daily to BEIS and DDRS for update of Marine Corps General Fund activity.

DFAS Accounting Support

DFAS supports the Marine Corps by providing accounting services to include retrieval of the Marine Corps financial data from SABRS, importing data call information into DDRS-AFS, and creating the Marine Corps financial statements.

To provide Marine Corps accounting support, DFAS utilizes DDRS, a web-based system and the sole reporting system used for preparing the Marine Corps financial reports. Data Call information is loaded directly into DDRS and SABRS general ledger account records are transmitted through the system interface. Two modules of DDRS, the Budgetary Module (DDRS-B) and the Audited Financial Statements Module (DDRS-AFS) standardize the Marine Corps reporting process and produce the quarterly and annual departmental reports based on the United States Standard General Ledger (USSGL). These modules are described briefly below.

DDRS-B

The Marine Corps produces budgetary reports in DDRS-B. The trial balance is produced from the SABRS general ledger file and imported into DDRS-B. DDRS-B is used to balance budgetary accounts and produce budgetary reports. DFAS compiles and uploads the Marine Corps Trial Balance from SABRS into the DDRS-B application and records adjustments, generates reports, and attaches footnotes.

DDRS-AFS

The trial balance from DDRS-B is uploaded into the DDRS-AFS and manual journal vouchers are entered in DDRS-AFS to account for data call information. The Marine Corps financial statements are produced in DDRS-AFS by consolidating financial data and footnote information reported in the individual DoD components. After review by DFAS, the Marine Corps Audited Financial Statements are consolidated into Marine Corps Statements.



Marine Corps Financial Statement Reporting

Using DDRS tools, the Marine Corps produces the financial statements in coordination with DFAS. These financial statements are produced in DDRS-AFS and reflect the financial standing of the Marine Corps including General Fund financial activity and the results of operations. The complete financial statement package includes the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

The Marine Corps financial statements are prepared by (1) producing a trial balance from the final SABRS general ledger file, (2) adjusting the general ledger file, (3) preparing budgetary submissions in DDRS-B and, (4) preparing financial statements in DDRS-AFS.

Internal Control Infrastructure

Throughout each of the four Marine Corps Financial Management Enterprise layers, several standard business processes and controls are performed. The standard processes support the core Marine Corps mission and the controls help to promote accuracy, completeness, and reliability of financial data used by the Commandant and supporting leadership. The sections below detail the Marine Corps Standard Business Processes and Controls performed throughout the Marine Corps enterprise.

Marine Corps Standard Business Processes

The Marine Corps performs the following standard financial business processes throughout each layer of the Marine Corps Financial Management Enterprise:

- Authorizations
- Commitments
- Obligations
- Expenses
- Liquidations
- Reimbursable work orders
- Billings
- Collections
- Un-liquidated obligations
- Outstanding travel orders
- Problem disbursements
- Travel card reconciliation
- Reconciliation
- Miscellaneous

Given the many business processes supported by SABRS and the complexity of its various feeder systems and data calls, the Marine Corps internal control infrastructure is essential to help ensure accuracy and reliability of financial management data.

Marine Corps Control Environment

The Marine Corps Control environment consists of preventive and detective controls over financial statement compilation, general ledger, and feeder systems. The Marine Corps also employs other management, or non-system controls, to streamline financial management processes and improve personnel financial management skills.

Internal control activities and monitoring efforts are performed outside of the SABRS application and include performance reporting, reconciliation, analysis, and inspections. For the Marine Corps, the internal control environment largely consist of management oversight and monitoring activities and reports for the Accounting and Financial Systems Branch (RFA) and the Marine Corps Financial Evaluation and Analysis team (MCFEAT). The table below identifies several monitoring and control activities that further supplement an already robust internal control posture and demonstrates the Marine



Corps' commitment to maintaining a positive and supportive attitude towards internal controls and a conscientious management in this regard.

