



# Department of Defense

## DIRECTIVE

**NUMBER 5118.05**

April 20, 2012

Incorporating Change 1, Effective May 13, 2020

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CMO

SUBJECT: Defense Finance and Accounting Service (DFAS)

References: See Enclosure 1

1. **PURPOSE.** Pursuant to the authority vested in the Secretary of Defense by sections 113, 191, and 192 of title 10, United States Code (U.S.C.) (Reference (a)), this Directive reissues DoD Directive (DoDD) 5118.5 (Reference (b)) to update the mission, organization and management, responsibilities and functions, relationships, authorities, and administration of the DFAS.
2. **APPLICABILITY.** This Directive applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter referred to collectively as the “DoD Components”).
3. **DEFINITIONS.** See Glossary.
4. **MISSION.** The DFAS mission consists primarily of providing finance and accounting services and monitoring compliance with all statutory and regulatory requirements within its functional area. It also includes the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, and DFAS-assigned information systems within the DoD, while ensuring their proper relationship with other DoD functional areas such as budget, personnel, logistics, and acquisition. The DFAS shall direct, approve, and perform finance and accounting activities for the DoD, to include coordination and collaboration with all Defense Agencies, Military Departments, and Combatant Commands. Fulfilling this mission enables the DoD to execute a world-class business operation; deliver accurate, timely, and relevant financial information; and employ enhanced technological capabilities to provide critical finance and accounting services to DoD customers and stakeholders.

## 5. ORGANIZATION AND MANAGEMENT

a. The DFAS is established as a Defense Agency, under the authority, direction, and control of the Under Secretary of Defense Comptroller (USD(C))/Chief Financial Officer (CFO), Department of Defense, consistent with the responsibilities assigned to the USD(C)/CFO in DoDD 5118.03 (Reference (c)).

b. The DFAS shall consist of a Director and such subordinate organizational elements as are established by the Director within resources assigned by the Secretary of Defense.

6. RESPONSIBILITIES AND FUNCTIONS. The Director, DFAS, is the principal DoD executive for finance and accounting requirements, procedures, and functions and shall:

a. Organize, direct, and manage the DFAS and all its assigned resources.

b. Direct and oversee finance and accounting requirements, procedures, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

c. Establish and enforce requirements, principles, standards, procedures, processes, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the DoD.

d. Provide finance and accounting services for the other DoD Components and other Federal activities, as designated by the USD(C)/CFO.

e. Execute statutory and regulatory financial reporting requirements and provide financial statements, pursuant to section 3515 of title 31, U.S.C. (Reference (d)), to include supporting customers' audit assertions and audit execution.

f. Provide advice and recommendations to the USD(C)/CFO on finance and accounting matters and provide documentation that discloses the internal controls within DFAS-assigned systems that may impact customers' control environment in supporting auditability.

g. Coordinate on the establishment of all DoD finance and accounting activities independent of the DFAS and support the development and implementation of a compliant business solution with common business processes and data standards for horizontal end-to-end processes in the Business Enterprise Architecture.

h. Serve as the Defense Infrastructure Sector Lead Agency for Financial Services, in accordance with policies and criteria established in DoDD 3020.40 (Reference (e)).

i. Act as an agent for the collection and payment of employment taxes, in accordance with DoD 7000.14-R (Reference (f)).

j. Oversee disbursing and accountable officials and operations, pursuant to the procedures of Reference (d).

(1) Manage the approval and appointment process for disbursing officers and DoD accountable officials, including certifying officials, pursuant to sections 2773 and 2773(a) of Reference (a) and sections 3321 and 3325 of Reference (d).

(2) In coordination with the other DoD Components, make determinations, as appropriate, with respect to the imposition of pecuniary liability or the granting of relief there from, of disbursing and accountable officials pecuniary liability, pursuant to the authority contained in section 2773(a) of Reference (a) and sections 3527 and 3528 of Reference (d).

(3) In coordination with the other DoD Components, approve requests to hold cash at personal risk for authorized purposes, including imprest funds, and to re-delegate such authority as appropriate in the administration and control of DoD funds, in accordance with the Treasury Financial Manual (TFM) (Reference (g)) and pursuant to sections 3321 and 3342 of Reference (d).

