

CHAPTER 4
DOE ACCOUNTING STRUCTURE, ORGANIZATION, AND SYSTEMS

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I. INTRODUCTION

I.A. Purpose

This chapter provides an overview of the Department of Energy's (DOE or Department) financial and accounting organizational structure and its primary accounting system and related financial systems.

As prescribed in Public Law 101-576 the *Chief Financial Officers (CFO) Act of 1990 (CFO Act)* and DOE Order 520.1B (current version) *Financial Management and Chief Financial Officer Responsibilities*, the CFO is to direct, manage, and oversee financial management personnel, activities, and operations. Establishing an effective financial organization structure is essential for fulfilling these responsibilities. Section II of this chapter provides an overview of DOE's accounting organization structure, to include contractor responsibilities for accounting and cost reporting.

The CFO Act and DOE Order 520.1B (current version) also requires the CFO to develop and maintain an integrated agency accounting and financial management system. Section III of this chapter provides an overview of DOE's financial management system structure.

I.B. Applicability

This chapter applies to all Departmental elements and integrated site/facility management contractors. The chapter also applies to nonintegrated site/facility management contractors when specified by contract.

I.C. Key Accounting Requirements

- I.C.1.** To maintain a reliable, complete, and verifiable accounting system based on the accrual method of accounting in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities as established by the Federal Accounting Standards Advisory Board (FASAB), and internal control standards [31 U.S.C. 902(a)(3)(A)];
- I.C.2.** To ensure accurate and timely reporting of financial information consistent with the requirements specified by the Office of Management and Budget (OMB), applicable instructions provided by the U.S. Treasury Department, and other relevant statutory requirements;
- I.C.3.** To ensure proper funds control so that funding is used for the appropriate purpose, within the available timeframe, while staying within the available amount (i.e. ensure that obligations and payments do not exceed funds appropriated by Congress);
- I.C.4.** To ensure that integrated contractors' accounting practices conform with GAAP, contain sufficient details to account for all

DOE funds, assets, liabilities, revenues/reimbursements and costs; produce accurate results; provide the necessary DOE financial reports; and comply with the standards of the Cost Accounting Standards Board, as implemented by DOE policy in the Chapter 15 series of the Financial Management Handbook (Handbook).

II. ACCOUNTING STRUCTURE AND ORGANIZATION

II.A. System of Accounts

DOE uses the U.S. Standard General Ledger (SGL) chart of accounts which is consistent with U.S. Treasury requirements and GAAP.

Table 1: SGL Chart of Account Summary

SGL Chart of Accounts	
100000	Assets
200000	Liabilities
300000	Net Position
400000	Budgetary
500000	Revenue and Other Financing Sources
600000	Expenses
700000	Gains/Losses/Miscellaneous Items
800000	Memorandum
900000	Agency specific

The Department's detailed SGL account codes, definitions, and related financial codes are maintained by the CFO Office of Finance and Accounting (CF-10).

Although a uniform classification of accounts is prescribed for DOE elements, each Power Marketing Administration (PMA) and the Federal Energy Regulatory Commission (FERC) may have a chart of accounts based on its own requirements (See sections II.F. and II.G.). Integrated contractors (discussed in section II.D) also maintain their own set of accounts, but those accounts crosswalk to DOE's system of accounts.

II.B. Accounting Objectives

II.B.1. Proprietary Accounting

Within the Department's SGL chart of accounts is a self-balancing set of proprietary accounts. Proprietary accounts are used to account for the assets, liabilities, revenues, expenses, and other accounting information in DOE's primary accounting

system, the Standard Accounting and Reporting System (STARS).

Proprietary account information from the various entities within DOE is consolidated and summarized for the Department's financial statements, and other external reporting.

II.B.2. Budgetary Accounting

Within the SGL chart of accounts, DOE also has a self-balancing set of budgetary accounts (i.e. the 400000 series of accounts). Budgetary accounts are used to control budgetary resources throughout their lifecycle consistent with appropriations law and direction provided by the U.S. Treasury and OMB.

Budgetary account information is consolidated for the financial statements and other external reporting. STARS contains both proprietary and budgetary accounting data.

II.B.3. Cost Accounting

Cost accounting serves the information needs of management by capturing the costs associated with DOE activities.

DOE's standard accounting system, STARS, does not perform detailed cost accounting, however, the system contains information on the total costs incurred against separately funded DOE activities. STARS provides Department-level cost information for DOE's financial statements as required by GAAP and OMB Circular A-136 *Financial Reporting Requirements*.

The cost of DOE activities includes relevant contract costs. DOE contractors follow contract Cost Accounting Standards (48 Code of Federal Regulations Chapter 99) when assigning contract costs to separately funded DOE activities. Chapter 15.1 of the *Financial Management Handbook*, "DOE Application of Contractor Cost Accounting Standards," includes additional information on contractor cost accounting practices.

