

# FINANCIAL IMPROVEMENT AND AUDIT READINESS (FIAR) PLAN STATUS REPORT



May 2013



UNITED STATES  
DEPARTMENT OF DEFENSE

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
(COMPTROLLER) / CHIEF FINANCIAL OFFICER

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## Message from the Under Secretary of Defense (Comptroller)

*As a nation, we are facing significant fiscal and economic pressures. The Department of Defense (DoD) has been particularly affected by ongoing, serious budget problems. The Department remains steadfast in its commitment to achieving its audit readiness goals, but the absence of a stable budget environment subjects our efforts to increased risk.*

*Despite our budgetary crises, the May 2013 Financial Improvement and Audit Readiness (FIAR) Plan Status Report details progress made toward improving business systems, controls, and processes across all functional areas and achieving audit-ready financial statements. Meeting these goals will help the Department ensure we make the best use of every dollar while supporting our national security mission. A message from the Chief Management Officer of each Military Department reaffirms our collective commitment to audit readiness and precedes the respective Department section of this report.*

*Over the past several years, DoD has implemented a variety of initiatives to achieve specific budgetary savings. The FIAR Plan complements these efforts by providing a more complete understanding of our spending and enabling tighter control over financial operations. With support from Congress for these efforts and a continued commitment to stabilizing the budgetary process, I remain reasonably confident that we can meet our audit goals.*



*Robert F. Hale*

**Robert F. Hale**  
Under Secretary of Defense (Comptroller)/  
Chief Financial Officer

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The FIAR Plan Status Report was prepared in accordance with the National Defense Authorization Acts (NDAA) for Fiscal Years (FY) 2010, 2011, 2012, and 2013. The Report addresses issues impeding the reliability of the Department of Defense financial statements and serves as the Department's annual Financial Management Improvement Plan, required by Section 1008(a) of the NDAA for FY 2002.

Preparation of this Report cost the Department of Defense an approximate total of \$143,000.



## Executive Summary

The May 2013 Financial Improvement and Audit Readiness (FIAR) Plan Status Report details Department of Defense (DoD) plans for improving financial information and achieving auditable financial statements. The FIAR initiative complements DoD efforts to realize budgetary savings by providing leadership with a roadmap for improving financial information and enabling a more disciplined use of resources.

### AUDIT READINESS PRIORITIES

The Honorable Chuck Hagel became Secretary of Defense at a time of unprecedented budget uncertainty. Sequestration and budgetary difficulties reduce resources and drain time and energy away from the Department's financial managers. Steps are being taken to minimize the impact, and Secretary Hagel has confirmed the Department's commitment to achieving audit ready financial statements.

To focus improvement activities on the information most often used to manage the Department and achieve auditable financial statements, the Department established three FIAR priorities:

- General Fund (GF) Statement of Budgetary Resources (SBR) validated as audit ready by September 30, 2014
- Existence and completeness audit readiness of mission critical assets
- Full audit readiness achieved for all financial statements by September 30, 2017

Although many challenges exist, DoD leadership remains reasonably confident the Department will meet the target dates. However, it is essential that all stakeholders share a common understanding of the Department's audit readiness plan, strategy, and priorities. An explanation of each priority follows, as well as the Department's completion strategy and status.

### GF SBR Audit Readiness by September 30, 2014

The Department is committed to achieving GF SBR audit readiness by September 30, 2014. Achieving audit readiness means the Department has improved financial practices, processes, and systems, and strengthened internal controls so that financial information used to manage the Department is accurate and reliable. Achieving a clean audit opinion may take several more years.

The U.S. Marine Corps (USMC) is undergoing its third audit. One of the major impediments to the USMC audit has been its inability to quickly produce supporting documentation on historical transactions within SBR opening balances. Historical documentation (e.g., requisitions, receiving reports, invoices) is primarily in paper form and dispersed across various commands and activities worldwide. Lessons learned from the USMC audit have shaped the Department's overall approach.

In August 2012, the Department modified the FIAR methodology to limit the scope of the first year, FY 2015 audits. (See Appendix 4, FIAR Strategy and Methodology, for more information.) The scope of FY 2015 audits will be on current year appropriation activity and transactions (i.e., a Schedule of Budgetary Activity (SBA)). The initial GF SBA audits will not include balances from prior year activity.

Management regularly uses current year information for making decisions, comparing budgets, and identifying the availability of funds. Focusing on this information is a sensible path to full audit readiness and complies with National Defense Authorization Act requirements. Upon successful audits of current year appropriation activity, the Components will then begin audits of the complete SBR.

The Department does not expect every Component to achieve an SBA clean audit opinion in FY 2015. Nevertheless, undergoing an audit is an important first step. The USMC employed this same approach, and although the Department has shared the USMC lessons learned, firsthand audit experience is essential to each Component's success.



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The steps for achieving and sustaining fully auditable GF SBRs for the Military Departments and other Defense organizations:

1. Continue to improve business and financial practices, processes, and systems and strengthen internal controls
2. Focus initial audits on current year appropriation activity and transactions supporting financial information used daily by DoD managers
3. Evaluate prior year transactions and supporting documentation
4. Conduct full GF SBR audits

Status: The FIAR Guidance and Component plans follow this strategy, and the Military Departments and other Components that have not achieved a financial statement audit opinion are aggressively preparing for SBA audits in FY 2015. The Military Departments and other Defense organizations are on schedule to meet this target date.

### Mission Critical Asset Existence and Completeness

Achieving existence and completeness of mission critical assets is critical to achieving full audit readiness by September 30, 2017. Budget constraints and reductions raise the importance of having accurate mission critical asset information even more. The Military Departments and Components that have General Fund and Working Capital Fund mission critical assets are working to ensure assets are properly recorded, and adequate controls exist and are effective.

Status: To date, 53 percent of mission critical assets are either under audit, have been validated as audit ready, or have asserted audit readiness. The DoD Components plan to achieve mission critical asset existence and completeness prior to September 30, 2017.

### Full Audit Readiness by September 30, 2017

Achieving GF SBR audit readiness, while significant, is not the end-game. To achieve full audit readiness by September 30, 2017, and begin full financial statement audits in FY 2018, the Components are employing a mandatory, comprehensive FIAR Strategy and FIAR Methodology. The FIAR Strategy comprises four waves:

- *Wave 1 – Appropriations Received Audit* has been validated as audit ready.
- *Wave 2 – Statement of Budgetary Resources Audit* is currently being worked to achieve audit readiness.
- *Wave 3 – Mission Critical Asset Existence and Completeness Audit* is also currently being worked to achieve audit readiness by type of asset and must be completed prior to achieving Wave 4.
- *Wave 4 – Full Audit Except for Existing Asset Valuation* has been started, as discussed below.

Much of the work to complete Waves 1 – 3 affects the requirements and objectives of Wave 4. Because information used to populate the SBR is also used to populate some lines of both the General Fund and Working Capital Fund the Balance Sheets, demonstrating control over financial transactions supporting the SBR advances full audit readiness. For example:

- Delivered Orders, reported on the SBR, equate to a portion of Accounts Payable reported on the Balance Sheet.
- Spending Authority from Offsetting Collections, reported on the SBR, includes some of the amounts reported in Accounts Receivable – Intragovernmental on the Balance Sheet.
- Unobligated Balances and Unpaid Obligations, reported on the SBR, correlate to FBWT reported on the Balance Sheet.
- Obligations Incurred, reported on the SBR, equates to a substantial portion of Gross Costs reported on the Statement of Net Cost.





