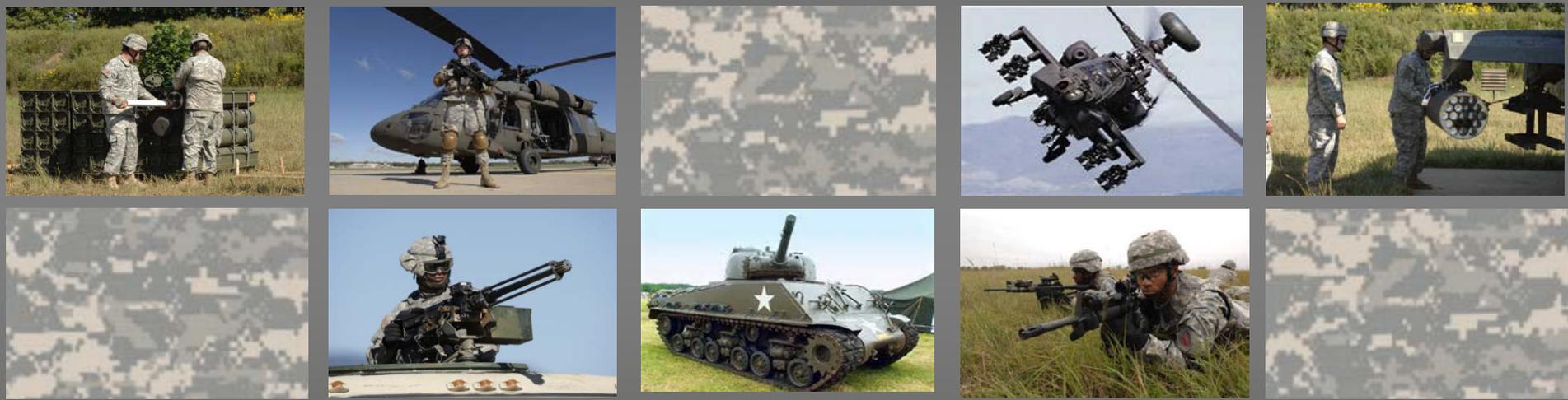




U.S.ARMY

1st Quarter FY 2014 Army FIP In-Process Review



January 15, 2014

Office of the Assistant Secretary of the Army
(Financial Management & Comptroller) (OASA(FM&C))

*Accountability & Audit Readiness:
Sustaining Army's Strength*



Agenda

- Planning for 2014
- Examinations Currently Underway
- Testing Updates:
 - GF SBR
 - GF E&C
- Training and Communication Updates
- Open Discussion and Closing Remarks