II.C. DOE Roles and Responsibilities

Roles and responsibilities for DOE Accounting are specified in DOE Order 520.1B (current version), *Financial Management and Chief Financial Officer Responsibilities*.

II.D. Integrated Contracting Model

II.D.1. Contract Requirements

Many DOE site/facility management contracts contain the integrated accounting contract clause (48 CFR 970-5232-8). The clause requires the contractor's financial management system to be integrated with DOE's accounting.

The current list of contracts requiring integrated accounting is specified in the site/facility management contract list maintained by the DOE Office of Acquisition Management within the Office of Management.

II.D.2. Operational Relationship with DOE

The integrated contractors develop financial and accounting data supporting their management and operation of DOE laboratories, plants, and sites. The operational relationship has the following characteristics:

- II.D.2.i.** The contractor has limited financial risk,
- II.D.2.ii.** The contractor ensures the proper use of public funds,
- II.D.2.iii.** The contractor must maintain a separate set of accounts and records for recording and reporting all business transactions under its DOE Contract; and
- II.D.2.iv.** The contractor maintains accounts integrated with DOE reciprocal accounts that conform to GAAP, produce accurate results, and provide the necessary DOE financial data.

Contractors must maintain documentation that substantiates and reconciles with the financial information reported to DOE. Records substantiating DOE financial reporting must be retained consistent with General Records Schedule (GRS) 1.1. As required by GRS 1.1, records relating to DOE assets and liabilities must be retained until 2 years after the asset is disposed of or the liability is removed from DOE's financial statements. Supporting documentation must be available in a timely manner for DOE inspection and external audits.

II.D.3. Detailed Contractor Reporting Requirements

Integrated contractors provide monthly trial balances for upload into DOE's primary accounting system (STARS) consistent with the detailed instructions and templates developed by CFO Office of Finance and Accounting.

All reported information must be consistent with DOE accounting requirements as specified in the Handbook.

II.D.4. Contractor Costs and Institutional Cost Reporting

The integrated accounting information provided in the contractors' monthly trial balances and uploaded into the DOE primary accounting system (STARS) does not provide cost breakdowns for integrated contractors by major elements such as labor, materials, and indirect costs for individual efforts

executed by contractors. Such lower levels of cost detail are contained in each contractor's individual accounting system.

Integrated contractors must provide separate reporting on costs by function (e.g. maintenance, utilities) through annual institutional reports, consistent with current requirements specified by the CFO Office of Finance and Accounting.

II.E. NNSA Financial Management Integration Reporting

II.E.1. Overview

The National Nuclear Security Administration (NNSA) has established a financial management integration reporting structure to meet the cost reporting requirements of section 3128 of the National Defense Authorization Act for Fiscal Year 2014 (FY 2014 NDAA) (P.L. 113-66) and section 3113 of the FY 2017 NDAA (P.L. 114-328).

Section 3123 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263) requires the Deputy Chief Financial Officer to determine standardized indirect cost elements to be reported by management and operating contractors that receive funds to perform work for NNSA, to include contractors managed by other DOE offices.

The CFO Act also charges the CFO to establish an integrated agency accounting and financial management system that provides for the development and reporting of cost information (31 U.S.C. 902 (a)(3)(D)(ii)). DOE-wide support for NNSA financial management integration reporting is consistent with the statutory objectives of the CFO Act.

II.E.2. Reporting Requirement

Not later than October 1, 2025, all DOE management and operating contractors performing work for NNSA must report cost information on a monthly basis in the cost execution financial integration system known as CostEX. Cost reporting must be provided for all NNSA-funded activities, except for the activities of the Joint Navy/DOE Naval Nuclear Propulsion Program.

Specific data reporting requirements are specified in the CostEX system, consistent with the objectives defined in NNSA Policy (NAP) 412.1, *Financial Integration*. Indirect cost reporting must conform to the data elements and structures defined in the CostEX system. Conformity does not require a modification to the management and operating contractor's disclosed indirect cost model (i.e., conformity can be achieved by the contractor performing a crosswalk between its disclosed indirect cost model and the data elements and structures in the CostEX system).

II.E.3. Reconciliation with Financial Accounting Information

Contractor costs reported in the CostEX system must reconcile with the financial accounting information reported by contractors in STARS (see II.D.3 of this policy regarding the monthly financial accounting reporting requirements). This reconciliation is performed through a series of upfront edits in CostEX that produces errors if the costs being reported do not agree with STARS and will not allow upload in CostEX until errors are resolved.

II.E.4. Protection of Proprietary Information

Financial management integration cost data reported by contractors may include proprietary information regarding the contractor's cost accounting practices. To protect contractor proprietary information, access to detailed-level financial management integration data is limited to Federal employees with a need to access the information.