## ACCOMPLISHMENTS

The Department tracks audit readiness progress through:

- Financial statement audit opinions
- Audit readiness validated by DoD Inspector General (IG) or independent public accounting firm (IPA) examinations
- Audit readiness assertions

### Opinions

Six DoD reporting organizations received unqualified audit opinions on their FY 2012 financial statements. Additionally, three DoD reporting organizations received qualified opinions. The Defense Information Systems Agency, which had previously received a qualified opinion on its Working Capital Fund, also received a qualified opinion on its General Fund financial statements. Figure 2 lists the DoD Components that achieved unqualified and qualified audit opinions on their FY 2012 financial statements.

**Figure 2. Financial Statement Audit Opinions**

<b>FY 2012 Unqualified Audit Opinions</b>
U. S. Army Corps of Engineers – Civil Works
Defense Commissary Agency
Defense Contract Audit Agency
Defense Finance and Accounting Service
TRICARE Management Activity – Contract Resource Management
Military Retirement Fund
<b>FY 2012 Qualified Audit Opinions</b>
Defense Information Systems Agency – Working Capital Fund
Defense Information Systems Agency – General Fund
Office of the Inspector General
Medicare-Eligible Retiree Health Care Fund

## Audit of USMC FY 2012 Schedule of Budgetary Activity

In March 2013, an IPA completed an out of cycle audit of the USMC FY 2012 SBA. As of the date of this report, the outcome of the audit was still pending. Many years of USMC steadfast persistence, focused direction, and strong leadership went into preparing for and supporting the audit.

The SBA opinion demonstrates that the USMC has improved processes, controls, and systems and is able to produce accurate and reliable financial information for decision makers. As importantly, the USMC audit generated many lessons learned and best practices that will facilitate the audit readiness efforts of the other Components and advance the Department’s efforts overall.

The USMC is sustaining improvements that enable SBA audits while working toward an audit of the full SBR. A contract has been issued for an FY 2013 SBA, and the IPA is developing its audit plan.

### Audit Readiness Validations

The Department organizes audit readiness activity by business and financial processes (e.g., Military Pay, Contracts, Reimbursables). Auditors complete examinations to validate management’s assertion that the business or financial process is audit ready.

Since the November 2012 FIAR Plan Status Report, an IPA completed an examination of the Army’s General Fund Enterprise Business System (GFEBS) at 10 installations and at the Defense Finance and Accounting Service on 9 business processes, and the DoD IG issued a qualified opinion on the Army’s Operating Materials and Supplies (OM&S) for three types of missiles. The Navy received unqualified opinions on Civilian Pay and Transportation of People. The Air Force also received an unqualified opinion on OM&S – Missile Motors and a qualified opinion on OM&S – Spare Engines. Additionally, an IPA completed a mock audit of Appropriations Received for all other Defense organizations, validating audit readiness.

Mock audits are planned and executed using the same procedures, tools, and techniques that auditors would employ during an audit, but



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because the auditors in a mock audit work for management, the auditors are not considered independent. The mock audits include evaluating manual business processes and related systems used to process transactions affecting the Department's financial statements.

When the DoD IG or an IPA completes an audit, examination, or a mock audit, a Notice of Findings and Recommendations (NFR) is provided to management describing material weaknesses and significant deficiencies in controls that should be remediated. In

addition, NFRs provide recommendations to management on how to resolve the problems. The OUSD(C) tracks NFRs for material weaknesses and significant deficiencies to validate they have been remediated. Figure 3 shows audit readiness validation examinations completed by the DoD IG or an IPA since the November 2012 FIAR Plan Status Report and the outcome.



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Figure 3. Audit Readiness Examinations Completed and Resulting in an Opinion Since November 2012

DoD Component	Audit Readiness Assertions	Assertion Date	Examination Status
<b>Statement of Budgetary Resources</b>			
Army	GFEBs 9 Business Processes at 10 Installations and DFAS	Q3 FY 2012	Examination Complete – Additional Corrective Actions Needed
Navy	Civilian Pay	Q2 FY 2010	Examination Complete – Unqualified Opinion
Navy	Transportation of People	Q4 FY 2010	Examination Complete – Unqualified Opinion
Defense Logistics Agency	Appropriations Received	Q4 FY 2010	Mock Audit Complete – Audit Ready with Findings
Chemical Biological Defense Program	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
Defense Advanced Research Projects Agency	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
Service Medical Activity	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
TRICARE Management Activity	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
Defense Technical Information Center	Appropriations Received	Q1 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Contract Management Agency	Appropriations Received	Q2 FY 2012	Mock Audit Complete – Audit Ready with Findings
U.S. Special Operations Command	Appropriations Received	Q2 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Security Cooperation Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Threat Reduction Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Department of Defense Education Activity	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Missile Defense Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Washington Headquarters Service	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
<b>Mission Critical Asset Existence and Completeness</b>			
Army	OM&S – 3 Missile Types	Q3 FY 2012	Examination Complete – Qualified Opinion
Air Force	OM&S - Missile Motors	Q2 FY 2012	Examination Complete – Unqualified Opinion
Air Force	OM&S - Spare Engines	Q2 FY 2012	Examination Complete – Qualified Opinion



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### Audit Readiness Assertions

Figure 4 shows audit readiness assertions completed since the November 2012 FIAR Plan Status Report as well as examinations

underway and examinations that resulted in additional corrective actions being needed. (See Appendix 1 for a full listing of audit readiness assertions, including those in sustainment.)

Figure 4. New Audit Readiness Assertions or Change in Status Since November 2012

DoD Component	Audit Readiness Assertions	Assertion Date	Assertion Status
<b>Statement of Budgetary Resources</b>			
Navy	Military Pay	Q2 FY 2013	Examination Pending
Navy	Reimbursable Work Orders – Acceptor	Q2 FY 2013	Examination Pending
Navy	Reimbursable Work Orders – Grantor	Q2 FY 2013	Examination Pending
Air Force	Funds Distribution	Q4 FY 2012	Examination Pending
Air Force	SBIRS Acquisition Program	Q4 FY 2012	Examination Complete – Additional Corrective Actions Needed
Air Force	Civilian Pay	Q2 FY 2013	Examination Pending
Defense Advanced Research Projects Agency	Civilian Pay	Q2 FY 2012	Assessment of New IT Environment Needed
<b>Mission Critical Asset Existence and Completeness</b>			
Army	Real Property (23 Sites)	Q1 FY 2013	Examination Pending
Navy	OM&S - Ordnance	Q4 FY 2010	DoD IG Examination Pending
Navy	Military Equipment - Boats	Q4 FY 2012	Additional Corrective Actions Needed
Navy	OM&S - Uninstalled Aircraft Engines	Q4 FY 2012	Additional Corrective Actions Needed



### AUDIT READINESS NEAR-TERM PLANS

To ensure the Department accomplishes its three priorities by the target dates, leadership monitors the near-term plans of each Military Department, the Defense Agencies, and the other Defense organizations through the FIAR Governance process. The Deputy's Management Action Group reviews the audit readiness near-term plans semi-annually. The FIAR Committee and FIAR Subcommittee review near-term dates monthly, and the FIAR Governance Board reviews near-term dates quarterly. The near-term plans include specific dates for completing important FIAR activity such as:

- Testing Controls
- Implementing Corrective Actions
- Validating Corrective Actions

The near-term plans of the Army, Navy, and Air Force are provided in Figures 5, 6, and 7 on the following pages. (See Section IV for the audit readiness plans of the Defense Agencies and other Defense organizations. See Appendix 5 for more information on FIAR Governance.)