Planning for 2014

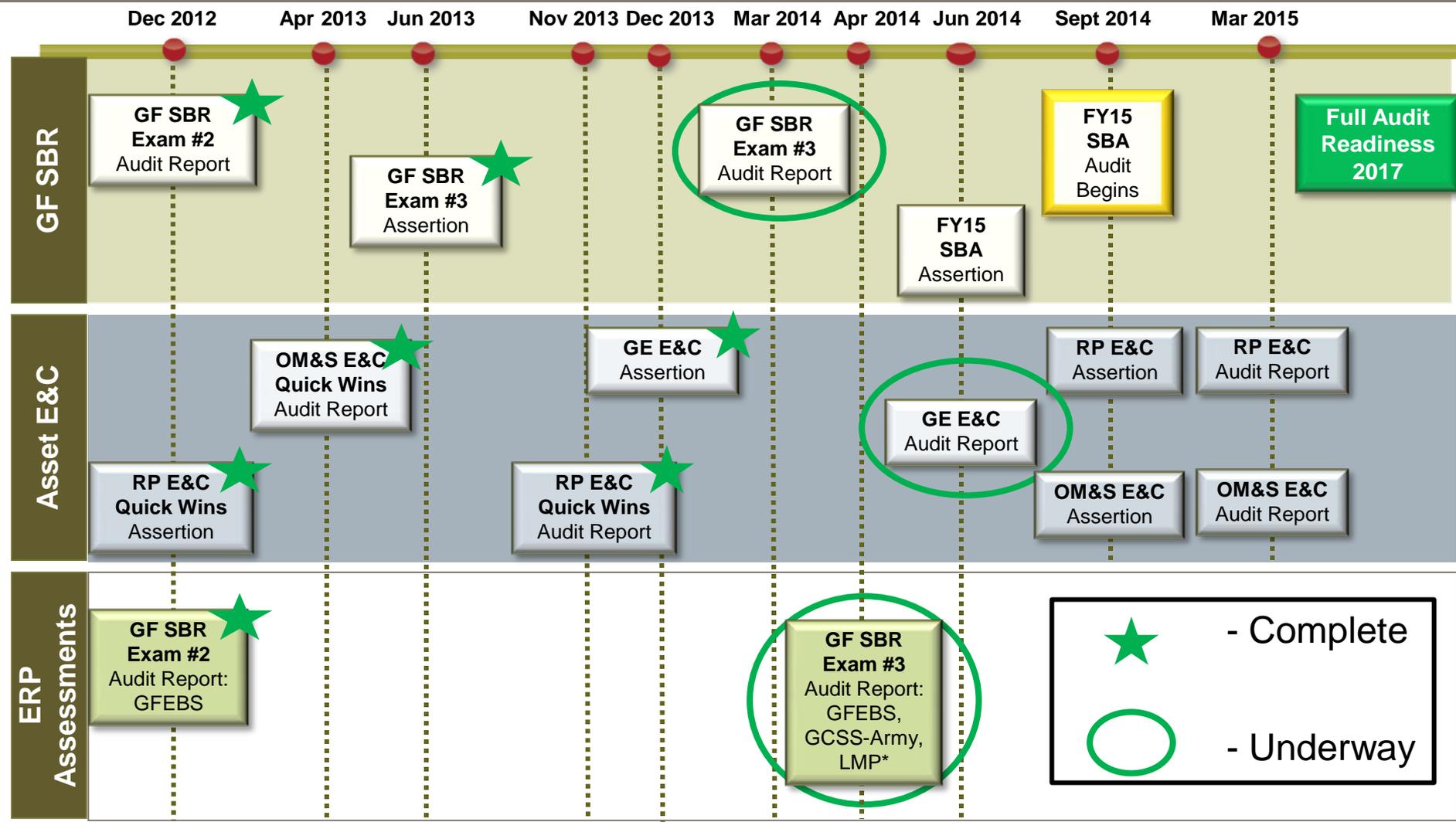


2014 Milestones

- **GF SBR Exam 3 Report**
 - The report is due at the end of the 2nd quarter.
- **GF GE E&C**
 - DoD OIG's examination of the Army's GE E&C assertion has begun and is expected to conclude in the 3rd quarter.
- **DoD GF SBA**
 - The Army will assert to audit readiness of the GF Schedule of Budgetary Activity in June 2014 with other DoD service components. The exam is scheduled to begin in October 2014 and will conclude later in FY 2015.
- **RP E&C**
 - After a successful examination of real property E&C at 24 installations in 2013, the Army is implementing corrective actions and will assert E&C audit readiness of all real property in the 4th quarter with the report due in March 2015.
- **OM&S E&C**
 - The Army has delayed the OM&S E&C assertion scheduled for FY 2014 while it focuses on correcting IT control deficiencies rather than relying on costly manual controls. No impact is expected on the congressional 2016 E&C audit readiness requirement.



Army Audit Readiness Timeline



GF SBR: General Fund Statement of Budgetary Resources **SBA:** Schedule of Budgetary Activity **E&C:** Existence & Completeness
ERP: Enterprise Resource Planning **OM&S:** Operating Materials & Supplies **RP:** Real Property **GE:** General Equipment
 "Assertion" means Army is ready to be audited *Limited to LMP-PADDS-GFEBs interface controls only

Exams Underway



Exams Underway

- GF SBR Exam 3:
 - An independent public accountant (IPA) is conducting an exam of the Army GF SBR, focusing on FY 2013 transactions within the Army's ERP environment. Current Status:
 - Testing of Exam 3 samples is expected to continue throughout the 2nd quarter of FY 2014.
 - All results related to Exam 3 will be based on Army's entity-wide performance. Command-specific results will not be provided by the IPA.
 - The IPA has:
 - Completed discovery / walk-through visits.
 - Completed visits to GCSS-A and GFEBBS program offices.
 - Issued nine Notices of Findings and Recommendations (NFRs). Many NFRs relate to control gaps that were already identified as gaps by Army.
 - The IPA is scheduled to deliver their report in March 2014 in time to implement corrective actions prior to the June 30, 2014 GF SBA assertion date with OUSD(C).
- GF GE E&C
 - The DoD OIG has begun their examination of Army GF GE.