NNSA must establish appropriate controls and procedures to ensure the protection of contractor proprietary information when reporting financial management integration cost data.

II.F. Nonintegrated Contractors

Nonintegrated contractors may be required to provide information that directly supports DOE financial reporting relating to DOE assets and liabilities, including contractor pension and benefits plans reported as DOE assets and liabilities and DOE's environmental liabilities. (See the Contractor Requirements Document contained in DOE Order 520.1B (current version)).

Nonintegrated contractors performing activities relevant to DOE financial reporting must retain records relating to DOE assets and liabilities until 2 years after the asset is disposed of or the liability is removed from DOE's financial statements. This allows DOE to comply with the requirements of General Records Schedule (GRS) 1.1. Supporting documentation must be available in a timely manner for DOE inspection and external audits.

Designated Financial Officers (DFO) specify specific financial reporting and accounting requirements applicable to nonintegrated contractors on a contract-by-contract basis and provide instruction on the tailored applicability of the Handbook as appropriate.

II.G. Power Marketing Administrations (PMAs)

PMAs are consolidation entities within the DOE financial reporting community that provide summary-level accounting information to the CFO Office of Finance and Accounting. The Office of Finance and Accounting maintains procedures for submitting this data consistent with financial reporting requirements. The PMAs' information is provided monthly for upload into the DOE primary accounting system (STARS).

The Western Area Power Administration (WAPA), the Southeastern Power Administration (SEPA), and the Southwestern Power Administration (SWPA) perform their primary accounting in compliance with GAAP for Federal entities as promulgated by FASAB. The Bonneville Power Administration (BPA) performs its primary accounting in a manner consistent with the accounting standards issued by the Financial Accounting Standards Board (FASB) and allowed per Statement of Federal Financial Accounting Standard (SFFAS) 34 *Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, and SFFAS 47 *Reporting Entity*.

II.H. Federal Energy Regulatory Commission (FERC)

FERC is an independent agency within DOE that regulates the interstate transmission of electricity, natural gas, oil, and hydropower. While DOE has limited authority over FERC's business operations, FERC is a consolidated federal reporting entity for DOE. FERC's information is consolidated into the DOE primary accounting system (STARS).

III. ACCOUNTING AND RELATED FINANCIAL MANAGEMENT SYSTEMS

III.A. Overview

The CFO Act of 1990 and DOE Order 520.1B (current version) prescribe that the CFO must develop and maintain an integrated agency accounting and financial management system.

The CFO Office of Corporate Business Systems (CF-40) Corporate Business Systems (CBS) Program consolidates and integrates Department-wide systems and business processes to integrate financial, budgetary, procurement, personnel, program, and performance information.

The CBS Program is supported at the core by a central data warehouse that links common data elements from each of the Department's business systems and supports both external and internal reporting.

The CBS Program portfolio includes enterprise-wide systems initiatives such as those presented in Table 2 in Section III.B. below.

III.B. Table 2: Summary of Key Financial Management Systems

System	Description	Link to STARS
Standard Accounting and Reporting System (STARS)	STARS is the Department's financial management system, providing accounting, reporting, and performance measurement services. STARS is DOE's official accounting and reporting system that produces information for DOE's annual financial statements and is linked to the U.S. SGL. STARS is the foundation for linking budget formulation, budget execution, financial accounting, financial reporting, cost accounting, and performance measurement.	N/A
Budget Formulation and Distribution System (BFADS)	BFADS is DOE's budget execution and formulation system that distributes appropriated funds throughout the Department and contains appropriate Congressional and administrative controls. It is also used for budget planning.	Records and sends to STARS Budgetary Accounting activities: Apportionments, Allotments, Pre-Allocations, and Allocations.
Strategic Integrated Procurement Enterprise System (STRIPES)	STRIPES is the department's procurement, financial assistance, and contracts system.	Captures Commitments and Obligations at the contract level.
Vendor Inquiry Payment Electronic Reporting System (VIPERS)	VIPERS allows government vendors to enter invoices electronically.	Interfaces invoices into STARS for payment.
Financial Accounting Support Tool (FAST)	FAST allows DOE personnel to review and approve invoices electronically and record adjustments to monthly cost accruals.	Delivers approvals for the payment of invoices to STARS and monthly cost accrual adjustments.
Concur/Electronic Travel System 2 (ETS2)	Concur is DOE's web-based travel management service.	Captures travel obligations, receipts, and payments.
Corporate Human Resource	CHRIS is a portal to access a variety of human capital resources.	Captures all Human Resource actions, including those impacting