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Figure 5. Army Audit Readiness Near-Term Plans

Milestone	Tested		Corrected		Validated	
	As Planned	Revised	As Planned	Revised	As Planned	Revised
<b>Information Technology Systems</b>						
General Fund Enterprise Business System (GFEBS)	✓		✓		✓	
Global Combat Support System-Army (GCSS-A)	✓		12/31/2012	09/30/2013	12/31/2013	
Logistics Modernization Program (LMP)	12/31/2012	06/30/2014	06/30/2013	12/31/2015	12/31/2013	09/30/2016
<b>Statement of Budgetary Resources</b>						
General Fund SBR Examination 2 – GFEBS Wave 1 & 2 Sites (10 Installations/18 Resource Management Offices and DFAS, GFEBS Controls and 9 Processes: Funds Receipt, Distribution, and Monitoring; Reimbursables In-bound and Out-bound; TDY; Contracts; Civilian Pay; Misc. Payments; Government Purchase Cards; Supply Requisitions; Financial Reporting)	✓		06/30/2012	✓	12/31/2012	✓
Automated Fund Balance with Treasury (FBWT) Reconciliation Tool	01/31/2013	✓	N/A		N/A	
General Fund SBR Examination 3 – All Army General Fund Activities at all GFEBS Locations (Examination 2 Processes plus MOCAS, GCSS-Army)	✓		06/30/2013		12/31/2013	
General Fund SBR Assertion/Audit – All Army General Fund Activities at all GFEBS Locations (Examination 3 Processes plus Military Pay)	✓		06/30/2014		09/30/2014	
Fund Balance with Treasury (FBWT)	02/15/2013	✓	06/30/2014		09/30/2014	
<b>Assets Existence and Completeness</b>						
Military Equipment, General Equipment, OM&S – All Assets	✓		12/31/2013		06/30/2014	
Real Property – 20 Installations	✓		✓		06/30/2013	
Real Property – All Installations	✓		09/30/2014		03/31/2015	
Operating Materials and Supplies (OM&S) – Javelin, Hellfire, and TOW Missiles	✓		✓		12/31/2013	06/30/2014

**Note:** Tested = Discovery work completed; Corrected = Corrective actions completed and audit readiness asserted; Validated = Opinion on audit readiness issued by the DoD IG or an IPA; and ✓ = Completed.



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Figure 6. Navy Audit Readiness Near-Term Plans

Milestone	Tested		Corrected		Validated	
	As Planned	Revised	As Planned	Revised	As Planned	Revised
<b>Information Technology Systems</b>						
Navy ERP (General Ledger – Financial Transaction Detail)	✓		03/31/2013	09/30/2013	09/30/2013	
Navy Standard Integrated Personnel System (Military Personnel System)	08/02/2012	05/31/2013	03/31/2013	09/30/2013	09/30/2013	
Standard Labor Data Collection and Distribution Application (Civilian Time and Attendance)	✓		03/31/2013	06/30/2013	09/30/2013	
Standard Accounting and Reporting System (General Ledger – Financial Transaction Detail)	08/02/2012	08/31/2013	03/31/2013	12/31/2013	09/30/2013	03/31/2014
Command Financial Management System	✓		09/30/2013		09/30/2013	
FASTDATA – Fund Administration and Standardized Document Automation	✓		09/30/2013		09/30/2013	
Program Budget Information System	✓		✓		09/30/2013	
Financial Management System – Next Generation	07/31/2013		09/30/2013		09/30/2013	
<b>Statement of Budgetary Resources</b>						
U. S. Marine Corps	✓		✓		✓	
Reimbursable Work Orders	✓		✓		12/31/2012	09/30/2013
Civilian Pay	✓		✓		✓	
Transportation of People	✓		✓		✓	
Supply Requisition (MILSTRIP)	03/28/2012	08/31/2013	09/30/2012	09/30/2013	03/31/2013	05/31/2014
Financial Reporting	04/02/2012	08/31/2013	09/30/2012	09/30/2013	03/31/2013	05/31/2014
Contract/Vendor Pay	✓		12/31/2012	06/30/2013	06/30/2013	02/28/2014
Military Pay	✓		✓		09/30/2013	11/30/2013
Net Outlays (FBWT)	✓		✓		09/30/2013	12/31/2013



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Milestone	Tested		Corrected		Validated	
	As Planned	Revised	As Planned	Revised	As Planned	Revised
<b>Assets Existence and Completeness</b>						
Military Equipment – Ships, Submarines, Satellites, ICBMs	✓		✓		✓	
Military Equipment – Aircraft	✓		✓		✓	
Navy Small Boats	✓		05/31/2013		01/31/2014	
Military Equipment – Remainder (Navy)	05/30/2013	06/30/2013	09/30/2014		05/31/2015	
Military Equipment (USMC)	09/30/2013	12/31/2013	03/31/2014		05/31/2015	09/30/2014
General Equipment – Remainder (Navy)	05/30/2013	06/30/2013	09/30/2014		05/31/2015	
General Equipment (USMC)	06/30/2013	07/31/2013	09/30/2014		05/31/2015	03/31/2015
Real Property – MILCON	05/31/2013	10/31/2014	08/31/2013	12/31/2014	08/31/2015	
Real Property - Remainder	08/31/2015		09/30/2016		05/31/2017	
OM&S (Ordnance)	✓		✓		07/31/2012	10/31/2013
Uninstalled Aircraft Engines	✓		03/31/2013	09/30/2013	11/30/2013	05/31/2014
Inventory	06/17/2013	09/30/2013	09/30/2014		05/31/2015	

Note: Tested = Discovery work completed; Corrected = Corrective actions completed and audit readiness asserted; Validated = Opinion on audit readiness issued by the DoD IG or an IPA; and ✓ = Completed.



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Figure 7. Air Force Audit Readiness Near-Term Plans

Milestone	Tested		Corrected		Validated	
	As Planned	Revised	As Planned	Revised	As Planned	Revised
<b>IT Systems</b>						
Automated Funds Management (Funds Control and Distribution)	✓		✓		✓	
General Accounting and Finance System (General Ledger – Financial Transaction Detail)	✓		08/31/2013		10/31/2013	
<b>Statement of Budgetary Resources</b>						
Funds Distribution to Base	✓		✓		09/30/2012	12/31/2013
Civilian Pay	✓		✓		06/30/2013	12/31/2013
Military Pay	06/30/2012	07/31/2013	03/31/2013	12/31/2013	09/30/2013	02/28/2014
Reimbursable Budget Authority	✓		12/31/2012	06/30/2014	06/30/2013	09/30/2014
Reimbursable Work Orders	04/30/2013	10/31/2013	12/31/2013	06/30/2014	06/30/2014	09/30/2014
Net Outlays (Funds at Treasury)	08/31/2012	05/31/2013	12/31/2013	06/30/2014	06/30/2014	09/30/2014
Contracts (Major)	08/31/2012	08/31/2013	12/31/2013	06/30/2014	06/30/2014	09/30/2014
Contracts (Minor)	10/31/2012	09/30/2013	08/31/2013	02/28/2014	02/28/2014	05/31/2014
Supply Requisition (MILSTRIP)	10/31/2012	09/30/2013	07/31/2013	11/30/2013	01/31/2014	02/28/2014
Financial Reporting	02/28/2013	08/31/2013	12/31/2013	02/28/2014	06/30/2014	08/31/2014
<b>Assets Existence and Completeness</b>						
Military Equipment	✓		✓		✓	
Real Property	✓		06/30/2013	09/30/2014	12/31/2013	12/31/2014
OM&S (Cruise Missiles and Aerial Targets/Drones)	✓		✓		✓	
OM&S (Missile Motors and Spare Engines)	✓		✓		✓	
OM&S (Munitions)	12/31/2013	06/30/2014	06/30/2014	12/31/2014	12/31/2014	03/31/2015

Note: Tested = Discovery work completed; Corrected = Corrective actions completed and audit readiness asserted; Validated = Opinion on audit readiness issued by the DoD IG or an IPA; and ✓ = Completed.



