

Fund Balance with Treasury

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Defense Finance and Accounting Service

Fund Balance with Treasury Defined

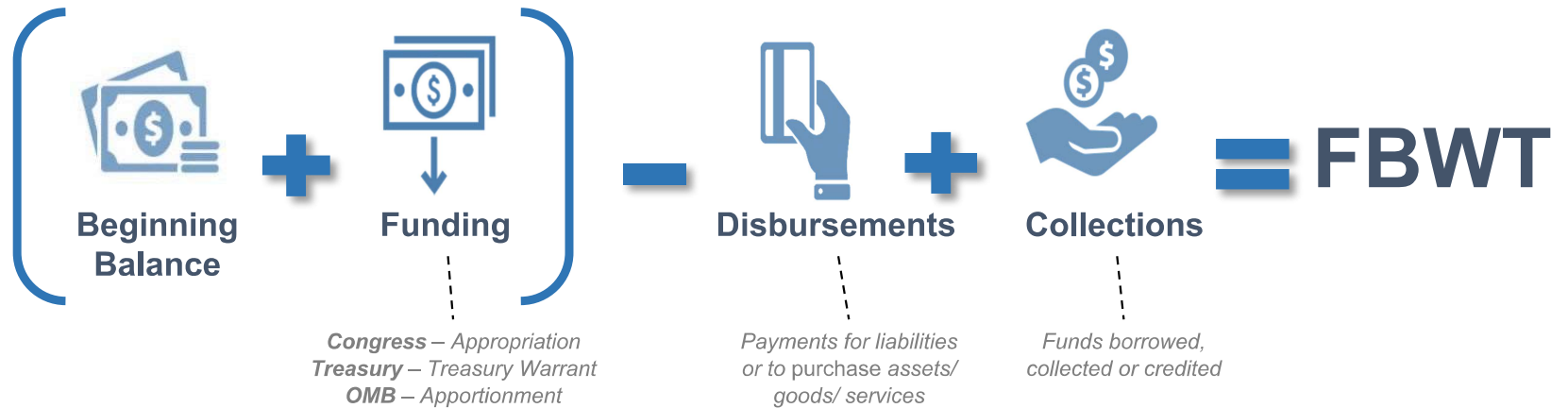
The Fund Balance with Treasury (FBwT) account is an asset account representing the future economic benefit of monies that an agency can spend for authorized transactions.

