



# DFAS Support for Army Audit Readiness

Army Client Executive and Director  
Defense Finance and Accounting Service-Indianapolis  
July 10, 2012





## Mission

*Efficiently pay and account for the funds entrusted to our customers.*

## Vision

*A fully integrated financial management service provider consistently delivering first-class service and products to our customers who are proudly serving America's Heroes.*

## Delivering Superior Service by...

- *One Team! One Mission! Always*
- *Collaboration and Teamwork*
- *Clear Outcomes*
- *Operational Excellence*
- *Personal and Team Accountability*

## Director's "CORE FOUR"

- *Improve Customer Satisfaction – "Delight the Customer"*
- *Demonstrate Audit Readiness*
- *Maximize use of Enterprise Resource Planning Systems (ERPs)*
- *Support commanders in theater*





## Mission

*Support the Audit Readiness Strategic Initiative and the customers on their audit readiness assertions and audit execution, focusing on the DoD's priorities.*

## Vision

*“To be the recognized leader in developing audit ready solutions in a dynamic environment.”*







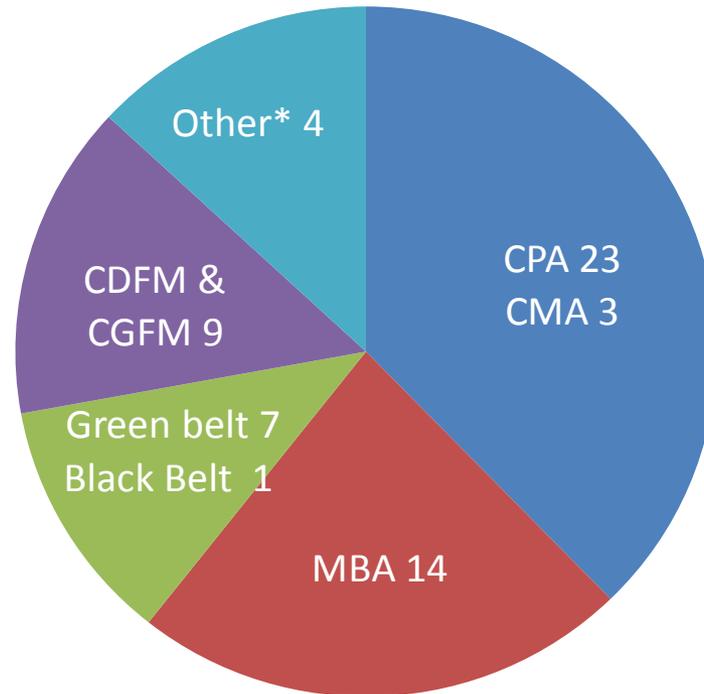
## Customers

- ✓ Army
  - ✓ Air Force
  - ✓ 23 Other Defense Agencies (12 Material Entities per FIAR)
  - ✓ 3 ePayroll Partners – EPA, VA, EOP
- Out of the Total Budgetary Resources currently preparing for audit (per the December, 2011 FIAR Guidance), DFAS-IN supports our customers for \$420 Billion or 42%.



- Indianapolis Audit Readiness Directorate consists of 45 professionals with 447 years of federal experience among them:

## Number of Professional Licenses and Advanced Degrees Possessed by the Team



CMA = Certified Management Accountant

\*Other = CFE, CIA, PMP

# Setup - Video



# 10 Keys to Audit Success



- ▶ Communication
- ▶ Scope Definition
- ▶ Business Process Maps
- ▶ Accountability E2E Throughout Business Process
- ▶ Full Engagement at Every Level
- ▶ Ability to Identify Universe of Transactions
- ▶ Timeliness of Responses
- ▶ Timeliness of Document Retrieval
- ▶ System of Record to Store and Retrieve Documents
- ▶ Communication





## “The 6 C’s”

- ▶ Clean up
- ▶ Commitment
- ▶ Culture
- ▶ Collaboration
- ▶ Communication
- ▶ Continuation



# What is at Stake?



- ▶ Visible Demonstration of Fiscal Responsibility
- ▶ Taxpayers' Confidence
- ▶ Reputation
- ▶ Budget Authority



## ► How does it all fit together?

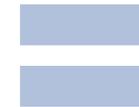
SSAE 16



Self  
Reviews



FISCAM



Audit  
Readiness





## Benefits

- ✓ Allows Army and other DoD reporting entities to rely on service auditor's report on the design and effectiveness of DFAS controls
- ✓ Reduces cost to Army and other reporting entities
- ✓ Reduces cost to DFAS

