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SECNAVINST 7000.27B  
ASN(FM&C): FMB-5  
12 October 2012

SECNAV INSTRUCTION 7000.27B

From: Secretary of the Navy

Subj: COMPTROLLER ORGANIZATIONS

Ref: (a) 31 U.S.C. §1514  
(b) 10 U.S.C. §5016  
(c) 10 U.S.C. §5025  
(d) SECNAVINST 5430.7Q  
(e) SECNAVINST 5200.35E  
(f) DoD 7000.14-R, Department of Defense Financial Management Regulation

Encl: (1) Comptroller Organization Submission Guidance

1. Purpose. To ensure that the Department of the Navy (DON) has a financial management (FM) organization capable of proper and effective administration of funds complying with applicable laws, regulations, policies, procedures and sound financial practices by providing guidance for establishment, periodic review and approval of comptroller organizations in the DON. This instruction is a completed revision and should be reviewed in its entirety.

2. Cancellation. SECNAVINST 7000.27A of July 7, 2006.

3. Scope. This instruction is applicable to all Navy and Marine Corps organizations.

4. Background

a. For the purposes of this instruction, comptroller is defined as the senior financial manager and advisor to the service chief, commander or commanding officer.

b. Reference (a) requires executive agencies to have a system of administrative controls on the obligations and expenditures from each appropriation. By references (b), (c), and (d), the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN(FM&C)) is the Secretary's principal financial advisor, and is responsible for all matters relating to FM in the DON and for the allocation of all appropriations and funds available to the DON.

## 5. Policy

a. The commanding officer or head of an activity that receives allocations or suballocations of funds subject to the Anti-deficiency Act (section 1341 or section 1517 of title 31, United States Code (U.S.C.)) shall have a qualified comptroller who reports directly to the commanding officer or head of an activity.

b. The commanding officer or head of an activity is responsible for establishing and maintaining internal control systems to ensure that:

(1) All available funds are identified, controlled, and recorded in the official accounting records from the time received until subdivided to others or obligated and expended.

(2) All available funds are identified with authorized purposes by account and period of availability for new obligations and period of availability for expenditures.

(3) All special and recurring provisions and limitations on the obligation and expenditure of funds are identified and documented for all available funds and accounts.

(4) All proposed obligations of funds are reviewed to ensure that sufficient funds are available to cover the obligations, that the purpose of the obligations is consistent with the authorized purposes of the funds or accounts, and that the obligation does not violate any special or recurring provisions and limitations on the incurrence of obligations.

(5) These internal control requirements apply to

all appropriations and funds provided to the command by apportionments, allocations, allotments, reimbursable orders or other means. Reference (e) provides additional guidance.

(6) All documents associated with financial transactions are to be well documented and accessible per guidance contained in reference (f) and to ensure commands are audit ready.

c. The comptroller shall comply with the requirements set forth in reference (f). The comptroller has overall responsibility for budget execution, managerial accounting, and financial management analysis. This includes, but may not be limited to the following:

(1) Prompt recording of authorizations, commitments, and obligations in budgetary accounts.

(2) Prompt recording of assets, liabilities, and expenses in proprietary accounts.

(3) Monitoring the processes of pre-validation and certification of payments.

(4) Ensuring compliance with the DON tri-annual review of outstanding commitments and obligations.

(5) Issuing and accepting funding documents which obligate direct appropriations, working capital or customer funds.

(6) Timely billing of costs incurred against funding documents and the prompt matching of collections associated with those billings.

(7) Certifying completeness and accuracy of those transactions included in financial statements and reports prepared by the Defense Finance and Accounting Service on behalf of the activity.

d. Budget submitting office (BSO) comptrollers shall evaluate the performance of comptrollers at all subordinate activities to which they provide funds. This includes ensuring that comptroller organizations are properly established and that

comptroller personnel are trained to fulfill their responsibilities.

e. Any military member or civilian employee who fails to act when required, or who acts improperly, may be found to be responsible for a violation of the Anti-deficiency Act.

f. Delegation of fiduciary authority

(1) Responsibility of Allocation Holders. The Office of the ASN(FM&C) (OASN(FM&C)) allocates funds to service chiefs or heads of major commands, offices, or bureaus, who may elect to pass to the organizational comptroller all financial responsibility under section 1517 of title 31, U.S.C. If the head of the command or organization chooses to delegate this authority, he or she shall designate in a formal memorandum, including the person(s) name to whom this authority is granted, the appropriation accounts involved, and the specific responsibility and authority delegated. The comptroller can then delegate in writing, the section 1517 of title 31, U.S.C., authority and or signature authority for funding documents to other individual(s) within the comptroller organization.