## AUDIT READINESS RESOURCES

The FIAR activities funded by the amounts in Figure 8 include conducting numerous audit readiness activities, hiring IPA firms to conduct validations and audits, and resolving financial system issues (i.e., achieving an audit ready systems environment).

**Audit Readiness** encompasses the resources for evaluation, discovery, and corrective actions of the Components and their service providers (e. g., DFAS) and includes documenting and modifying processes and controls, identifying internal control deficiencies through testing and remediation of deficiencies, and evaluating transaction-level evidential matter and ensuring it is readily available. Resources for activities to test or verify audit readiness after completing corrective actions and preparation of management assertion packages are also included.

**Validations and Audits** include the resources for validations, examinations, and financial statement audits conducted by IPAs.

**Financial Systems** includes the resources for designing and achieving an audit ready systems environment, including system deployment costs, other than the Enterprise Resource Planning (ERP) systems. It also includes the resources to make needed and cost-effective changes to legacy systems that will be part of the audit ready systems environment. Financial System resources include design, development, deployment, interfaces, data conversion and cleansing, independent verification and validation and testing, implementation of controls and control testing, and system and process documentation.

See Section VI for ERP resource information and Appendix 2 for the FIAR resource information for the Military Departments and other Defense organizations.

Figure 8. DoD Audit Readiness Resources (\$ in Millions)

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	290	467	(31)	495	4	371	18	273	(11)	250	2	252	5
<i>Review and Remediation</i>	232	392	(30)	426	(10)	311	23	212	(7)	188	6	188	8
<i>DFAS Support</i>	40	59	1	47	(5)	39	(4)	40	(3)	41	(2)	43	
<i>Internal Audit Cost</i>	18	16	(2)	22	(2)	21	(2)	21	(2)	21	(2)	21	(2)
Validations and Audits	18	40	(4)	78	7	130	3	130	13	130	3	140	13
Financial Systems	95	139	23	115	22	83	5	86	6	74	6	38	6
<b>Total Resources</b>	<b>403</b>	<b>646</b>	<b>(12)</b>	<b>688</b>	<b>32</b>	<b>584</b>	<b>25</b>	<b>488</b>	<b>7</b>	<b>453</b>	<b>10</b>	<b>430</b>	<b>24</b>

Note: Amounts reported in the change (

The November 2012 FIAR Plan Status Report increases in BLACK from



### HOW THE REPORT IS ORGANIZED

The FIAR Plan Status Report is organized by Military Department, the Defense Agencies and other Defense organizations, and service providers. The Military Department sections each begin with a message from the respective Chief Management Officer, as required by the FY 2013 National Defense Authorization Act. The report also includes sections on Enterprise Resource Planning Systems and Risk Management. Appendices provide information on resources, the FIAR Strategy and Methodology, and FIAR Governance.

To minimize redundancy and reduce costs while still providing Congress and the public with detailed information on the Department's

efforts, the format of this report has been modified. The May 2013 FIAR Plan Status Report, and the report issued every May going forward, focuses primarily on updating the audit readiness status of assessable units by Component in corresponding tri- and quad-charts. Reports issued each November will provide more narrative detail on each Component's strategy, activity, challenges, and progress, as well as the Department's progress and accomplishments overall. Readers are encouraged to refer to the November 2012 FIAR Plan Status Report at <http://comptroller.defense.gov/FIAR> for more detail.

## Message from the Department of the Army Under Secretary and Chief Management Officer

*Now more than ever the Army must have a detailed understanding of how it spends its dollars and manages its resources. The Army's audit readiness efforts get us closer to accurate and reliable financial information that can be instantly generated for leaders. Situational awareness is as critical to the Army's business operations as it is on the battlefield.*

*As required by the National Defense Authorization Act of FY 2013, I have determined that the Army will achieve audit readiness of the Statement of Budgetary Resources by September 30, 2014, without an unaffordable or unsustainable level of one-time fixes and manual work-arounds and without delaying full auditability of the Army's financial statements by September 30, 2017. Army leadership is committed to these goals and creating accountability. We are testing internal controls on a monthly basis and providing scorecards so that headquarters organizations, commands, and direct reporting units can pinpoint areas of weakness and develop the appropriate corrective action plans. The testing efforts prepare personnel by simulating the requests for documentation an auditor will eventually make.*

*Prepared personnel are the key to achieving a clean audit opinion. We will continue to improve our business processes and enhance our enterprise resource systems. Yet we know that processes and technology are not enough to meet our goals. That is why we have trained more than 16,000 Army personnel in audit readiness and are rolling out online training to widen our reach. We provide a suite of audit readiness resources because preparing our staff is the single most important thing we can do to achieve a clean audit opinion. I am proud of our efforts to become audit ready because strengthening our business operations and developing our people ensures we continue to be Army Strong.*



A handwritten signature in black ink, appearing to read "Joe Westphal".

**Dr. Joseph W. Westphal**  
Under Secretary and Chief Management Officer  
Department of the Army

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## STATEMENT OF BUDGETARY RESOURCES

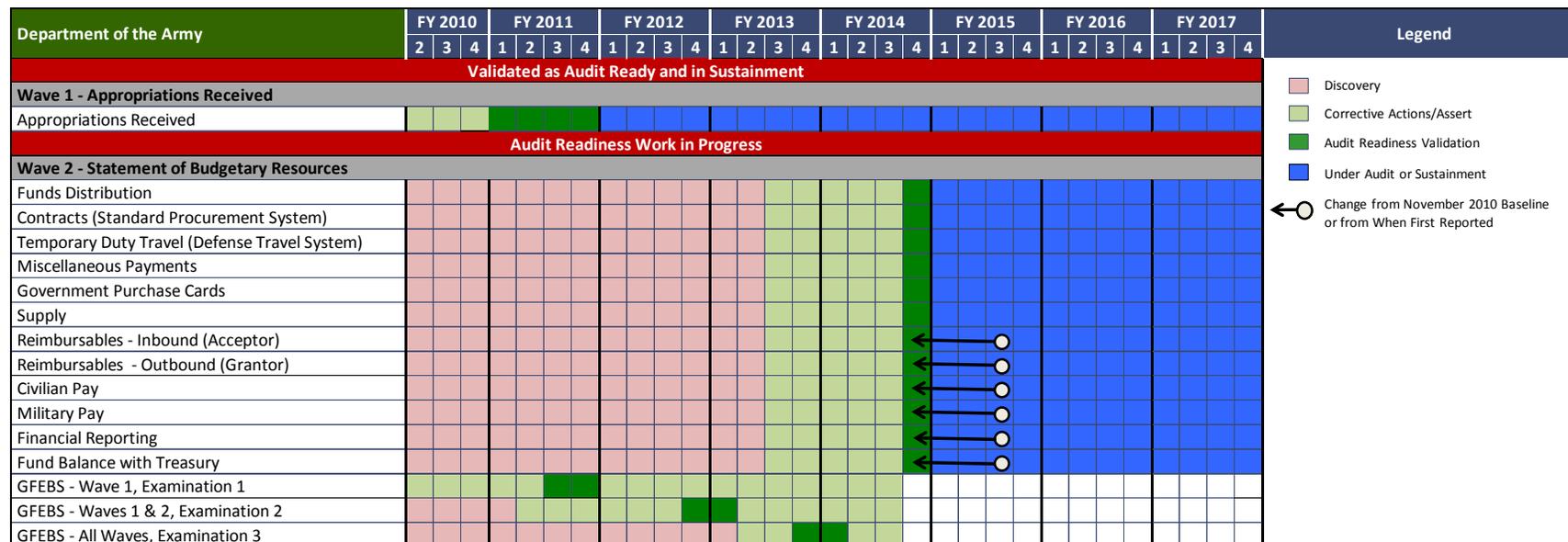
Figure I-2 shows the Army audit readiness plans for the SBR by assessable unit and identifies the changes to milestones from the baseline established in the November 2010 FIAR Plan Status Report or from when first reported. The Army SBR assessable units are:

- Appropriations Received
- Funds Distribution
- Contracts (Standard Procurement System)
- Temporary Duty Travel (Defense Travel System)
- Miscellaneous Payments
- Government Purchase Cards

- Supply
- Reimbursables – Inbound (Acceptor)
- Reimbursables – Outbound (Grantor)
- Civilian Pay
- Military Pay
- Financial Reporting
- Fund Balance with Treasury

Progress and plan charts for each SBR assessable unit follow Figure I-2. See Appendix 3 for an explanation of the FIAR activity conducted to achieve each milestone in these charts.