GF SBR Update



GF SBR Update

- Monthly controls testing: OASA(FM&C) will continue to perform monthly testing during Exam 3.
- Substantive testing will resume in February 2014. Samples will be selected from 14 USSGL accounts across all transaction types to substantiate transactions.
- Discovery efforts were performed on the following areas:
 - Second Destination Transportation:
 - ✓ Developed narratives and flowcharts
 - ✓ Five corrective action plans related to the obligation process
 - LMP Transactions:
 - ✓ Completed final analysis document describing valid controls and key supporting documentation
- SBR Milestones:

SBR Milestones	Tested	Corrected	Validated Ready
GF SBR Exam #2 - GFEBS Wave 1&2 Sites (9 installations / 18 resource management offices and DFAS; 9 processes and GFEBS controls)	✓	✓	✓
GF SBR Exam #3 - All material GFEBS activity plus MILPAY; GFEBS and GCSS-Army IT general and application controls; LMP interface controls; DFAS processes, controls, and systems	✓	✓	03/2014
GF FY 2015 Schedule of Budgetary Activity	03/2014	06/2014	09/2015
Fund Balance with Treasury	✓	04/2014	12/2014
Tested = Completion of discovery efforts Corrected = Complete tests of corrective actions and assert audit readiness Validated Ready = IG/IPA opinion on audit readiness assertion			

GF E&C Update



- General Equipment
 - The Army is generally able to provide documentation supporting assets recorded in the accountable property system of record (APSR), but documentation may be missing key attributes, such as signatures and dates.
 - Areas for greatest improvement are Physical Inventory, Acceptance/Transfer, Disposal, and Quality Assurance.
 - Monthly internal controls and substantive testing continues for GE.
- Operating Materials & Supplies
 - Monthly internal controls and substantive testing continues for OM&S.
- Real Property
 - Monthly internal controls and substantive testing continues for RP.
 - Focused on lessons learned from the IPA exam and sharing with stakeholders.



- E&C Milestones:

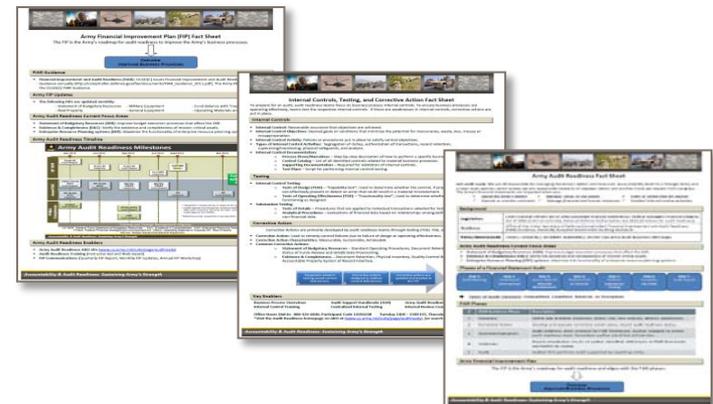
E&C Milestones	Tested	Corrected	Validated Ready
OM&S "Quick Wins" (Javelin, Hellfire, TOW missiles)	✓	✓	✓
Real Property "Quick Wins" (23 installations)	✓	✓	✓
General Equipment E&C (All assets)	✓	✓	06/2014
Operating Material & Supply (All assets)	✓	09/2014	03/2015
Real Property (All installations)	✓	09/2014	03/2015
Tested = Completion of discovery efforts Corrected = Complete tests of corrective actions and assert audit readiness Validated Ready = IG/IPA opinion on audit readiness assertion			

Training and Communications Updates



GF Audit Readiness Training

- Audit readiness training has been delivered to more than 21,000 personnel with more than 270 site visits among active Army, National Guard, and Army Reserve since January 2012.
- Current delivery methods for instructor-led classes include on-site visits, Defense Connect Online (DCO), and Video Teleconference (VTC).
- Self-paced courses are also available via the Army Learning Management System (ALMS) and Army Knowledge Online (AKO).
 - Over 3,800 audit readiness courses have been successfully completed via ALMS since the web-based training rolled out in June 2012.
- Additional Resources on AKO include:
 - SBR Testing Workbook
 - E&C Testing Workbook
 - SBR Audit Support Handbooks
 - Audit Readiness Fact Sheets