(2) Responsibility of Suballocation Holders. The commanding officer of an activity that receives a suballocation of funds from a Navy or Marine Corps organization is responsible under section 1517 of title 31, U.S.C., for the administration of all authorizations of funds granted to the commanding officer. If the commanding officer of an activity chooses to delegate this authority, he or she shall designate to the comptroller in writing the appropriation accounts involved, and the specific responsibility and authority delegated. The comptroller can then delegate in writing, the section 1517 of title 31, U.S.C., authority and or signature authority for funding documents to other individual(s) within the comptroller organization.

(3) Responsibility of Non-Comptroller Personnel. Only designated comptroller personnel may accept or issue funding documents. However, there are certain limited types of actions, such as travel, training, supplies and purchase card items, which also obligate funds. Within an established internal control system, non-comptroller personnel may be authorized to issue these limited types of actions if the

authority has been delegated in writing by the commanding officer, head of the activity, or the comptroller.

4) Delegation Authority Documentation. The delegation authorities mentioned in paragraphs 5f(1) through 5f(3) above must be formally documented, including names of individuals, and copies maintained within the command. Additionally, delegation authority memorandums must be current and updated upon the change of a commander, commanding officer, and/or comptroller.

g. Organizational Placement. The comptroller and his or her staff will be clearly identified on the command's organizational charts and in billet or position descriptions. The comptroller may be assigned to either a staff code or a line department. Per enclosure (1), paragraph 1, the comptroller and staff will report directly to the head of the activity (e.g., commander, commanding general, commanding officer, superintendent, or director), since the head of the activity is ultimately responsible for proper execution of funds. Comptrollers may report via vice commanders, deputies, chiefs of staff, executive officers, or similar positions, for administrative purposes; however, the comptroller may not be subordinated by more than one level beneath the head of the activity. The comptroller must have direct, unfettered access to the head of the activity for full command authority. Practices regarding placement of comptroller functions (e.g. subordinating the comptroller to a business or corporate operations manager) which may be acceptable in the private sector, are not applicable in the DON and are prohibited.

h. Organizational Responsibilities

(1) Comptroller Responsibilities. Responsibility for overall FM assigned to the comptroller must be clearly defined, without overlap into other organizational entities per enclosure (1). The responsibility and the authority to establish policy for proper control of funds is delegated to the comptroller. Beyond his or her value as a prudent manager of resources and as a key advisor, one of the most critical roles a comptroller can perform for the commander is to guard against inadvertent or deliberate violations of statute or regulation. Fund control personnel (commanding officers, comptrollers and comptroller personnel delegated responsibilities regarding the

administrative control of funds), are authorized to issue and accept funding documents unless otherwise noted in this instruction. Delegation of fund control responsibility will be in writing, including named individuals and their position title. All fund control personnel must have received appropriations law training. Paragraph 51(2) provides further details.

(2) Non-Comptroller Responsibilities.

Contracting officials, public works officers, and other program officials may recommend acceptance of funding documents to the comptroller and may prepare funding documents to be signed by the commanding officer, comptroller or fund control personnel. Non-comptroller personnel may be authorized to issue routine, small dollar value, obligating documents, such as travel orders, requests for training or supplies, and purchases made via government purchase card, if the delegation to sign these documents is made within an established system of management controls, the delegation is made to named individuals in writing, and adequate training is provided and documented.

i. Comptroller Qualifications. The complex and enduring nature of comptroller functions requires the military member or civilian employee placed in these positions to have an in-depth expertise in both financial and general management. He or she should have keen analytical skills, be capable of making discriminating judgments, and be able to express conclusions and recommendations concisely and effectively. Comptrollers must ensure that their organizations are staffed with qualified personnel with knowledge and experience in budgeting, finance, financial management analysis, and accounting matters to effectively address issues that may arise.

j. Assignment of Other Responsibilities. Other functions may be assigned to the comptroller organization. These functions may include the internal control program, external audit coordination, administration, facilities management, etc. If additional functions are assigned to the comptroller, care needs to be taken to avoid potential conflicts of interest to ensure proper separation of duties, and adequate staff time is available for the comptroller's primary responsibility to the head of the activity for FM matters. In cases where the command includes non-comptroller functions, the comptroller must be the department head.

k. Adequate Staffing. The comptroller staff must have the realistic capability of exercising its responsibilities and authority in the areas under the comptroller's purview. In addition to having adequate numbers of personnel assigned, this also applies to the need to recruit and retain capable, trained and experienced staff members.

1. Training and Development

(1) The DON civilian and military FM workforce must continuously improve its knowledge, skills, and abilities to support mission accomplishment. Career development in the DON requires both individual initiative in career planning activities and organizational commitment to support workforce development. Promulgated FM career roadmaps and/or FM certification programs will be used. Commands shall support training and development opportunities for the comptroller staff.

