

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Appropriations Received			
AD.5	IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)	All material systems achieve the relevant FISCAM IT general- and application-level general control objectives	See FIAR Guidance Section 3.D.2, "Systems (IT) Controls," for additional details related to IT General and Application Controls audit readiness activities

Footnote Disclosures

In addition to ensuring the audit readiness of its own Appropriations Received 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.3.4 OTHER ADJUSTMENTS

Because the Other Adjustments 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. This account includes adjustments to unexpended appropriations. Examples of adjustments include rescissions, capital transfers and cancellations of expired appropriations

Audit Readiness Considerations

The following table presents financial reporting risks, outcomes demonstrating audit readiness and KSDs specific to Other Adjustments. 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 Adjustments, 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
Other Adjustments			
OT.1	Other Adjustments may not pertain to the reporting entity, may not be representative of amounts of transactions entered into by the reporting entity, or may be improperly classified and summarized (E) (Wave 4 – SCNP, ROMM #4)	Recorded Other Adjustments represent amounts of transactions actually entered into by the reporting entity and are properly classified (Wave 4 – SCNP, FRO #13)	General ledger account reconciliations for USSGL account 310600 – Unexpended Appropriations – Adjustments General ledger account detail for USSGL account 310600 – Unexpended Appropriations – Adjustments

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Other Adjustments			
OT.2	Recorded Other Adjustments 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 #8)	All Other Adjustments are recorded in the correct period and are properly summarized (Wave 4 – SCNP, FRO #14)	SCNP to the underlying the general ledger account detail for USSGL account 310600 – Unexpended Appropriations – Adjustments (universe of transactions)
OT.3	Other Adjustments included in the financial statements are recorded at incorrect amounts or valued on an inappropriate basis (V) (Wave 4 – SCNP, ROMM #12)	Other Adjustments included in the financial statements are valued correctly, using an appropriate valuation basis (Wave 4 – SCNP, FRO #15)	Select a sample of journal vouchers from the universe of transactions and: <ul style="list-style-type: none"> • Obtain appropriate documentation that adequately supports the journal voucher • Review the nature of the journal voucher for reasonableness • Determine whether the transaction has been appropriately classified in the SCNP
OT.4	The reporting entity does not have rights to or obligations for amounts posted to Other Adjustments at a given date (R) (Wave 4 – SCNP, ROMM #16)	The reporting entity has rights to or obligations for amounts posted to Other Adjustments at a given date (Wave 4 – SCNP, FRO #16)	
OT.5	IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)	All material systems achieve the relevant FISCAM IT general- and application-level general control objectives	See FIAR Guidance Section 3.D.2, “Systems (IT) Controls,” for additional details related to IT General and Application Controls audit readiness activities

Footnote Disclosures

In addition to ensuring the audit readiness of its own Other Adjustments 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.4 FINANCIAL REPORTING

Financial Reporting is the process for ensuring the completeness and accuracy of the data provided for the DoD Agency Financial Report, including proper and adequate note disclosures. Financial Reporting addresses the presentation and disclosure assertion for all financial statement line items. OMB Circular A-136, *Financial Reporting Requirements*, specifies fundamental requirements for adequate and proper financial statement note disclosures.

All reporting entities must be able to assert to the audit readiness of all business processes and sub-processes associated with Financial Reporting, including proper note disclosure and general ledger recording. For reporting entities undergoing, or preparing to undergo a financial statement audit (OMB and DoD Designated Audit entities), this includes the development of the Management’s Discussion and Analysis (MD&A), financial statements and notes to the financial statements, required supplementary