(4) Coordinate on the other DoD Components' disbursing regulations which implement the TFM and grant waivers when delegated by the Secretary of the Treasury to the heads of executive departments and agencies.

k. Waive claims pursuant to subsection 5584(a)(2) of title 5, U.S.C. (Reference (h)); subsection 2774(a)(2) of Reference (a); and subsection 716(a)(2) of title 32, U.S.C. (Reference (i)), and make recommendations to the General Counsel of the Department of Defense (GC DoD), in accordance with DoDD 1340.22 (Reference (j)).

l. Remit or cancel an enlisted member's indebtedness, pursuant to section 6161 of Reference (a), subject to any dollar limit established by the Department of the Navy or the U.S. Marine Corps.

m. Collect, compromise, suspend, or end collection action on claims arising out of the activities of, or referred to, the DFAS, pursuant to section 3711 of Reference (d).

n. Request payment and certification decisions from the GC DoD, pursuant to section 3529 of Reference (d) in accordance with DoDD 1340.20 (Reference (k)).

o. Promulgate regulations establishing conditions under which reimbursements for financial institution charges resulting from late or incorrect direct deposits will be made, pursuant to sections 1053 and 1594 of Reference (a).

- p. Designate a person to receive amounts when a member is determined to be mentally incapable of managing his or her own affairs, pursuant to volume 7A of Reference (f) and section 602 of title 37, U.S.C. (Reference (l)).
- q. Make findings of good faith on purported marriages, pursuant to section 423 of Reference (l).
- r. Make dependency determinations for pay and allowance and medical care entitlements prescribed by chapter 55 of Reference (a) and chapter 7 of Reference (l).
- s. Make determinations necessary for the administration of missing persons' accounts, except determinations on missing status or death, pursuant to Reference (l).
- t. Make determinations necessary for the administration of the annuity plans covered, pursuant to chapter 73 of Reference (a).
- u. Make determinations necessary for garnishment of pay, pursuant to section 5520a of Reference (h) and section 659 of title 42, U.S.C. (Reference (m)); involuntary support allotments, pursuant to section 665 of Reference (m); and divisions of military retired pay as property, pursuant to section 1408 of Reference (a).
- v. Consistent with volume 10, chapter 7 of Reference (f), establish and supervise the execution of uniform cash management implementing policies throughout DFAS, including the authority to waive cash management.
- w. Design and manage DFAS programs and activities to improve performance standards, economy, and efficiency, and demonstrate DFAS attention to the requirements of its organizational customers, both internal and external to the DoD, consistent with the requirements of the Secretary of Defense Biennial Review of Defense Agencies and DoD Field Activities.
- x. Provide clearly articulated and understandable billing statements to supported DoD customers, with opportunities to collaborate with supported entities for net reductions in DoD expenditures.
- y. Perform such other duties as may be assigned by the Secretary of Defense or the USD(C)/CFO.

## 7. RELATIONSHIPS

- a. In the performance of assigned responsibilities and functions, the Director, DFAS, shall:
  - (1) Report directly to the USD(C)/CFO.

(2) Maintain liaison with the Deputy Chief Financial Officer (DCFO), the other DoD Components, other Government agencies, and foreign governmental and private sector organizations for the exchange of information and programs in the field of assigned responsibilities.

(3) Use existing systems, facilities, and services of the DoD and other Federal agencies, when possible, to avoid duplication and to achieve maximum efficiency and economy.

(4) Receive support from the Military Departments and the other DoD Components within their respective fields of responsibility to assist in carrying out the assigned responsibilities and functions of the DFAS.

b. The USD(C)/CFO shall provide guidance and direction to the Director, DFAS, on the policies and procedures related to the development and operation of DFAS programs and systems.

c. The OSD Principal Staff Assistants and Heads of the Other DoD Components shall:

(1) Coordinate with the Director, DFAS, as appropriate, on matters under their purview relating to DFAS operations, functions, responsibilities, programs, and the authorities in this Directive.

(2) Comply with the requirements, principles, standards, procedures, and practices issued pursuant to this Directive.

(3) Obtain finance and accounting services from DFAS, in coordination with the USD(C)/CFO.

(4) Provide facilities, personnel, and other support and assistance required, when possible, to accomplish DFAS objectives, in accordance with the responsibilities, functions, and authorities in this Directive.

d. Operational Commanders shall continue to be responsible for the control, location, and safety of deployed accounting and finance personnel and resources.

8. AUTHORITIES. The Director, DFAS, is hereby delegated authority to:

a. Represent the USD(C)/CFO on operational finance and accounting matters.

b. Develop and coordinate finance and accounting policy under the direction of the USD(C)/CFO, working through the DCFO, and in accordance with the policies and procedures prescribed in DoD Instruction (DoDI) 5025.01 (Reference (n)).

c. Communicate directly with the Heads of the other DoD Components, as necessary, to carry out assigned responsibilities and functions, including the transmission of requests for advice and assistance. Communications to the Military Departments shall be transmitted through the Secretaries of the Military Departments, their designees, or as otherwise provided in law or directed by the Secretary of Defense in other DoD issuances. Communications to the Commanders or the Combatant Commands normally shall be transmitted through the Chairman of the Joint Chiefs of Staff.

d. Communicate with other Government officials, representatives of the Legislative Branch, members of the public, and representatives of foreign governments, as appropriate, to carry out assigned responsibilities and functions. Communications with representatives of the Legislative Branch shall be coordinated with the USD(C)/CFO or the Assistant Secretary of Defense for Legislative Affairs, as appropriate, and be consistent with the DoD Legislative Program.

e. Obtain reports and information, consistent with DoDI 8910.01 (Reference (o)), as necessary to carry out assigned responsibilities and functions.

f. Establish DFAS facilities using appropriate established physical facilities and services of the other DoD Components, whenever possible, to achieve maximum efficiency and economy.

g. Exercise the administrative authorities contained in Enclosure 2.