Figure I-2. Army SBR Audit Readiness Plans by Wave





## Appropriations Received

### Strategy Summary

- Asserted audit readiness of the General Fund SBR Appropriations Received line item in 09/2010.
- Identified and implemented corrective actions to improve oversight of the monthly reconciliations conducted by DFAS and to establish and maintain local standard operating procedures for the funds distribution and reporting processes.
- Corrective actions were addressed before the IPA started its engagement. The IPA confirmed that all corrective actions were addressed.
- The IPA issued an unqualified opinion in 08/2011.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Conduct Balance Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Apportionments agree to total amount appropriated.	OASA(FM&C)	✓
Allotted amounts agree to total amount apportioned/appropriated.	OASA(FM&C)	✓
Current year funds are recorded accurately and are valid.	OASA(FM&C)	✓
Current year funds are recorded in the general ledger in the correct period.	OASA(FM&C)	✓
Other activity (e.g., undistributed amounts) that affect the balance of the current year funds distributed within the organization are recorded accurately.	OASA(FM&C)	✓
Material systems achieve the relevant FISCAM IT general and application-level general control objectives.	OASA(FM&C), DFAS	✓



## Funds Distribution

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute corrective action plans (CAPs) for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Current year funds distributed are recorded timely in the Distribution System.	OASA(FM&C)	05/2014	06/2014*
Current year funds distributed are recorded accurately in the Distribution System and are valid.	OASA(FM&C)	05/2014	06/2014*
Current year sub-allotments are recorded timely.	OASA(FM&C)	05/2014	06/2014*
Current year sub-allotments are recorded accurately and are valid.	OASA(FM&C)	05/2014	06/2014*
Current year funds distributed are recorded timely in the General Ledger.	OASA(FM&C)	05/2014	06/2014*
Current year funds distributed are recorded accurately in the General Ledger and are valid.	OASA(FM&C)	05/2014	06/2014*
Other activity (e.g., undistributed amounts) is recorded accurately in the General Ledger balance with current year funds distributed within the organization.	OASA(FM&C)	05/2014	06/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (GFEBs)	OASA(FM&C)	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Contracts (Standard Procurement System)

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Stale or invalid obligations and accruals are removed.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, DDS, GFEBS, MOCAS, LMP, and WAWF)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Temporary Duty Travel (Defense Travel System)

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Travel information is recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Travel information is valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Travel costs are calculated correctly and are processed accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Travel obligations, expenses, accruals, and disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Travel obligations, expenses, accruals, and disbursements are valid and recorded correctly.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, GFEBS, and DTS)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Miscellaneous Payments

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, DDS, and GFEBs)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Government Purchase Cards

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Accruals and/or payables are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, and GFEBs)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Supply

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Obligations are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Accruals and/or payables are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Accruals and/or payables are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Disbursements are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Disbursements are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, GCSS-A, and GFEBS)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Reimbursables – Inbound (Acceptor)

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Unfilled customer orders are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Unfilled customer orders are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Revenue/IPAC collections are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Revenue/IPAC collections are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Unfilled customer orders and uncollected customer payments/accounts receivable are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (GFEBs)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Reimbursables – Outbound (Grantor)

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Obligations are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Accruals and/or payables are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Accruals and/or payables are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Disbursements are recorded timely.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Disbursements are valid and recorded accurately.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), G-4, IMCOM, TRADOC, FORSCOM, AMC, DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, GFEBs, and WAWF)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Civilian Pay

### Strategy Summary

- Provide internal control training to Army control owners.
- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and/or substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Civilian personnel actions are valid and recorded accurately.	OASA(FM&C), G-1, CHRA	05/2014	06/2014*
Civilian personnel actions are recorded timely.	OASA(FM&C), G-1, CHRA	05/2014	06/2014*
T&A information is valid and recorded correctly.	OASA(FM&C), G-1, CHRA	05/2014	06/2014*
T&A information is recorded timely.	OASA(FM&C), G-1, CHRA	05/2014	06/2014*
Bi-weekly payroll is calculated and processed correctly.	OASA(FM&C), DFAS	✓	06/2014*
Payroll obligations, expenses, accruals, and disbursements are valid and are correctly recorded.	OASA(FM&C), DFAS	05/2014	06/2014*
Payroll obligations, expenses, accruals and disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Stale obligations and accruals are removed from the general ledger(s) timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, DCPS, ATAAPS, and GFEBS)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Pay

### Strategy Summary

- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and substantive procedures to support assertion in absence of CAPs.
- Conduct internal control retesting.
- Provide to commands a report reflecting results of testing.
- Ensure legacy processes and systems are auditable to support the 2014 SBR in advance of IPPS-A full deployment.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	✓*
Process Documentation	12/2012	✓*
Test Plans	03/2013	✓*
Conduct Control Testing	03/2013	✓*
Conduct Balance Testing	03/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Personnel information is recorded timely.	G-1	05/2014	06/2014*
Personnel information is valid and recorded accurately.	OASA(FM&C), G-1	05/2014	06/2014*
Payroll is calculated and processed accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Payroll obligations, expenses, accruals, and disbursements are recorded timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Payroll obligations, expenses, accruals, and disbursements are valid and recorded accurately.	OASA(FM&C), DFAS	05/2014	06/2014*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, GFEBS, and DJMS)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Financial Reporting

### Strategy Summary

- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and substantive procedures to support assertion in absence of CAPs.
- Conduct internal control re-testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Trial balances (or equivalents) are produced timely.	OASA(FM&C), DFAS	03/2014	06/2014*
Trial balances (or equivalents) are valid and accurate.	OASA(FM&C), DFAS	03/2014	06/2014*
Trial balances (or equivalents) are loaded into DDRS-B timely.	OASA(FM&C), DFAS	03/2014	06/2014*
Trial balances (or equivalents) are complete and accurately loaded into DDRS-B.	OASA(FM&C), DFAS	03/2014	06/2014*
Trial balance data in DDRS-B is loaded into DDRS-AFS timely.	OASA(FM&C), DFAS	03/2014	06/2014*
Trial balances data is accurately loaded from DDRS-B into DDRS-AFS.	OASA(FM&C), DFAS	03/2014	06/2014*
Adjustments are recorded timely in DDRS-B and DDRS-AFS.	OASA(FM&C), DFAS	03/2014	06/2014*
Adjustments recorded in DDRS-B and DDRS-AFS are valid and accurate.	OASA(FM&C), DFAS	03/2014	06/2014*
SBR, related footnotes and accompanying information is completed timely.	OASA(FM&C), DFAS	03/2014	06/2014*
SBR, related footnotes and accompanying information is valid and accurate.	OASA(FM&C), DFAS	03/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B)	OASA(FM&C), PEO-EIS, DFAS, DLA	03/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Fund Balance with Treasury

### Strategy Summary

- Complete and execute CAPs for known deficiencies and weaknesses.
- Identify mitigating controls and substantive procedures to support assertion in absence of CAPs.
- Conduct internal control re-testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	02/2013	✓*
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	02/2013	✓*
Complete Corrective Actions/Assert	06/2014	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Disbursements and collections are reported timely.	OASA(FM&C), DFAS	05/2014	06/2014*
Disbursements and collections are valid and accurately reported.	OASA(FM&C), DFAS	05/2014	06/2014*
Treasury accounts related to the Component are reconciled monthly within required timeline.	OASA(FM&C), DFAS	05/2014	06/2014*
Treasury reconciliations, including general ledger and disbursing system data, are accurate.	OASA(FM&C), DFAS	05/2014	06/2014*
Reconciling differences and budget clearing account items are identified at the transaction level.	OASA(FM&C), DFAS	05/2014	06/2014*
Reconciling and budget clearing account items are valid, appropriately resolved, and the correct amount.	OASA(FM&C), DFAS	05/2014	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level general control objectives. (ADS, DCAS, DDS, GFEBS)	OASA(FM&C), PEO-EIS, DFAS, DLA	05/2014	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.