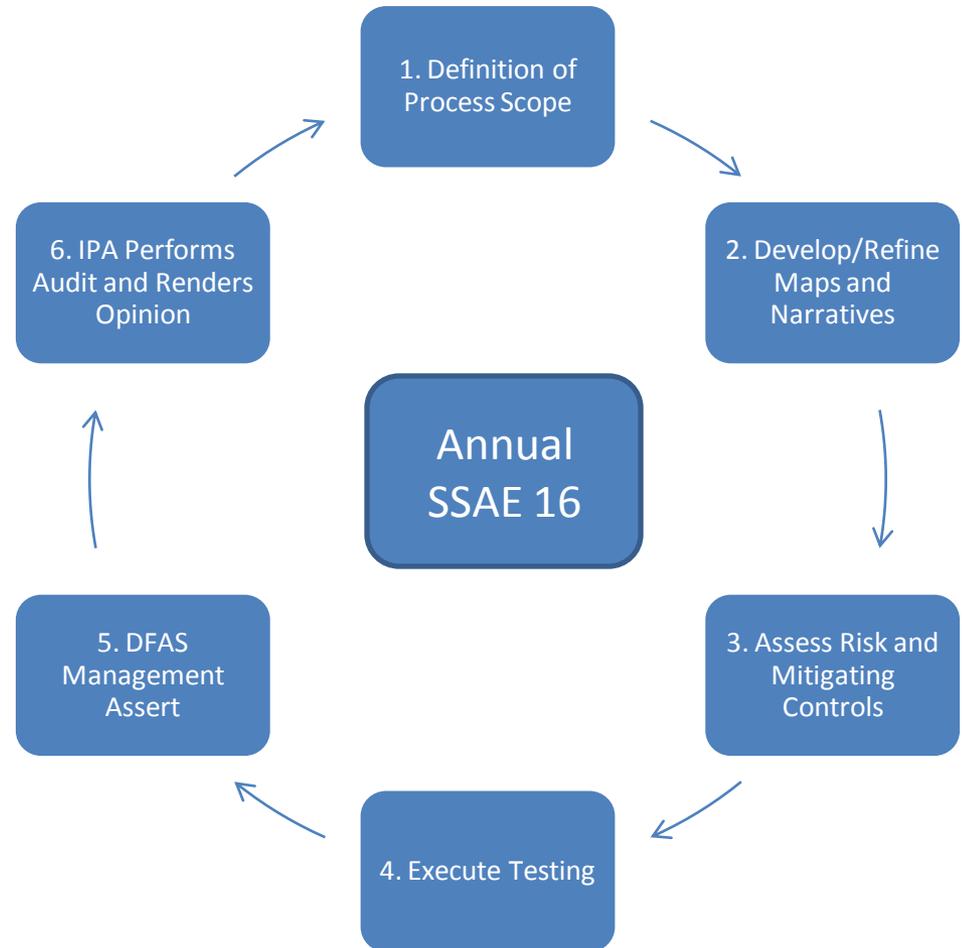
## DFAS SSAE 16 functional areas

- ✓ Civilian Pay – FY 2012 limited scope engagement
- ✓ Military Pay – FIAR Office pre-assertion reviews
- ✓ Contract Pay
- ✓ Disbursing



DFAS is a “service provider” as defined by the AICPA Statements on Standards for Attestation Engagements (SSAE) 16

- ✓ Provides services to our customers





## Self Reviews

- ✓ Similar to Pre-assertion work for SSAE-16s
- ✓ Follow the OUSD(C) FIAR Guidance
- ✓ Work Products are included in Army Assertion Documents

## Primary Focus is GFEBS Processes at DFAS

- ✓ Collaborate with Army to evaluate DFAS Processes
- ✓ Focus on correcting control deficiencies prior to full Audit
- ✓ Support GFEBS Examinations



## GFEBs Examination #2 Support Status (Self Review)



Work Product	Count
Process Maps & Narratives	55
Key Controls	71
Control Catalogue	1
Test of Design	Fail – 26, Pass – 15, Gap – 24, No Test Performed – 6
Test of Effectiveness	Fail – 13, Pass – 2, No Test Performed – 50
Summary Test Plans	34 (summarized TOD/TOE)
Corrective Action Plans	42 signed*, 1 risk accepted by management, 2 overall risks (SOPs) included with individual CAPs, as applicable**

\*Note: One CAP may cover more than one control

\*\*Note: SOP's to be written, current, updated annually, and known by employee





## Manual Reconciliation

- ✓ Test Symbols: 21 1 0725 (100%); 21 1 2080 (100%); 21 1 2020 (75%)
- ✓ Followed Air Force CCAS Methodology
- ✓ Identified hindrances to reconciliation (28 Items Currently)

## Automated Solution (March 2013)

- ✓ Pursuing DFAS Fund Balance with Treasury (DFBT) Army
- ✓ Current FIP Status is Red – Army specific project schedule being developed
- ✓ Meeting bi-weekly with DFAS IT
- ✓ Functional Requirements Document
  - IAAA – approval of requirements
  - IRWG – approval of funding
- ✓ Work Group Obtained Access to Development Environment

## Process Development

- ✓ Recommend Organizational Structure & Resourcing
- ✓ Develop SOPs, Training Packets, etc



- ▶ FISCAM presents a methodology for performing information system (IS) control audits of federal and other governmental entities in accordance with professional standards.
- ▶ DFAS owned financial systems will have FISCAM completed in time for the first Army Assertion that will have DFAS Owned Systems in scope (Exam 3, set for Q3 2013).





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- ▶ DFAS fully supports the Army and our other customers to achieve their audit assertion deadlines; and be
- ▶ *Audit Ready Every Day*



# Questions

Proudly Serving  
DFAS  
America's Heroes