## 9. ADMINISTRATION

a. The Director, DFAS, shall be a civilian appointed by the Secretary of Defense, with the advice of the USD(C)/CFO.

b. The appointment of other personnel to DFAS will be subject to the approval of the Director, DFAS, or his or her designee.

c. The Secretaries of the Military Departments shall assign military personnel to the DFAS in accordance with approved authorizations and procedures for assignment to joint duty.

10. RELEASABILITY. **Cleared for public release.** This Directive is available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

11. SUMMARY OF CHANGE 1. This change updates the office of primary responsibility designation and the Directives Division Website address and removes expiration language in accordance with current Chief Management Officer of the Department of Defense direction.

12. EFFECTIVE DATE. This Directive is effective April 20, 2012.



Ashton B. Carter  
Deputy Secretary of Defense

Enclosures

1. References
2. Delegations of Authority

Glossary

ENCLOSURE 1

REFERENCES

- (a) Title 10, United States Code
- (b) DoD Directive 5118.5, "Defense Finance and Accounting Service," November 26, 1990 (hereby cancelled)
- (c) DoD Directive 5118.03, "Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO)," April 20, 2012
- (d) Sections 3321, 3325, 3342, 3515, 3527, 3528, 3529, and 3711 of title 31, United States Code
- (e) DoD Directive 3020.40, "Mission Assurance (MA)," November 29, 2016, as amended
- (f) DoD 7000.14-R, "DoD Financial Management Regulation," current edition
- (g) Treasury Financial Manual, current edition<sup>1</sup>
- (h) Chapter 55 and sections 301, 302(b), 2903, 3101, 4110, 4111, 4503, 5107, 5520(a), and 5584(a)(2) of title 5, United States Code
- (i) Section 716(a)(2) of title 32, United States Code
- (j) DoD Directive 1340.22, "Waiver of Debts Resulting from Erroneous Payments of Pay and Allowances," January 8, 2005
- (k) DoD Directive 1340.20, "Settling Personnel and General Claims and Processing Advance Decision Requests," July 14, 2003
- (l) Chapter 7 and sections 412, 423, and 602 of title 37, United States Code
- (m) Sections 659 and 665 of title 42, United States Code
- (n) DoD Instruction 5025.01, "DoD Issuances Program," August 1, 2016, as amended
- (o) DoD Instruction 8910.01, "Information Collection and Reporting," May 19, 2014
- (p) Executive Order 10450, "Security Requirements for Government Employment," April 27, 1953, as amended
- (q) Executive Order 12968, "Access to Classified Information," August 2, 1995, as amended
- (r) DoD Instruction 5200.02, "DoD Personnel Security Program (PSP)," March 21, 2014, as amended
- (s) DoD Manual 5200.02, "Procedures For The DoD Personnel Security Program (PSP)," April 3, 2013
- (t) Joint Federal Travel Regulation, Volume 1, "Uniformed Service Members," December 1, 2004<sup>2</sup>
- (u) Joint Travel Regulations, Volume 2, "Department of Defense (DoD) Civilian Personnel," December 1, 2005<sup>3</sup>
- (v) Sections 3102 and 3702 of title 44, United States Code
- (w) DoD Instruction 5015.02, "DoD Records Management Program," February 24, 2015, as amended

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<sup>1</sup> Available at <http://www.fms.treas.gov/tfm/index/html>

<sup>2</sup> Available at <https://arc.publicdebt.treas.gov/files/pdf/fscdctrvlregs.pdf>

<sup>3</sup> Available at [http://perdiem.hqda.pentagon.mil/perdiem/jtr\(ch 1-7\).pdf](http://perdiem.hqda.pentagon.mil/perdiem/jtr(ch 1-7).pdf)



- (x) DoD Instruction 5200.08, "Security of DoD Installations and Resources and the DoD Physical Security Review Board (PSRB)," December 10, 2005, as amended
- (y) DoD Instruction 1400.25, "DoD Civilian Personnel Management System," date varies by volume

ENCLOSURE 2

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to the authority, direction, and control of the USD(C)/CFO, and in accordance with DoD policies and issuances, the Director, DFAS, or in the absence of the Director, the person acting for the Director, is hereby delegated authority, as required in the administration and operation of the DFAS, to:

a. Maintain an official seal and attest to the authenticity of official records under that seal.

b. In accordance with Executive Order (E.O.) 10450 (Reference (p)), as amended; E.O. 12968 (Reference (q)), as amended; and DoDI 5200.02 (Reference (r)), as appropriate:

(1) Designate any position in the DFAS as a sensitive position.