## Military Equipment

### Strategy Summary

- Complete and execute CAPs for known deficiencies and weaknesses across major command organizations that maintain accountability of assets, including FORSCOM, AMC, IMCOM, ARNG, USARC, TRADOC, and others.
- Conduct internal control and substantive retesting and training for Army units and organizations.
- Transition financial reporting of Military Equipment from legacy data sets to the Army accountable property system of record.
- Facilitate data conversion and interface development between Army information systems, Property Book Unit Supply-Enhanced, and General Fund Enterprise Business System.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Complete Corrective Actions/Assert	12/2013	
<b>Audit Readiness Validated*</b>		<b>06/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Property Book Holders	09/2013	12/2013*
Acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Property Book Holders	09/2013	12/2013*
Disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Property Book Holders	09/2013	12/2013*
Disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Property Book Holders	09/2013	12/2013*
Changes to military equipment (condition, location) are recorded in the ASPR timely.	Property Book Holders	09/2013	12/2013*
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	Property Book Holders	09/2013	12/2013*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (GFEBs)	OASA(FM&C), Army G-4, PEO EIS, DLA, DFAS	09/2013	12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## General Equipment

### Strategy Summary

- Complete and execute CAPs for known deficiencies and weaknesses across major command organizations that maintain accountability of assets, including FORSCOM, AMC, IMCOM, ARNG, USARC, TRADOC, and others.
- Conduct internal control and substantive retesting and training for Army units and organizations.
- Transition financial reporting of general equipment from legacy data sets to the Army accountable property system of record.
- Facilitate data conversion and interface development between Army information systems, Property Book Unit Supply-Enhanced, and General Fund Enterprise Business System.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Complete Corrective Actions/Assert	12/2013	
<b>Audit Readiness Validated*</b>		<b>06/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Property Book Holders	09/2013	12/2013*
Acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Property Book Holders	09/2013	12/2013*
Disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely	Property Book Holders	09/2013	12/2013*
Disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Property Book Holders	09/2013	12/2013*
Changes to general equipment (condition, location) are recorded in the ASPR timely.	Property Book Holders	09/2013	12/2013*
Changes to general equipment (condition, location) are recorded accurately in the ASPR.	Property Book Holders	09/2013	12/2013*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (GFEBs)	OASA(FM&C), Army G-4, PEO EIS, DLA, DFAS	09/2013	12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Real Property

### Strategy Summary

- Expand audit readiness activities to all real property assets at all installations.
- Execute corrective actions for known deficiencies and weaknesses across major command organizations that maintain accountability of assets.
- Conduct internal control and substantive retesting and training for Army units and organizations.
- Distribute lessons learned and corrective actions to Army real property stakeholders.
- Provide to commands a report reflecting results of internal control and substantive testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	Quick Wins Completion	As Planned	Revised
Discovery	✓	03/2013	✓*
Process Documentation	✓	✓	
Test Plans	✓	✓	
Conduct Control Testing	✓	03/2013	✓*
Complete Corrective Actions/Assert	✓	09/2014	
<b>Audit Readiness Validated*</b>			<b>03/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	Quick Wins	As Planned	Revised
Acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Changes to real property (condition, location) are recorded in the APSR timely.	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Changes to real property (condition, location) are recorded accurately in the APSR.	IMCOM, AMC, ARNG, USARC	11/2012	06/2014	09/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (GFEBS)	OASA(FM&C), OACSIM, DFAS, DLA	11/2012	06/2014	09/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials & Supplies

### Strategy Summary

- Complete and execute corrective actions for known deficiencies and weaknesses for remaining OM&S.
- Identify mitigating controls and/or substantive procedures to support OM&S full assertion.
- Provide internal control training to Army control owners.
- Conduct internal control and substantive retesting.
- Provide to commands a report reflecting results of testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	Quick Wins Completion	As Planned	Revised
Discovery	✓	✓	
Process Documentation	✓	✓	
Test Plans	✓	✓	
Conduct Control Testing	✓	✓	
Complete Corrective Actions/Assert	✓	12/2013	
<b>Audit Readiness Validated*</b>	✓		<b>06/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	Quick Wins	As Planned	Revised
Acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AMC	✓	09/2013	12/2013*
Acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AMC	✓	09/2013	12/2013*
Disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AMC	✓	09/2013	12/2013*
Disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AMC	✓	09/2013	12/2013*
Changes to OM&S (condition, location) are recorded in the APSR timely.	AMC	✓	09/2013	12/2013*
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AMC	✓	09/2013	12/2013*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (LMP)	OASA(FM&C), AMC, PEO EIS, DFAS, DLA	N/A	09/2013	12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Inventory

### Strategy Summary

- Assessing and testing internal controls over inventory in three phases at eight material locations.
- Developing process documentation and test plans for each material location in each phase.
- Briefing Commands on the results of testing after each phase.
- Developing corrective actions and testing to remediate deficiencies identified during controls testing after each phase.
- Working with DLA to develop a plan to assess controls over AWCf inventory managed by DLA.
- Perform substantive testing to assess the inventory balances including existence and completeness, as well as valuation.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	12/2013
Process Documentation	08/2013
Test Plans	09/2013
Conduct Control Testing	12/2013
Complete Corrective Actions/Assert	06/2015
<b>Audit Readiness Validated*</b>	<b>12/2015</b>

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Inventory acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AMC, DLA	06/2015
Inventory acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AMC, DLA	06/2015
Sales are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AMC, DLA	06/2015
Sales are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AMC, DLA	06/2015
Changes to Inventory (condition, location) are recorded in the APSR timely.	AMC, DLA	06/2015
Changes to Inventory (condition, location) are recorded accurately in the ASPR.	AMC, DLA	06/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (LMP)	OASA(FM&C), AMC, PEO EIS, DFAS, DLA	06/2015



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## Message from the Department of the Navy Chief Management Officer

*The Department of the Navy (DON) acknowledges the benefits of achieving financial statement audit readiness, and we are executing a plan to meet the Financial Improvement and Audit Readiness (FIAR) goals established by the Secretary of Defense.*

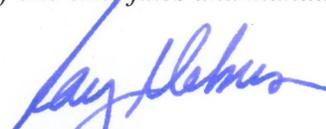
*The DON established an aggressive schedule and has taken unprecedented steps in transforming business operations to meet the audit readiness milestones established in the Department of Defense (DoD) FIAR plan. Advancing audit readiness through improved processes and policies demonstrates our commitment to meeting these goals and objectives.*

*I want to personally recognize the vision and leadership of the Honorable Gladys Commons which enabled the DON to overcome its challenges and achieve great success. This success is evidenced by a track record of unqualified opinions received on the DON's assertions; this includes the recent opinions on Transportation of People and Civilian Pay assessable units, and the successful assertions of the Reimbursable Work Order and Military Pay assessable units. I also want to recognize the United States Marine Corps for their exemplary efforts to sustain an audit-readiness state for their Statement of Budgetary Resources (SBR). In summary, the DON will continue to benefit from the path Mrs. Commons paved for us.*