GF Audit Readiness Courses

Audit Readiness Topic	Available Courses	Instructor led	ALMS	AKO
Foundation	Army Audit Readiness	√	√	Note 1
	Army Financial Improvement Plan (FIP)	√	√	
Readiness	Internal Controls	√	√	Note 2
	Testing	√	√	
	Corrective Action	√	√	
Sustainment	<i>SBR Audit Readiness:</i>			
	General	√	√	√
	Contractual Services/Acquisition of Assets	√	√	√
	Civilian Payroll	√	√	√
	Military Payroll	√	n/a	n/a
	Grants & Cooperative Agreements	√	n/a	n/a
	Inbound Reimbursable	√	√	√
	<i>Existence & Completeness Audit Readiness:</i>			
	General Equipment (GE)	√	√	√
	Operating Materials & Supplies (OM&S)	√	n/a	√
Real Property (RP)	√	√	√	

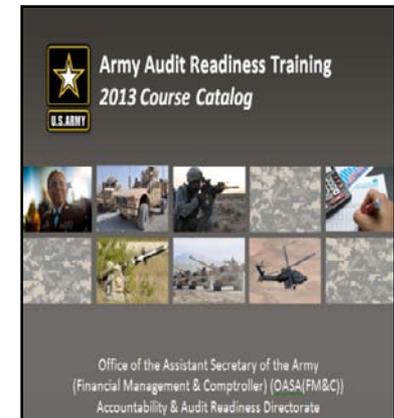
Note 1 – The course content of the Army Audit Readiness and Army Financial Improvement Plan (FIP) modules has been consolidated into one course titled “Army Audit Readiness Overview”, and is available on AKO.

Note 2 – The course content of the Internal Controls, Testing, and Corrective Action modules has been consolidated into one course titled “Internal Control, Testing, and Corrective Action”, and is available on AKO.



Audit Readiness Training Options

- By request:
 - Sign up for monthly SBR and E&C Training delivered via Defense Connect Online (DCO). Dates can be found on AKO.
 - Visit AKO for details on how to request audit readiness training. (<https://www.us.army.mil/suite/page/674323>)
 - View the Course Catalog to determine which modules are relevant. (<https://www.us.army.mil/suite/doc/41379128>)
- Web-based:
 - Visit the AKO Training page for additional information on how to register for courses on ALMS.
- Training Hotline: (888) 426-6840 PC: 14450248#
 - Tuesdays 1400-1500 ET
 - Thursdays 0800-0900 ET



- The Commander’s Checklist and Audit Readiness Guide have been updated as of December 2013 and are available on the Army Audit Readiness Website.
- The Winter 2013 FIP Report is available on AKO.



The FIP Report






Office of the Assistant Secretary of the Army (Financial Management & Comptroller) Winter 2013

Army Earns Clean Audit Opinion on Real Property

At the examination exit conference on November 13th, the Army received a clean audit opinion from KPMG, the independent audit firm that conducted the exam. KPMG assessed the Army’s real property assets at 24 installations, which in total account for more than 50% of the Army’s real property, and confirmed that “[m]anagement’s assertion related to the existence, completeness and rights of general fund real property assets is fairly stated, as defined in the criteria based on Statement of Auditing Standards No. 122 and the FIAR Guidance.” If any corrective actions are identified, OASA(FM&C) will share them with the stakeholder community for implementation and the training materials will be updated and posted to AKO. Once the final audit report is available, it will be posted to the Army Audit Readiness website

“ This accomplishment results from a lot of hard work by many throughout the Army--thank you!!! This clean audit opinion demonstrates that our Commanders can rely on our property records and that we are good stewards of the tax payers resources. Your awesome teamwork will result in many more positive accomplishments.”



Assistant Secretary of the Army (Financial Management and Comptroller), Dr. Mary Sally Matiella

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Accountability and Audit Readiness

The Accountability and Audit Readiness Directorate oversees the Financial Improvement Plan (FIP) that guides the Army’s audit readiness efforts.

We are all accountable for managing the Army’s dollars and resources. Accountability leads to a stronger Army and a positive audit opinion, which proves we are

Audit Readiness AKO Page: <https://www.us.army.mil/suite/page/655389>

Open Discussion & Closing Remarks