System	Description	Link to STARS
Information System (CHRIS)		payroll, and sends that information to DOEInfo, which interfaces with STARS.
DOEInfo	DOEInfo is a repository of information relating to the DOE federal workforce, including Personnel, Payroll, Salary, and Benefits information.	Updates STARS workforce, banking, and payroll information.
Integrated Data Warehouse (IDW)	IDW is a corporate enterprise system integrating financial, budgetary, procurement, personnel and program information. It is a central data warehouse that links common data elements from each of the Department's corporate business systems and serves as a "knowledge bank" of information about portfolios, programs or projects including budget execution, accumulated costs, performance achieved, and critical milestones met.	Uses data from STARS and other systems for analysis, and review.
Budget and Reporting Code System (BARC)	BARC is the Departmental system for creating and routing budget and reporting (B&R) codes used for formulation, execution, and reporting on budget activities.	B&R codes (9-digit alpha numeric code) used in BFADS are translated into the program value (7-digit numeric code) in STARS.
DOE Payment and Collection System (DOEPAC)	DOEPAC is DOE's internal payment and collection system which enables transfers of funds for inter-entity transactions between DOE and its integrated contractors, as well as, transactions between integrated contractors.	DOE-PAC transfers are captured in STARS as part of month-end accounting processes.
Learning Nucleus*	Learning Nucleus is the Department's learning management system for the administration and reporting of federal employee training.	Training obligations processed through Learning Nucleus interface with STARS.

*Learning Nucleus is a system managed and maintained by the Office of the Chief Human Capital Officer not by the CBS Program. The CBS Program assists as needed with the interface between Learning Nucleus and STARS.

IV. DEFINITIONS

IV.A. Consolidation Entity

A separately organized unit within DOE whose financial data is captured as part of DOE's consolidated financial statement reporting, and other external financial reporting.

IV.B. Departmental Element

A separately organized unit within DOE, consistent with the current DOE Organizational Structure. For purposes of the DOE accounting structure, the following represent Departmental Elements:

- The joint Navy/DOE Naval Nuclear Propulsion Program, which is organizationally a component of the National Nuclear Security Administration.
- The Federal Energy Regulatory Commission (FERC), which operates independently of DOE management direction.

IV.C. Integrated Contractor

An integrated contractor is required by contract to maintain a separate set of accounts for capturing the DOE contract activity with those accounts being integrated with DOE's accounts through using reciprocal accounts. Integrated contracts contain the Integrated Accounting contract clause (48 CFR 970-5232-8).

IV.D. Site/Facility Management Contractor

A contractor that manages DOE program objectives in conjunction with operating a DOE-owned facility such as a national laboratory. The current list of site/facility management contracts is maintained by the DOE Office of Acquisition Management.

V. ACRONYMS AND ABBREVIATIONS

BFADS	Budget Formulation and Distribution System
CFO	Chief Financial Officer
CHRIS	Corporate Human Resource Information System
DEAR	Department of Energy Acquisition Regulation
DFO	Designated Financial Officer
DOD	Department of Defense
DOE	Department of Energy

FASB	Financial Accounting Standards Board
FASAB	Federal Accounting Standards Advisory Board
FAST	Financial Accounting Support Tool
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GRS	General Records Schedule
IDW	Integrated Data Warehouse
Interior	Department of Interior
OMB	Office of Management and Budget
PMA	Power Marketing Administration
SGL	Standard General Ledger
STARS	Standard Accounting and Reporting System
STRIPES	Strategic Integrated Procurement Enterprise System
VIPERS	Vendor Invoicing Portal and Electronic Reporting System

SUBJECT: LIMITED CHANGE TO CHAPTER 4, *DOE ACCOUNTING STRUCTURE, ORGANIZATION, AND SYSTEMS*

1. EXPLANATION OF CHANGES: This change primarily documents contractor requirements to: a) maintain supporting documentation that substantiates and reconciles with financial information provided to DOE, and b) provide that information to DOE and auditors in a timely manner when requested. This change explicitly states these existing requirements given audit findings from the fiscal year 2024 DOE financial statement audit citing inadequate supporting documentation for financial amounts.
2. LOCATIONS OF CHANGES: Substantive limited changes made throughout the document are summarized in the following chart.

Page	Section	Section Title	Summary
4-5	II.D.2.iv	Integrated Contracting Model - Operational Relationship with DOE	Adds language to explicitly state existing requirements that contractors should be maintaining supporting documentation for financial data provided to DOE and be able to provide that documentation to DOE and auditors in a timely manner when requested. The language also cites requirements from the General Records Schedule 1.1 regarding how long to retain documentation.
4-6	II.F	Nonintegrated Contractors	Adds language to explicitly state existing requirements that contractors should be maintaining supporting documentation for financial data provided to DOE and be able to provide that documentation to DOE and auditors in a timely manner when requested. The language also cites requirements from the General Records Schedule 1.1 regarding how long to retain documentation. Nonintegrated Contractors must meet these requirements to enable DOE to comply with these requirements.
4-10	III.B	Table 2: Summary of Key Financial Management Systems	Expanded description of IDW.