Category	Controls	Purpose
<p>“Deadly Sin” reports (SABRS performance reports)</p>	<ul style="list-style-type: none"> • Abnormal Accounts Payable Report • Abnormal Accounts Receivable Report • Abnormal Undelivered Order Report • Negative Unliquidated Obligations (NULO) Report • Outstanding Travel Advances Report • Unmatched Disbursements Report • Spending Errors Report • Invalid Transaction Recording Source Report • DCPS LOA/Fund Code Mismatch Report • Pre-Validation Failures Report • Missing Trading Partner Data Report • Interest Penalty Payments Report • Outstanding Military Interdepartmental Purchase Requests (MIPRs)/Work Requests (WR) All Years Report 	<p>Enable RFA to identify errors or abnormalities, segmented by various Marine Corps Commands</p>
<p>Tri-Annual Review and Post Analysis</p>	<ul style="list-style-type: none"> • Tri-Annual Review process • Tri-Annual Review Post Analysis Reports (Dormant Transactions, Outstanding Travel Documents, Outstanding Accounts Receivables, Unmatched Disbursements) 	<p>Enable RFA and MCFEAT to determine how well field activities are recording commitments and obligations.</p>
<p>MCFEAT Inspections and Reports</p>	<ul style="list-style-type: none"> • Annual Assessment of Command Financial Procedures (Balanced Scorecard) • Prompt Payment Act Interests Report • WAWF Electronic Commerce Efficiency Report 	<p>Enable MCFEAT to evaluate financial management business practices and oversee financial management to improve the accuracy and timeliness of financial information recording and reporting.</p>
<p>Standard Operating Procedures</p>	<ul style="list-style-type: none"> • MCO 7300.21, Marine Corps Financial Execution Standard Operating Procedure Manual • MCO 7300, Draft Chapter 10, Reconciling Abnormal Financial Transactions • Tri-Annual Review User Navigation Guide • SABRS and Reportnet Access, SABRS Help, and System Change Request Standard Operating Procedure • SABRS Authorization Processing and Spending Transaction Processing 	<p>Aid financial personnel in generating and reviewing, reconciling, and resolving errors detailed in the SABRS performance reports</p>
<p>Training and Tools</p>	<ul style="list-style-type: none"> • Web-Based Training • Marine Corps Financial Management School 	<p>Provide personnel with knowledge needed to perform their duties including identifying and correcting erroneous transactions found in the “Deadly Sin” reports.</p>

Table 4. Marine Corps Environmental Controls



Compensating Controls

Compensating controls are controls that are used to provide an additional layer of assurance. For instance, an example would include the data sent between interfaces, entered into SABRS, and transmitted between SABRS and its feeder systems. These controls seek to assure accurate and reliable processing and security and privacy of data as well as the validity of entries in SABRS from manual and automated processing. The table below describes the current Marine Corps compensating controls where a systems impact exists.

Automated Controls

Category	Controls	Purpose
Data Validation and Edit Checks	<ul style="list-style-type: none"> Required Fields Data Definitions Record Deletion Warning Deletion General Ledger Check 	Provide data validation and edit checks to reduce the risk of invalid, inaccurate, and incomplete data. These controls are intended to force users to enter valid data into SABRS.
Controls over Interfaces from External Systems	<ul style="list-style-type: none"> Data Validation Error Handling Reconciliations 	Determine if files provided from external systems, containing transactions records to be processed in SABRS, are in the correct format to post the transactions in SABRS.

Table 5. Marine Corps SABRS Compensating Controls

Manual Controls

Category	Controls	Purpose
Daily Transaction Reconciliation	<ul style="list-style-type: none"> Reconcile transactions from daily cycle against supporting documentation 	Provide transaction validation to reduce the risk of invalid, inaccurate, and incomplete data. These controls are intended to force users to enter valid data into SABRS.
Tri-Annual Review	<ul style="list-style-type: none"> Validation of all Dormant Transactions, Outstanding Travel Documents, Outstanding Accounts Receivables against the supporting documentation. 	To validate and confirm that only valid transactions are recorded in the accounting system for the correct amount.
Year-end Certification of Commitments and Obligations	<ul style="list-style-type: none"> Fund Holder certification that all Obligations are properly supported 	Validate that supporting documentation are available

Table 6. Marine Corps Manual Compensating Controls

The Marine Corps maintains a complex financial management enterprise for its General Funds comprised of various business processes, internal controls, and systems. This enterprise was created to provide leadership with accurate, reliable, and timely reporting of financial information to facilitate efficient and effective managerial decision-making. The use of environmental, compensating, and non-systems controls has promoted the achievement of accountability and transparency within the complex Marine Corps financial management enterprise.