(2) Fund control personnel are defined as those individuals that issue and or accept funding allocations and funding documents (e.g., work requests, project orders, etc.). To ensure compliance and assist in efforts to reduce Anti-deficiency Act violations, execution metrics to capture the number of fund control personnel trained have been instituted. Therefore, BSOs shall provide data current as of the end of March and end of September of each fiscal year. Submissions should be e-mailed to OASN(FM&C), Budget Policy and Procedures Division (FMB5) by the 10th workday after the above dates. Appropriations law training must be documented and retained by the DON command or activity comptroller. Furthermore, all fund control personnel must attend a refresher appropriations law course every 3 years. Appropriation law training courses can be found on the ASN(FM&C) Web site (<http://www.finance.hq.navy.mil/FMC/>). Appropriations law training is also conducted by the Office of Counsel for the ASN(FM&C); information regarding these classes can be found at the above link. Appropriations law training is also available from other sources, such as the Government Accountability Office. The source and content of the various appropriation law training options should be commensurate with the position held.

m. Military Comptrollers. Certain key comptroller positions in the DON are designated to be filled by Navy and Marine Corps officers. The Office of the Chief of Naval Operations Fiscal Management Division (OPNAV(N82)) is the subspecialty sponsor for Navy personnel designated with an FM subspecialty. The office of the Deputy Commandant Programs and Resources is the subject matter expert (SME) for the FM military occupation skill for Marine Corps personnel. No changes affecting military billets designated for FM (e.g., civilian substitution, billet recoding, billet deletion, etc.) may be made without prior approval from these offices. To the extent the comptroller position at Navy fleet commands and the naval shipyards is a military member, that position will be designated for an officer of the line. However, these positions may be filled with qualified officers from other communities when qualified officers are not available for assignment from within the line officer community.

n. FM Support for Program Executive Officer (PEO). The PEOs and direct reporting program managers (DRPM) have authority and are responsible for designated major acquisition programs. The PEO and DRPM reports directly to the Component Acquisition Executive, the Assistant Secretary of the Navy (Research, Development, and Acquisition) (ASN(RD&A)). Normally, program managers report to a PEO but some large, complex or critical programs are managed by a DRPM.

(1) FM Support for PEO. Funds are administered on behalf of the PEOs under memoranda of understanding with a specific systems command by the comptroller of that command. Command comptrollers are responsible for providing advice and support during budget formulation and budget execution. Responsibility for complying with section 1517 of title 31, U.S.C., is held by the designated commander or comptroller.

(2) Business Financial Managers. Business financial managers are personnel who are assigned to major acquisition programs, PEOs, and DRPMs. These positions are covered under the Defense Acquisition Workforce Improvement Act. The office of the ASN(RD&A) is responsible for recommending mandatory education, experience, and training requirements for these positions, as well as evaluating the effectiveness and applicability of certification requirements in improving the quality of the career field.

o. Dual Reporting Requirements

(1) In order to ensure that senior management within the office of the ASN(FM&C) is aware of emerging issues or problems that require action external to the individual command or office, comptrollers of the following organizations are required to report for additional duty to the ASN(FM&C). Inherent in this requirement is the responsibility of the below comptrollers to support the office of the ASN(FM&C) in addressing FM issues:

- Administration
  - (a) Department of the Navy Assistant for
  - (b) Bureau of Medicine and Surgery
  - (c) Bureau of Naval Personnel
  - (d) Strategic Systems Programs
  - (e) Field Support Activity
  - (f) Assistant Deputy Commandant for Programs
- and Resources
  - (g) Military Sealift Command
  - (h) Naval Air Systems Command
  - (i) Naval Facilities Engineering Command
  - (j) Naval Reserve Force
  - (k) Naval Sea Systems Command
  - (l) Naval Supply Systems Command
  - (m) Navy Installations Command
  - (n) Navy Systems Management Activity
  - (o) Office of Naval Intelligence

- (p) Office of Naval Research
- (q) Space and Naval Warfare Systems Command
- (r) U.S. Fleet Forces Command
- (s) U.S. Pacific Fleet
- (t) Naval Special Warfare Command

(2) Manpower documents, change of duty orders for military officers ordered to these positions, and civilian position descriptions must reflect these dual reporting responsibilities. The ASN(FM&C) will have functional approval authority for all civilian and military comptrollers selected for positions identified in this paragraph. The ASN(FM&C) reserves the opportunity to review all candidates for all BSO comptroller selections. This authority provides for active involvement in all aspects of the review and selection process of a position. The ASN(FM&C) reserves the opportunity to interview respective candidates proposed for consideration by the selecting official or military placement officer and make comments regarding the recommendation to the final approving authority. Additionally, the ASN(FM&C) may provide comments to the commander on the performance of command comptrollers identified in this paragraph.