Source: Treasury Financial Manual, Vol 1 Part 2, Ch 5100 Supplement

Fund Balance with Treasury Defined

CASH

Fund Balance with Treasury Equation



INCREASED BY



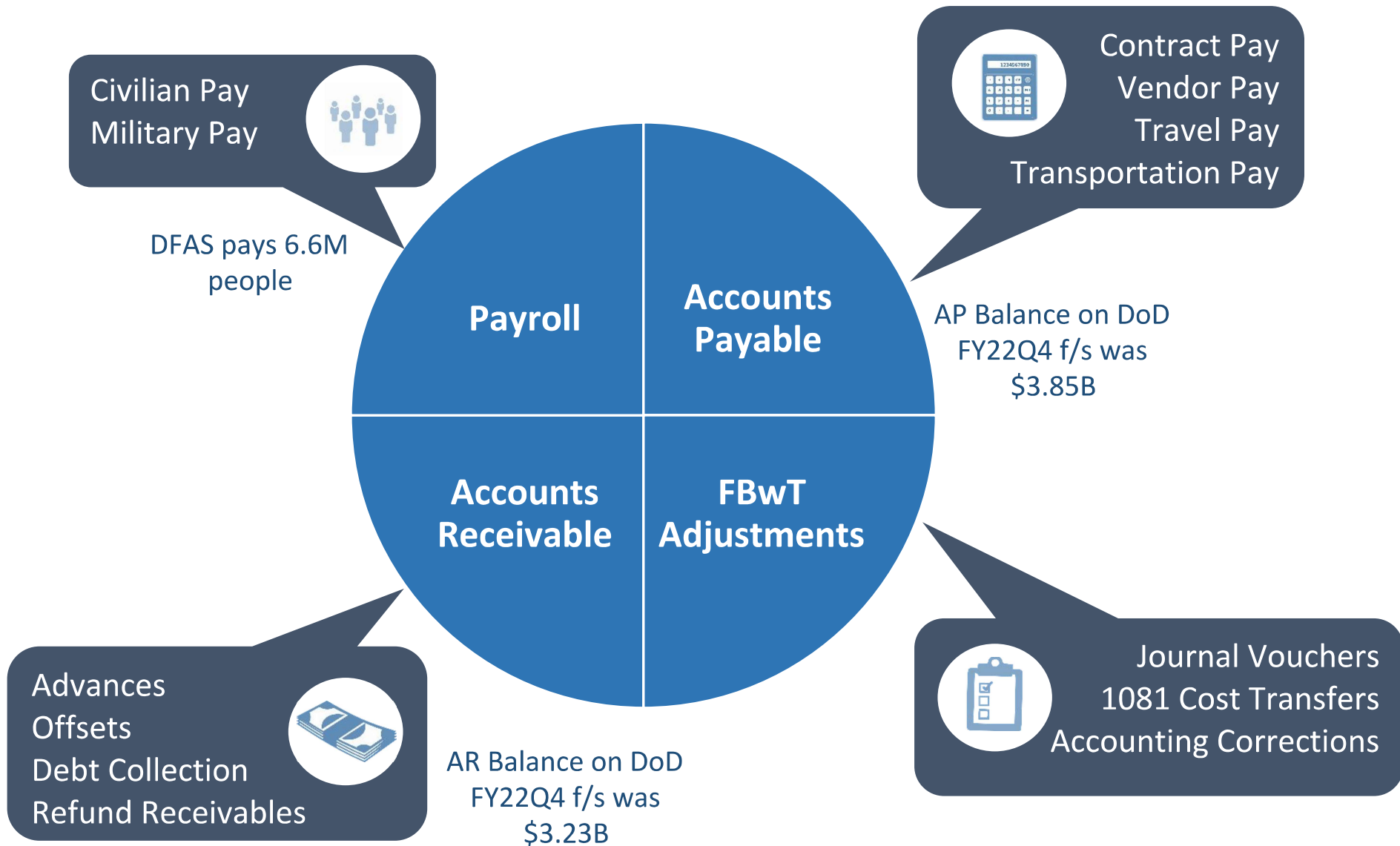
- Collecting transfers and reimbursements
- Borrowed, collected, and credited amounts to appropriation or fund accounts that entity is authorized to spend or offset expenditures
- Receiving appropriations, re-appropriations, continuing resolutions, restorations, and allotments

DECREASED BY



- Disbursements made to pay liabilities or to purchase assets, goods, and services
- Investments in U.S. securities
- Cancellation of expired appropriations
- Transfers and reimbursements to other federal/non-federal entities
- Rescission of appropriations

