



TRICARE  
MANAGEMENT  
ACTIVITY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
HEALTH AFFAIRS

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JUN - 5 2013

*Handwritten: Hrd 27 Jun 13*

MEMORANDUM FOR THE CHIEF FINANCIAL OFFICER, US ARMY MEDICAL  
COMMAND  
DEPUTY CHIEF FOR RESOURCES MANAGEMENT/  
COMPTROLLER, NAVY BUREAU OF MEDICINE  
AND SURGERY  
CHIEF FINANCIAL OFFICER, AIR FORCE MEDICAL  
SERVICE  
DIRECTOR, TRICARE FINANCIAL OPERATIONS DIVISION  
VICE PRESIDENT FINANCE AND ADMINISTRATION,  
UNIFORMED SERVICES UNIVERSITY OF HEALTH  
SCIENCES  
EXECUTIVE DIRECTOR ADMINISTRATIVE OPERATIONS,  
JOINT TASK FORCE NATIONAL CAPITAL REGION  
MEDICAL COMMAND

SUBJECT: Standardized Budget, Financial Accounting, and Common Managerial Cost  
Structure

Unique financial accounting systems and managerial cost coding structures in Military Health System (MHS) data cause deficiencies in information management that drive challenges such as a) labor intensive reconciliations for consolidation of MHS cost related transactions; b) limited or non-existent access to complete information for managerial decision making; c) data quality risks due to human error in applying or comparing dissimilar cost structures; d) complex interfaces and manual processes that inhibit timely and efficient information sharing; and, e) inconsistent budget execution and expenditure reporting as visible in the Medical Expense & Performance Reporting System (MEPRS) data.

Our intent is to move in a strategic manner to align cost accounting structures and related business rules to successfully reflect consistency, completeness and transparency in terms of MHS expenditures and costs data and to improve the auditability of the cost data used to support MHS leadership decision making and information management. A key initiative supporting our migration to consistent financial reporting is establishing standard nomenclature in budget and execution systems. Key to our ability to achieve standard nomenclature is ensuring accuracy and standardization within the Medical Expense Performance Reporting System (MEPRS).

In order to facilitate implementation of Standard Financial Information Structure compliant Enterprise-wide Resource Planning systems, and to support implementation of the Standard Nomenclature policy directed by the Secretary of Defense (SECDEF) memorandum (attached) "*Standard Nomenclature in Budget and Execution Systems*" dated March 6, 2012, the Office of the Chief Financial Officer (OCFO) is working to standardize budget, financial and managerial cost accounting policy and procedures. The Common Cost Accounting Structure

effort currently underway will directly support the SECDEF's standardization policy by following the budget submission standardization with standardized execution reporting in our financial and managerial cost accounting systems and data. Ultimately, the Standard Nomenclature for the Defense Health Program should be consistent from the President's Budget submission all the way down through a Common Cost Accounting Structure for expenditure reporting.

In order to lay the foundation for success, we must ensure uniform and synchronous reporting of workload and expenses through our MEPRS data (i.e., execute and report the same activities in the same Budget Activity Groups (BAGs) and Program Element Codes. This letter serves as notice that the OCFO will begin working with the Military Service Departments and the Joint Task Force-National Capitol Region through the MEPRS Management Improvement Group and the Resource Management Steering Committee to identify and resolve MEPRS reporting variances to ensure all organizations in the MHS uniformly report expenditures and workload data.

My point of contact for questions about the Standard Nomenclature Memorandum is Ms. Lisa Garay, Director of Financial Studies. She can be reached at (703) 681-4635 or by email at [Lisa.Garay@tma.osd.mil](mailto:Lisa.Garay@tma.osd.mil). My point of contact for questions related to the common cost accounting structure effort is Mr. Patrick Wesley, Director, MEPRS. He can be reached at (703) 681-3492 or by email at [Patrick.Wesley@tma.osd.mil](mailto:Patrick.Wesley@tma.osd.mil).



Allen W. Middleton, SES  
Chief Financial Officer  
Office of the Chief Financial Officer

Attachments:  
As stated

cc:  
ARMY MEDCOM MMIG Members  
ARMY MEDCOM RMSC Members  
NAVY BUMED MMIG Members  
NAVY BUMED RMSC Members  
AIR FORCE MEDICAL SERVICE MMIG Members  
AIR FORCE MEDICAL SERVICE RMSC Members  
JTF NCR, MMIG Members  
JTF NCR, RMSC Members



COMPTROLLER

UNDER SECRETARY OF DEFENSE

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MAR 6 2012

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
COMPTROLLER, THE JOINT STAFF  
COMPTROLLER, U. S. SPECIAL OPERATIONS COMMAND  
COMPTROLLER, OPERATIONAL TEST AND EVALUATION  
COMPTROLLERS OF THE DEFENSE AGENCIES  
COMPTROLLERS OF THE DOD FIELD ACTIVITIES

SUBJECT: Standard Nomenclature in Budget and Execution Systems

The purpose of this memorandum is to establish policy for the components to use standard nomenclature for budget line items to improve the linkage of the budget, the funds control system, and the accounting system within the Department of Defense (DoD). The use of standard nomenclature will improve overall funds control and execution reporting. This policy will be incorporated into the next update of the DoD Financial Management Regulation.

The Standard Financial Information Structure establishes DoD's financial management data structure, defining the budget line item. Within that structure, standard nomenclature is also important, defining for example the standard number and title for an individual line item. DoD's standard nomenclature is established in our President's Budget request, which is developed from the DoD Comptroller Information System and the DoD Program Resources Collection Process.

The Enterprise Funds Distribution (EFD) system was developed to provide visibility of funds distributed throughout DoD and to streamline and modernize the DoD's funds distribution process. The EFD nomenclature is the Department's interpretation of congressional action on the Defense and Military Construction Appropriations bills. The EFD nomenclature is available at <https://guidanceweb.ousdc.osd.mil/efd.aspx>.

Currently, the line items described in the Accounting Report (Monthly) (AR(M))1002 Appropriation Status report do not align with the same line items in EFD because of truncation and abbreviation of nomenclature. Components should validate program values and nomenclature in their systems with those in EFD, the SF-133 Statement of Budgetary Resources, and the AR(M) 1002 reports on a monthly basis and make corrections, as needed. Our goal is to

have these reports match each month. As budgets continue to be constrained, we must have a consistent, accurate picture of our resources. Questions regarding budget execution and EFD in this memorandum may be directed to Ms. Sulema Gaughran, (703) 697-0024, [Sulema.Gaughran@osd.mil](mailto:Sulema.Gaughran@osd.mil) and Ms. Stefanie Pryor, (703) 614-6462, [Stefanie.Pryor@osd.mil](mailto:Stefanie.Pryor@osd.mil).



Robert F. Hale

cc:  
Director, Defense Finance and Accounting Service