## 6. Responsibilities

a. The ASN(FM&C), or his or her designee, will approve all comptroller organizations, following requirements contained in enclosure (1), for Navy and Marine Corps commands designated as BSOs.

b. The BSOs shall approve subordinate command's comptroller organizations. These commands and organizations will ensure their respective comptroller organizations are established or revised to comply with this instruction.

c. The organizational placement and adequacy of comptroller organizations, including the adequacy of FM and comptroller training, should be reviewed during command inspections.

7. Action

a. Reviewing Authorities. All BSOs will utilize guidance contained in enclosure (1) to review and approve subordinate command comptroller organizations. Reviewing authorities will formally notify each command in writing via the chain of command of approval or disapproval of the proposed organization. When disapproving an organization's proposed alignment or realignment, the reviewing authority will provide the basis for the disapproval and required corrective action.

b. Commands and Activities. Each DON command or activity with a requirement for a comptroller will apply the standards provided in enclosure (1) in developing new or revising existing comptroller organizations. The documentation specified in enclosure (1) will be submitted for approval via the chain of command.

c. Periodic Reviews. The ASN(FM&C), or his or her designee, will review BSO comptroller organizations on a phased basis, ensuring a review once every 3 years. Due dates will be issued under separate cover. BSOs will conduct periodic reviews of their subordinate comptroller organizations on the same phased cycle.

8. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per Secretary of the Navy (SECNAV) Manual 5210.1.

9. Reports Control. Reports contained within this instruction are exempt from reports control per SECNAV Manual 5214.1.



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COMPTROLLER ORGANIZATION SUBMISSION GUIDANCE

When establishing, revising, or reviewing a comptroller organization at any level, the command is responsible for preparing documentation describing that organization in detail. Internet links shall be provided for command manuals or other large volume documentation. The assessable unit documentation will include the following:

1. Command, comptroller and staff organization chart. Show the placement of the comptroller and his or her staff and relationship to the commanding officer or head of the activity. Within the comptroller organization, include the total number of military and civilian personnel, authorized and on-board, planned by organizational structure: the rank, designator, and subspecialty code for military officers; the rate for enlisted; and the job series and General Schedule level, or equivalent system for civilians.
2. Functional description of the comptroller organization. Include organizational responsibilities and duties of the comptroller organization broken out by major functional area: budget formulation, budget execution, managerial accounting, program analysis, performance measurement, audit readiness, etc.
3. For BSO level only: Copies of comptroller and or deputy comptroller military orders and/or civilian Position Description optional form 8 (OF-8); and position descriptions approved by the command's human resources department. These documents must reflect the dual reporting relationship to ASN(FM&C) as required for positions identified in paragraph 5o of the basic instruction.
4. Identification of the selecting or hiring official for comptroller organization vacancies. Identification of the reporting seniors and reviewing official(s) for comptroller and deputy comptroller fitness reports and or performance forms.
5. State where section 1517 of title 31, U.S.C., command responsibility is assigned, per paragraph 5f(1) of the basic instruction. If the commanding officer of an activity chooses to delegate this authority, he or she shall designate in writing the individual by name to whom this authority is granted, the appropriation accounts involved, and the specific responsibility

and authority delegated. The delegation letters must be provided. Of note, if the section 1517 authority is not delegated from the commanding officer to anyone within the command, this should be conveyed as well. Identify comptroller fund control personnel by named individual and position title. Provide copies of letters of delegation for fund control personnel and documentation that describes processes and procedures used to ensure that comptroller fund control personnel have received appropriations law training per paragraph 51(2) of the basic instruction. Provide a status report in accordance with 51(2), depicting the latest submission of fund control personnel data.

6. FM community workforce levels. In order to ensure DON's audit readiness and sustainability, it is essential to maintain appropriate FM workforce levels. Therefore, BSO financial community workforce reductions greater than 5 percent of the total force work years, in any given year across the Future Years Defense Program using the last president's budget as the baseline, will be reported immediately to OASN(FM&C)-(FMB-5). Total force work years is defined as the aggregate FM workforce at all echelon levels within the BSO structure including military, civilian and contractor support that directly support FM functions.

7. Subordinate comptroller organization review. BSO comptrollers are required to review subordinate activities' comptroller organizations per paragraph 7c of the basic instruction to ensure they are properly established. The scope of the review must include verification that the subordinate activities' comptroller organizations fund control personnel have been identified and that their appropriations law training is current. The BSO comptroller shall list each subordinate organization if reviewed, and attest to the status of their compliance with the various aspects of this instruction.

8. Internal controls and audit readiness. Copy of, or description of, internal controls established for FM within the comptroller organization. Provide clearly defined command internal control procedures and processes to ensure proper record keeping and source documents supporting fund execution are maintained. To help achieve and sustain audit readiness, FM procedures should be well documented and included in standard operating procedures (SOPs). BSOs shall submit a list of SOPs that are maintained at the BSO level and attest to the review and compliance of all subordinate organizations.