*While we are making great progress, much more needs to be done. We continue to significantly improve our coordination with important Service Providers. In addition, we continue to perform detailed assessments of significant financial and non-financial feeder systems to identify control weaknesses and to implement the necessary changes and controls to ensure data accuracy and reliability.*

*Our plan is sufficiently resourced, has the full support of the Navy's top leadership, and has demonstrated success. As a result of our efforts, the DON is well positioned to achieve audit readiness of the SBR by the end of Fiscal Year (FY) 2014. As required by the National Defense Authorization Act of FY 2013, the DON will achieve the objectives presented in the FIAR Plan, without an unaffordable or unsustainable level of one-time fixes and manual work-arounds.*



  
**Ray Mabus**  
Secretary of the Navy

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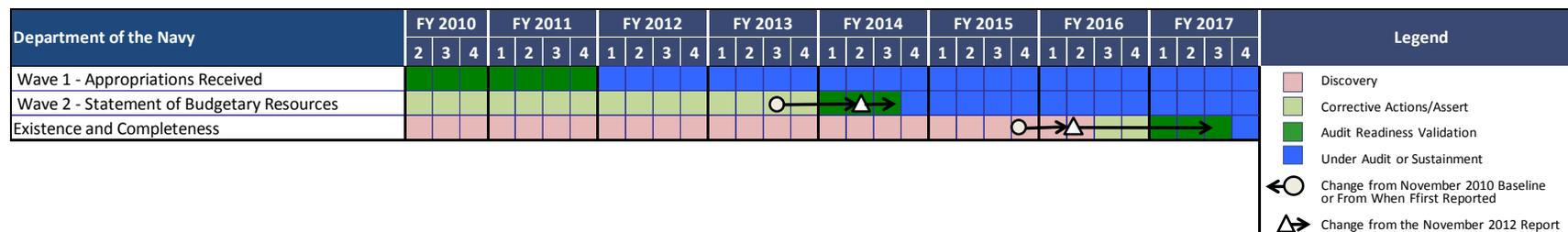
## II. DON Audit Readiness Plans

This section of the report provides the updated audit readiness plans of the Department of the Navy (DON).

Figure II-1 shows the summary status of DON audit readiness for Waves 1, 2, and 3.

Details on the DON plans for the Statement of Budgetary Resources (SBR) and existence and completeness of mission critical assets are provided in the remainder of this section of the report. Additional information on the DON approach and other background information can be found in the November 2012 FIAR Plan Status Report.

Figure II-1. DON Audit Readiness Plans by Wave





## STATEMENT OF BUDGETARY RESOURCES

Figure II-2 shows the DON audit readiness plans for the SBR by assessable unit and identifies the changes to milestones from the baseline established in the November 2010 FIAR Plan Status Report or from when first reported. The SBR assessable units that have been validated as audit ready and in sustainment are:

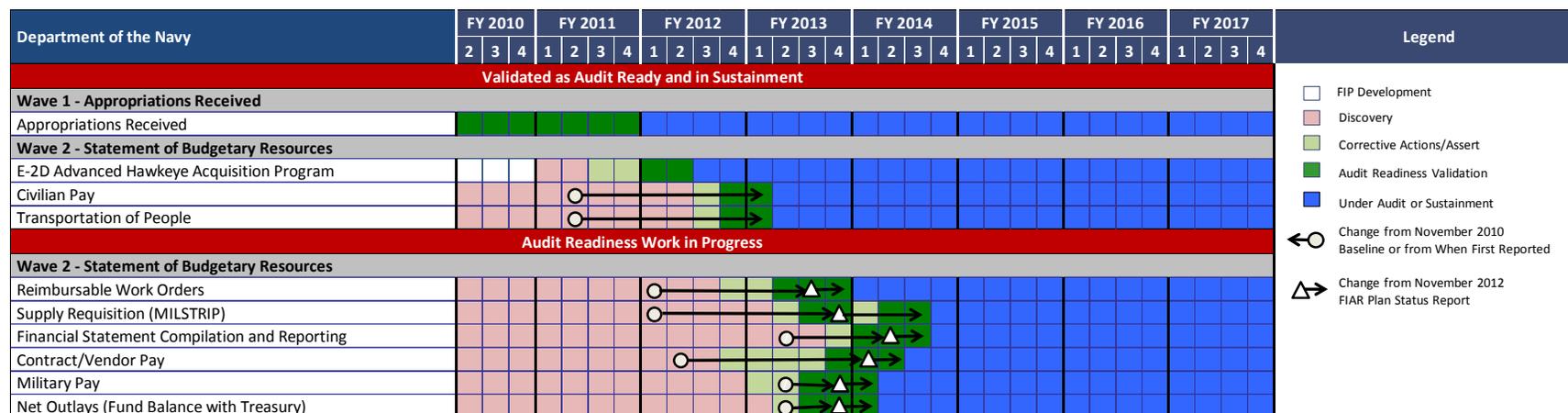
- Appropriations Received
- Civilian Pay
- Transportation of People
- E-2D Advanced Hawkeye Major Defense Acquisition Program

The SBR assessable units on which work continues are:

- Reimbursable Work Orders
- Supply Requisition (MILSTRIP)
- Financial Statement Compilation and Reporting
- Contract/Vendor Pay
- Military Pay
- Net Outlays (Fund Balance with Treasury)

Progress and plan charts for each assessable unit follow Figure II-2. See Appendix 3 for an explanation of the FIAR activity conducted to achieve each milestone in these charts.

Figure II-2. DON SBR Audit Readiness Plans by Wave





## E-2D Advanced Hawkeye Acquisition Program

### Overview

- E-2D Advanced Hawkeye Acquisition Program assertion positively demonstrated financial stewardship of funds allotted for a major acquisition program and audit readiness of a DON Major Command, NAVAIR, and DON service providers.
- The assertion validated the accuracy of the 09/30/2010, Appropriations Status Report (AR(M) 1002) balances for FY 2008 – FY 2010 RDT&E and APN Appropriations that represent approximately \$2.7 billion.
- Implement sustainment phase of control testing.

### Financial Improvement Impact

- Identified lessons learned to guide future audit initiatives:
  - Establish a detailed POAM to guide and monitor execution.
  - Improve Service Provider coordination.
  - Amend posting logic to properly reflect progress payments.
  - Implement consistent processes around the receipt and acceptance of goods/services.
  - Strengthen controls around the review of open obligations.
  - Perform trading partner reconciliations.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Conduct Balance Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned
Obligations are recorded in the correct period	✓
Obligations are recorded accurately and are valid	✓
Accruals and/or payables are recorded in the correct period and within 10 days of receipt	N/A
Accruals and/or payables are valid and recorded accurately	N/A
Outlays, collections, and receipts are recorded in the correct period	✓
Disbursements are valid and recorded accurately	✓
Obligations are reviewed, and adjusted as necessary, at least three times per year	✓
All material systems achieve the relevant FISCAM IT general and application-level control objectives. (Legacy: FMS-NSMA   ERP: Navy ERP)	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Civilian Pay

### Strategy Summary

- In 03/2013, an IPA completed an audit readiness examination and issued an unqualified opinion.
- Implement sustainment phase of control testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Conduct Balance Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Personnel data are recorded timely.	Navy	✓	
Personnel data are valid and recorded accurately.	Navy	✓	
Payroll is calculated and processed accurately.	Navy, DFAS	✓	
Payroll obligations, expenses, accruals, and disbursements are recorded timely.	Navy, DFAS	✓	
Payroll obligations, expenses, accruals, and disbursements amounts are valid and recorded correctly.	Navy, DFAS	✓	
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	DFAS	✓	
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: DCPS, DCPDS, DONCADS, SUPDESK, SLDCADA, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP	Navy, SSP	ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Transportation of People