Business Events Impacting Fund Balance with Treasury



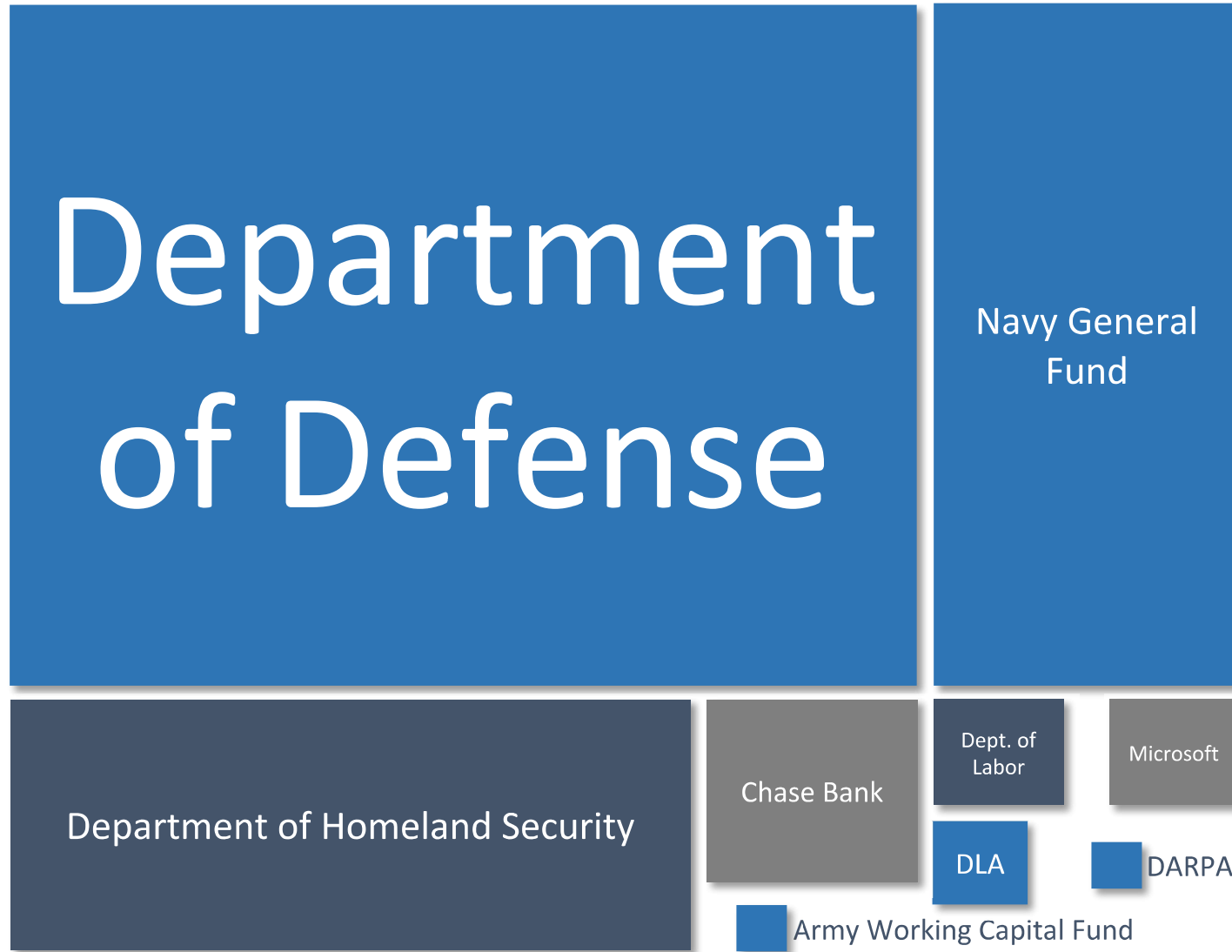
**List is not all inclusive*

Fund Balance with Treasury Polling Question #1

What was the FY22 Q4 DoD
Fund Balance with Treasury line item amount?

- A. \$923 B
- B. \$692 B
- C. \$408 B
- D. \$1 M - *said in a Dr. Evil accent (Austin Powers reference)*

Fund Balance with Treasury Comparison



Number Crunch



Fund Balance with Treasury Complexities

The DoD Agency-Wide financial statements is a consolidation of financial activities of over

50

DoD reporting entities

The DoD's assets are located on approximately

4,600 sites,

across **40** countries

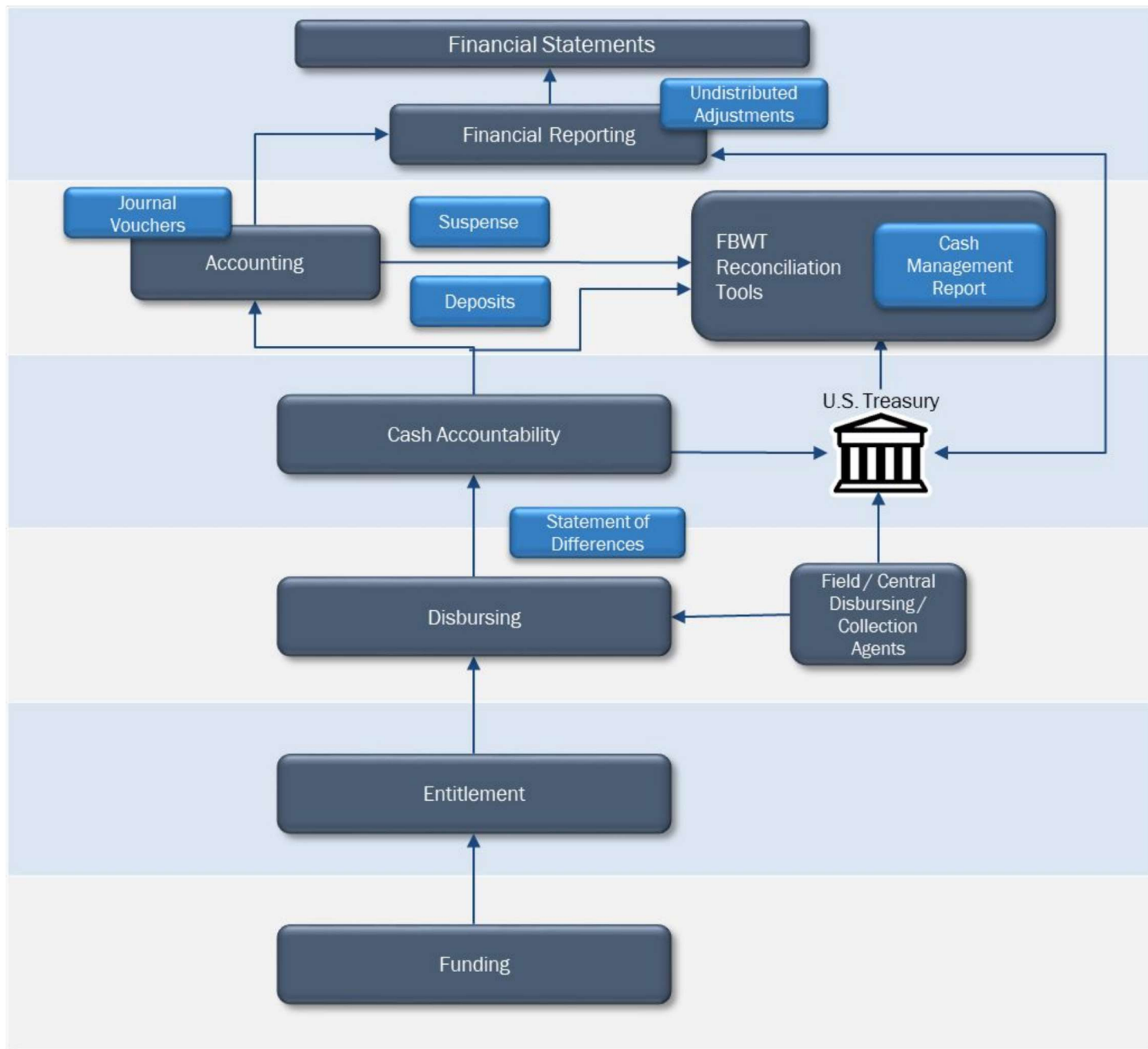
and all **50** states.

The DoD spending accounts more

than **10%** of the U.S. federal government spending and nearly

50% of the U.S. federal government discretionary spending.

Fund Balance with Treasury High Level Overview



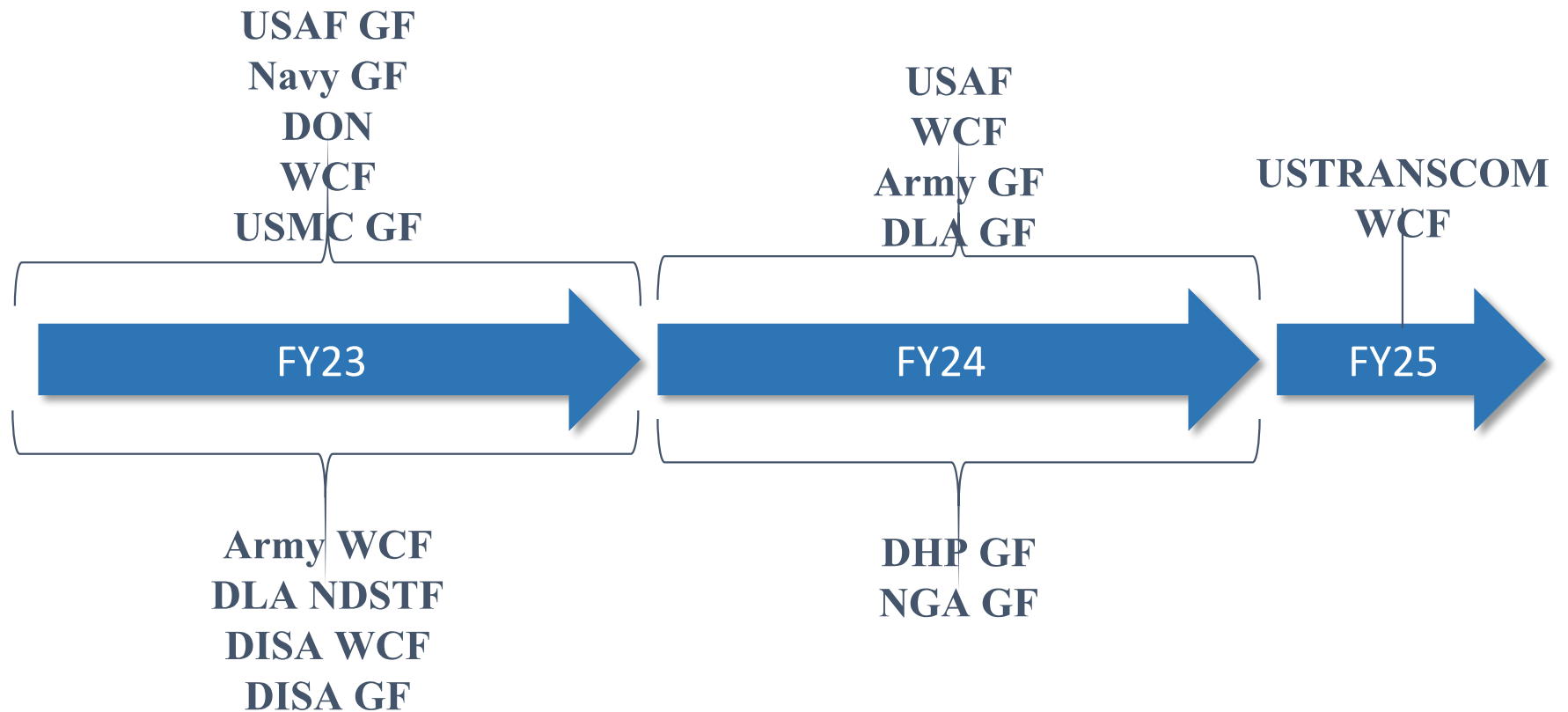
Monkey Problems



FBwT Material Weakness Downgrade Roadmap*

Material Weakness Defined

A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. – GAO FAM



*Per OSD Compiled FY23 Component Audit Roadmap Submissions

Fund Balance with Treasury Polling Question #2

How does the DoD monitor its
FBwT Material Weakness downgrade progress?

- A. FBwT Material Weakness Scorecards
- B. Pop quizzes
- C. With binoculars
- D. Weather balloons with GoPro cameras attached

FBwT Material Weakness Scorecard



DoD FBWT - Quantitative MW Criteria Scorecard FY23 Q1 (December 2022)

Risk Measurements							
Total FBwT \$	Control Deficiency < 1%		Significant Deficiency 1% - 3%		Material Weakness > 3%		
Q4 FY22: \$692.94 B	< \$6.93 B		\$6.93 B - \$20.79 B		> \$20.79 B		
Assertion Measures	Suspense (ABS)	SoD (ABS)	CMR (ABS)	Undistributed (Net ITD)	JVs	Deposit Fund	Total
Aged Goal > 60 Days	≤ 2%	≤ 1%	≤ 25%	≤ 10%	N/A	N/A	N/A
Rights & Obligations (Aged Balance)	30.94% \$327.55 M	3.77% \$29.08 M	54.37% \$225.33 M	99.32% \$258.37 B \$260.15 B	N/A	Wave 1 ECD Sep 23 Wave 2 ECD TBD	\$258.96 B
Total Goal % of FBwT \$	≤ 0.5%	≤ 0.25%	≤ 1%	≤ 1%	0%	N/A	< 3%
Accuracy & Valuation (Overall Balance)	0.15% \$1.06 B	0.11% \$771.15 M	0.06% \$414.43 M	1.21% \$8.41 B	0.98% \$6.81 B	Wave 1 ECD Sep 23 Wave 2 ECD TBD	2.52% \$17.46 B