(2) Authorize, in exceptional circumstances where official functions must be performed prior to the completion of an investigation and adjudication process, temporary access to a sensitive position in the DFAS for a limited period to individuals for whom an appropriate investigation is underway.

(3) Initiate personnel security investigations and, if necessary, in the interest of national security, suspend a security clearance for personnel assigned to, detailed to, or employed by DFAS. Any actions described in this subparagraph shall be taken in accordance with procedures prescribed in DoD Manual 5200.02 (Reference (s)).

c. Authorize and approve:

(1) Temporary duty travel for military personnel assigned or detailed to DFAS, in accordance with Joint Federal Travel Regulations, Volume 1 (Reference (t)).

(2) Travel for DFAS civilian personnel, in accordance with Joint Travel Regulations, Volume 2 (Reference (u)).

(3) Invitational travel for non-DoD personnel whose consultative, advisory, or other highly specialized technical services are required in a capacity that is directly related to, or in connection with, DFAS activities, in accordance with Reference (u).

(4) Overtime work for DFAS civilian personnel, in accordance with subchapter V of chapter 55 and sections 4110 and 4111 of Reference (h), and applicable Office of Personnel Management (OPM) regulations.

d. Approve the expenditure of funds available for travel by military personnel assigned or detailed to the DFAS for attending meetings of technical, scientific, professional, or other similar organizations in such instances when the approval of the Secretary of Defense, or designee, is required by sections 4110 and 4111 of Reference (h) and section 412 of Reference (l).

e. Develop, establish, and maintain an active and continuing Records Management Program, pursuant to section 3102 of title 44, U.S.C. (Reference (v)) and DoDI 5015.02 (Reference (w)).

f. Use the Government-wide commercial purchase card for making appropriate purchases of material and services, other than personal services, for the DFAS when it is determined more advantageous and consistent with the best interests of the Government.

g. Authorize the publication of advertisements, notices, or proposals in newspapers, magazines, or other public periodicals, as required for the effective administration and operation of the DFAS, consistent with section 3702 of Reference (v).

h. Establish and maintain, for the functions assigned, an appropriate internal publications system for the promulgation of common supply and service regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DoD issuances published in accordance with Reference (n).

i. Enter into support and service agreements with the Military Departments, the other DoD Components, or other Federal agencies, as required, for the effective performance of the DFAS functions and responsibilities.

j. Enter into and administer contracts directly or through the Military Departments, a DoD contract administration services component, or other Federal agency, as appropriate, for supplies, equipment, and services required to accomplish the DFAS mission.

k. Establish and maintain appropriate DFAS property accounts and appoint boards of survey, approve reports of survey, relieve personal liability, and drop accountability for DFAS property contained in the authorized property accounts that have been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations.

l. Issue the necessary security regulations for the protection of property and places under the jurisdiction of the Director, DFAS, in accordance with DoDI 5200.08 (Reference (x)).

m. Exercise the powers vested in the Secretary of Defense by sections 301, 302(b), 3101, and 5107 of Reference (h) on the employment, direction, and general administration of assigned employees.

n. Administer oaths of office to those entering the Executive Branch of the Federal Government or any other oath required by law in connection with employment therein, in accordance with section 2903 of Reference (h), and designate in writing, as may be necessary, officers and employees of the DFAS to perform this function.

o. Establish a DFAS Incentive Awards Board, and pay cash awards to, and incur necessary expenses for the honorary recognition of, civilian employees of the Government whose suggestions, inventions, superior accomplishments, or other personal efforts, including special acts or services, benefit or affect the DFAS or its subordinate activities, pursuant to section 4503 of Reference (h), OPM regulations, and DoDI 1400.25 (Reference (y)).

p. Redelegate these authorities as appropriate, and in writing, except as otherwise indicated above or prohibited by laws, Executive order, or regulation.

GLOSSARY

ABBREVIATIONS AND ACRONYMS

DCFO	Deputy Chief Financial Officer
DFAS	Defense Finance and Accounting Service
DoDD	DoD directive
DoDI	DoD instruction
E.O.	Executive order
GC DoD	General Counsel of the Department of Defense
OPM	Office of Personnel Management
TFM	Treasury Financial Manual
U.S.C.	United States Code
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense