

In assessing the individual lines in its SCNP, reporting entities should review relevant sections of OMB Circular A-136, *Financial Reporting Requirements*. Specific guidance that reporting entities must follow is presented for the following four line items which are material to the DoD Consolidated SCNP:

- Appropriations Used
- Other Financing Sources – Other
- Appropriations Received
- Other Adjustments

Reporting entities should also review relevant sections of OMB Circular A-136, *Financial Reporting Requirements*, for additional information regarding each line on the SCNP.

**5.D.3.1 APPROPRIATIONS USED**

Appropriations are considered used as a financing source when goods or services have been provided. The Appropriations Used balance includes appropriations used for both items that are expensed or capitalized. It does not include undelivered orders or unobligated appropriations. The balance reflected on the SCNP for Appropriations Used should agree to the balance of the reporting entity for USSGL account 570000 – Expended Appropriations. The detail transactions impacting the account balance should have been tested in conjunction with the efforts of the reporting entity to assert to the audit readiness of its SBR.

**Audit Readiness Considerations**

The following table presents financial reporting risks, outcomes demonstrating audit readiness and KSDs specific to Appropriations Used. In order to assert audit readiness for this line item, reporting entities must demonstrate that effective controls are in place to achieve the audit readiness outcomes relative to the risk associated with the assertion (as noted in the table). The suggested test procedures can be used to test key controls operating within the business processes affecting Appropriations Used, and assess the availability of KSDs that support the controls and amounts recorded.

Financial Reporting Risks		Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Appropriations Used</b>				
AU.1	Appropriations Used may not pertain to the reporting entity, may not be representative of amounts expended by the reporting entity, or may be improperly classified and summarized (E) (Wave 4 – SCNP, ROMM #1)	Recorded Appropriations Used pertain to the reporting entity, are representative of amounts expended by the reporting entity and are properly classified and summarized (Wave 4 – SCNP, FRO #1)	General ledger account reconciliations for USSGL account 570000 – Expended Appropriations  General ledger account detail for USSGL account 570000 – Expended Appropriations	Review the posting logic within the general ledger and determine whether transactions impacting USSGL account 570000 – Expended Appropriations map to the correct accounts in accordance with the USSGL
AU.2	Recorded Appropriations Used may not include all amounts used by the reporting entity, or may not be summarized accurately in the financial statements (C) (Wave 4 – SCNP, ROMM #5)	All Appropriations Used are recorded in the correct period and are properly summarized (Wave 4 – SCNP, FRO #2)	Posting logic for transactions that impact USSGL account 570000 – Expended Appropriations  Other documentation to support adjusting journal vouchers posted to USSGL	Reconcile the balance of Appropriations Used per the SCNP to the underlying the general ledger account detail for USSGL account 570000 – Expended Appropriations (universe of transactions)

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
<b>Appropriations Used</b>			
<p>AU.3 Appropriations Used included in the financial statements are recorded at incorrect amounts or valued on an inappropriate basis (V) (Wave 4 – SCNP, ROMM #9)</p>	<p>Appropriations Used included in the financial statements are valued correctly, using an appropriate valuation basis (Wave 4 – SCNP, FRO #3)</p>	<p>account 570000 – Expended Appropriations</p>	<p>Select a sample of journal vouchers from the universe of transactions and:</p> <ul style="list-style-type: none"> <li>• Obtain appropriate documentation that adequately supports the journal voucher</li> <li>• Review the nature of the journal voucher for reasonableness</li> <li>• Determine whether the transaction has been appropriately classified in the SCNP</li> </ul>
<p>AU.4 The reporting entity does not have rights to recorded Appropriations Used at a given date (R) (Wave 4 – SCNP, ROMM #13)</p>	<p>The reporting entity has the rights to the recorded Appropriations Used at a given date (Wave 4 – SCNP, FRO #4)</p>		
<p>AU.5 IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)</p>	<p>All material systems achieve the relevant FISCAM IT general- and application-level general control objectives</p>	<p>See FIAR Guidance Section 3.D.2, "Systems (IT) Controls," for additional details related to IT General and Application Controls audit readiness activities</p>	

**Footnote Disclosures**

In addition to ensuring the audit readiness of its own Appropriations Used balance, a reporting entity must provide data that is complete and accurate to OUSD(C) for the preparation of the Disclosures Related to the Statement of Changes in Net Position included in Note 19 of the FY 2014 DoD Agency Financial Report. OMB Circular A-136, *Financial Reporting Requirements*, also specifies requirements for SCNP footnote disclosures that reporting entities must consider for standalone and consolidated reporting purposes.

**5.D.3.2 OTHER FINANCING SOURCES - OTHER**

Because the Other Financing Sources – Other account balance is material to the DoD Consolidated SCNP, reporting entities must be able to reconcile this account balance and ensure that adequate documentation exists to support transactions recorded to the account. Per OMB Circular A-136, *Financial Reporting Requirements*, this account should include financing sources that do not represent budgetary resources and are not otherwise classified in other line items on the SCNP.

**Audit Readiness Considerations**

The following table presents financial reporting risks, outcomes demonstrating audit readiness and KSDs specific to Other Financing Sources - Other. In order to assert audit readiness for this line item, reporting entities must demonstrate that effective controls are in place to achieve the audit readiness outcomes relative to the risk associated with the assertion (as noted in the table). The suggested test procedures can be used to test key controls operating within the business processes affecting Other Financing Sources - Other, and assess the availability of KSDs that support the controls and amounts recorded.