Additional Assertion Measures						
	Suspense	SoD	CMR	Undistributed	JVs	Deposit Fund
Existence (UoT)	✓	✓	✓	FY24 Q1	✓	Partially Developed
Completeness (UoT)	✓	✓	✓	FY24 Q1	✓	Partially Developed
Presentation and Disclosure (Methodology)	✓	✓	FY23 Q3	FY24 Q1	✓	✓

Does not represent all FBWT Reconciliations

Risk Measurements based on GAO FAM Audit Planning standards

Undistributed Aged % = Sum of net aged undistributed at each level divided by total net undistributed. Negative % results are absolved.

Undistributed Overall % = DDRS-B Net ITD Absolved divided by total FBWT



Fund Balance with Treasury Materiality Assessments

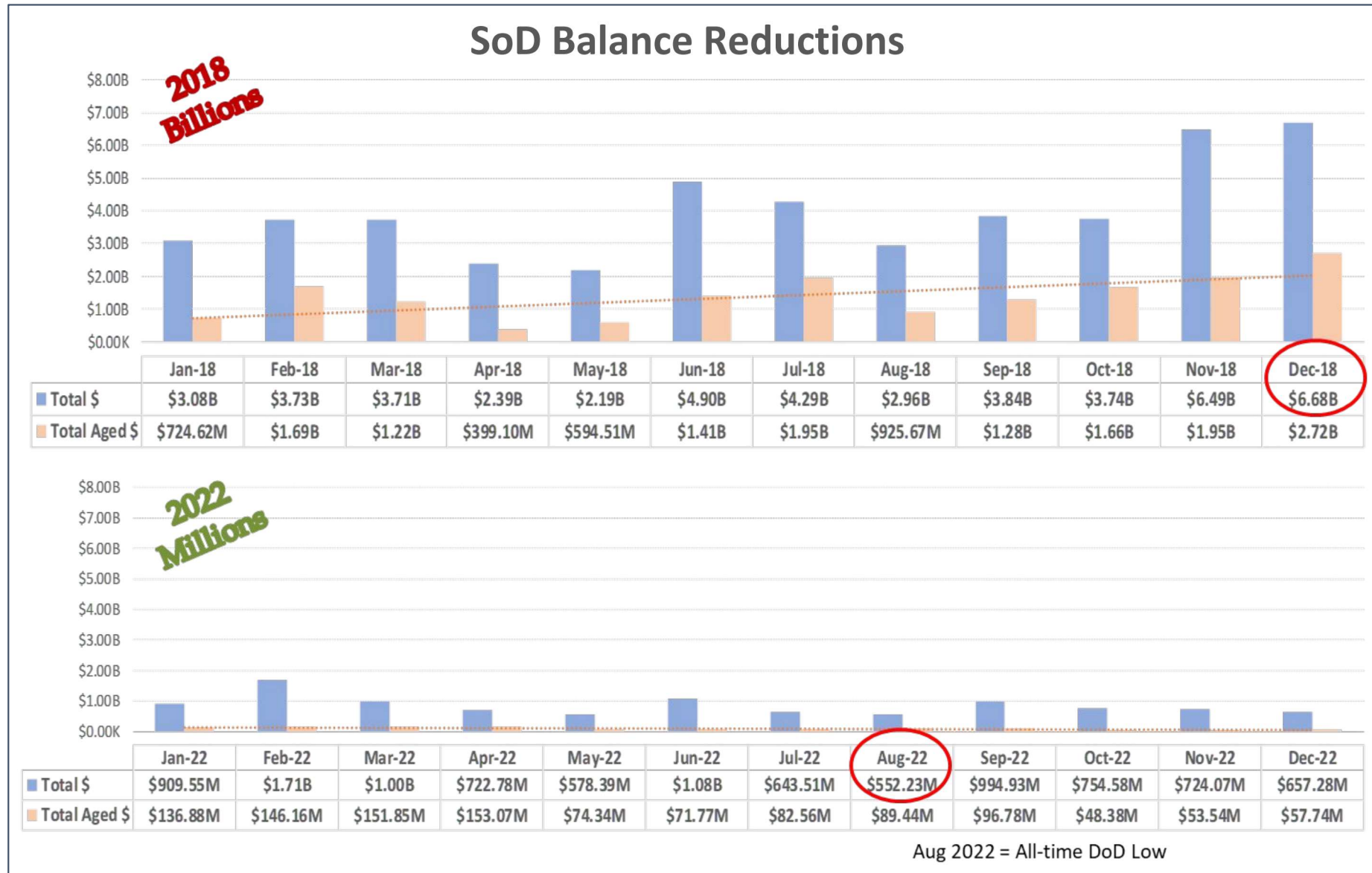


Fund Balance with Treasury Polling Question #3

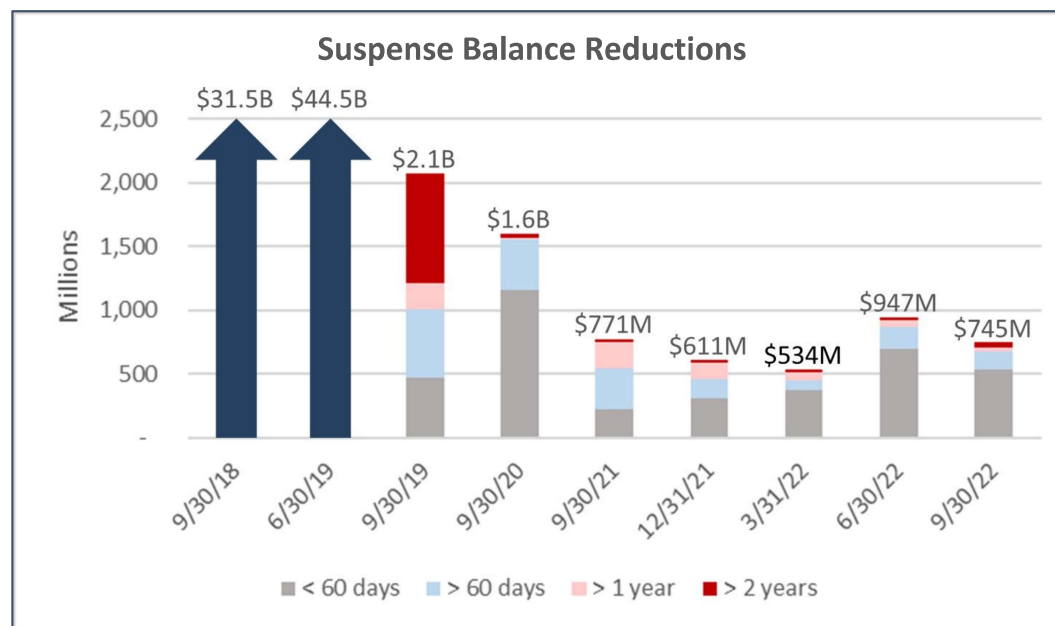
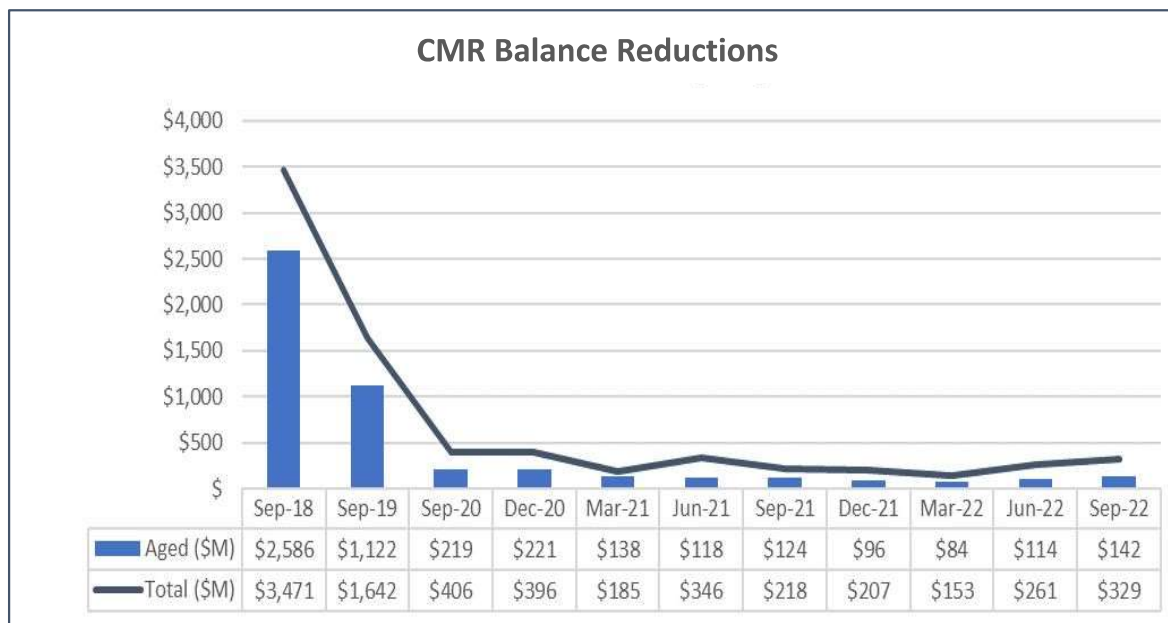
What is one way the DoD reduces FBwT risk?

- A. Creating effective internal controls
- B. By increasing risk in other areas
- C. We can't tell you, it's Top Secret
- D. Require employees to use their birthday wish on reducing FBwT risk

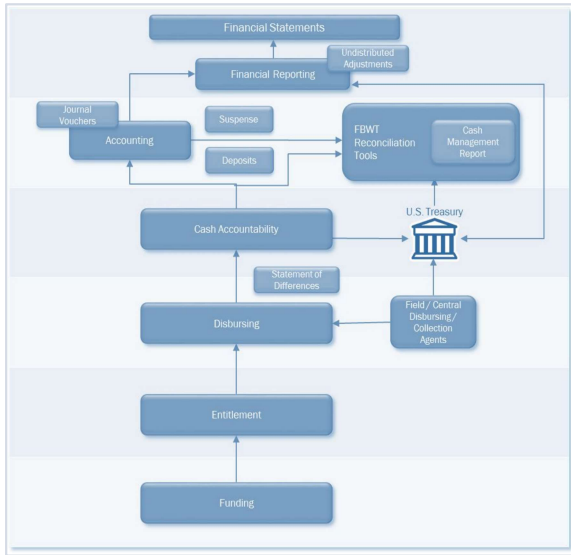
Fund Balance with Treasury Risk Reductions



Fund Balance with Treasury Risk Reductions cont.



Future of Fund Balance with Treasury Audit Efforts



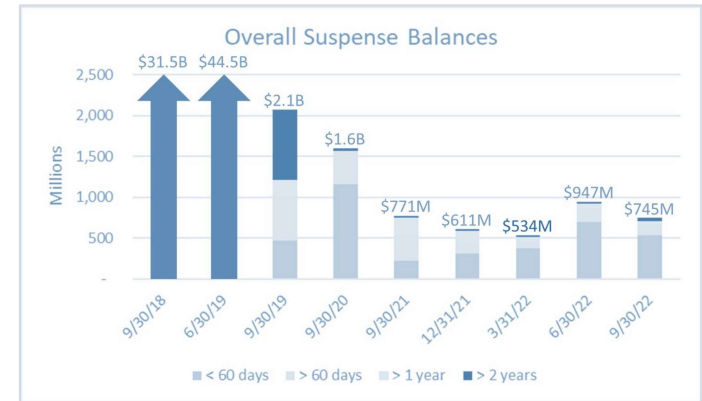
DoD FBWT - Quantitative MW Criteria Scorecard
FY23 Q1 (December 2022)

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Undistributed Overall % = GDMS # Net ITD Absolute divided by total FBWT

Integrity · Service · Innovation



Material Weakness Downgrade

Questions and Contact Info.

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