### Strategy Summary

- In 03/2013, an IPA completed an audit readiness examination and issued an unqualified opinion.
- Implement sustainment phase of control testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Conduct Balance Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Travel information is recorded timely.	Navy	✓	
Travel information is valid and recorded accurately.	Navy	✓	
Travel costs are calculated correctly and are processed accurately.	Navy	✓	
Travel obligations, expenses, accruals, and disbursements are recorded timely.	Navy	✓	
Travel obligations, expenses, accruals, and disbursements are valid and recorded correctly.	Navy	✓	
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	Navy	✓	
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: DTS; NROWS; OASIS/EASIS; POEMS; FMS-NSMA; STARS-FL; STARS-HCM   ERP: Navy ERP)	Navy, SSP	ERP: 12/2012	ERP: 1st Year FISCAM Assessment Completed 02/2013. 2nd Year Scheduled Completion 02/2014.*

\* Revised since the November 2012 FIAR Plan Status Report.



## Reimbursable Work Orders

### Strategy Summary

- Continue coordination with DFAS to test key controls for billing, collection, and payment processes as part of RWO sustainment testing.
- Continue post-payment validation procedures as part of post-assertion sustainment. Long term solution to address Receipt and Acceptance validation will align with Department of the Treasury implementation of the Invoice Payment Platform system.
- Implement procedures to reconcile RWO feeder systems to the General Ledger as part of RWO sustainment efforts.
- Accounts receivable for RWO process deemed immaterial to the SBR. No additional corrective actions are required.
- Additional corrective actions identified, including receipt and acceptance, approval over Funding Authorization Documents, enhancement of DFAS controls (unmatched collections monitoring), and tri-annual review, as part of RWO assertion efforts.
- RWO segment was asserted and corrective action to be validated as part of sustainment testing efforts.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	✓	✓*
<b>Audit Readiness Validated*</b>		<b>09/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	Navy	✓	
Obligations are valid and recorded accurately.	Navy	✓	
Accruals/payables are recorded timely	DFAS	✓	
Accruals/payables are valid and recorded accurately.	DFAS	✓	
IPAC disbursements/advances are recorded timely.	DFAS	✓	
IPAC disbursements/advances are valid and recorded accurately.	DFAS	12/2012	✓*
Stale or invalid obligations and accruals are removed.	Navy, DFAS	✓	
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: STARS-FL, STARS-HCM, FMS-NSMA, IPAC   ERP: Navy ERP)	Navy	ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



### Supply Requisition (MILSTRIP)

#### Strategy Summary

- FMO and Budget Submitting Offices (BSOs) agreed to pursue an automated solution to centrally reconcile Navy financial data with Supply Management Activity (SMA) data for each commodity type for the following audit objectives: Completeness of Obligations/Payables, Completeness of Disbursements, and Aged Obligations/Payables Monitoring.
- Based upon significant number of outstanding CAPs and new transaction-level reconciliations to be developed and implemented (52 unique procedures), the segment assertion date was revised to 09/2013.
- Round 2 testing is scheduled for BSOs (by appropriation and subhead) representing 99 percent of material MILSTRIP transactions for (Pacific Fleet Command, U.S. Fleet Forces Command, Bureau of Naval Personnel, Naval Air Systems Command, Naval Reserve Force, Naval Sea Systems Command, Naval Facilities Engineering Command) for 07/2013 in support of unit-level implementation timelines for CAPs and automated reconciliation procedures (completeness and aged transactions).
- In support of automated reconciliation procedures, Navy worked with Defense Logistics Agency (DLA) to obtain SMA data extractions for material, Subsistence in Kind, and fuel sub-processes that can be validated against Navy General Ledger and requisitioning system data. SMA data streams have been incorporated and piloted as part of technical requirements documentation.
- FMO conducted individual BSO site visits to review existing control activities, develop CAP strategy to address control deficiencies, and identify potential standardization opportunities. Visits resulted in BSO concurrence on control language and established action items to obtain remaining documentation

#### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2012	08/2013*
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	03/2012	08/2013*
Conduct Balance Testing	03/2012	08/2013*
Complete Corrective Actions/Assert	07/2012	09/2013*
<b>Audit Readiness Validated*</b>		<b>05/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.  
 Note: The table on the following page provides an explanation for the change in assertion date.



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required for CAPs. FMO subsequently published CAPs for receipt processing, price change validation, and requirements approval.

- Defense Finance Accounting Service (DFAS) successfully completed Round 1 controls testing for a limited number of controls. Remaining controls will be evaluated and tested in alignment with Round 2 testing schedule (07/2013).
- DFAS documented and tested the business logic for the Visual Interfund System Transaction Accountability (VISTA) system to validate that Line of Accounting (LOA) data is assigned accurately and completely.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	Navy	09/2012	09/2013*
Obligations are valid and recorded accurately.	Navy	09/2012	09/2013*
Receipt/payables are recorded timely.	Navy	09/2012	09/2013*
Receipt/payables are valid and recorded accurately.	Navy	09/2012	09/2013*
Disbursements are recorded timely.	Navy	09/2012	09/2013*
Disbursements are valid and recorded accurately.	Navy	09/2012	09/2013*
Stale or invalid obligations and accruals are removed.	Navy	09/2012	09/2013*
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: VISTA, MicroSNAP, NALCOMIS, RSUPPLY, SALTS, STORES, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	Navy, SSP	Legacy: 09/2013 ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

Supply Requisition (MILSTRIP)	
<b>Original Milestone Date</b>	As Planned 09/2012 was revised in November 2012 Report to 03/2013
<b>Reason(s) Milestone Was Changed</b>	The assertion date was revised as a result of the significant number of outstanding Corrective Action Plans (CAPS) and new transaction-level reconciliations that need to be developed and implemented (over 52 unique procedures across four commodity lines).
<b>Revised Milestone Date</b>	09/2013
<b>Actions to Ensure Milestone Will Be Met</b>	Defined functional requirements and evaluated implementation timelines for reconciliations. Drafted a functional requirements document, conducted OUSD(C) review and solicited stakeholder comments, and assigned Segment Lead to the Assessable unit. Documented funding and resource requirements for segment stakeholders to support development and execution of corrective actions and reconciliation procedures. The DON assigned, at the SES-level, the development and execution of corrective actions and reconciliation procedures to the Naval Supply Systems Command, U.S. Fleet Forces Command, and the Naval Reserve Force.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Financial Statement Compilation and Reporting

### Strategy Summary

- Field Level Adjustments and Period End Close Processes Workstream:
  - Completed walkthrough with Commands, DFAS departments, and Navy ERP Business Office to better understand processes and controls.
  - Identified control points from the Business Process Standardization (BPS) flowcharts and data dictionary for the processes performed by the Commands and DFAS AM&C relating to the legacy systems and Navy ERP.
  - Completed identification, development, and implementation of CAPs for adjustments and close processes.
- The FSCR process includes 11 steps for the compilation and reporting of the DON financial statements.
  - Executed FY 2013 Round 1 testing over FSCR DDRS control activities at DFAS-CL for the Audited Financial Statements (AFS) and Budget Execution (BE) divisions.
  - Validated and summarized FY 2013 Round 1 testing results and identified, developed, and implemented CAPs. From FY 2012 testing (Round 1 & 2), identified 30 CAPs and remediated 13. For the 13, the nature of the remediation focused heavily around process improvement such as signature on documentation, retention of documentations, updating of BPS process flows and data dictionary.
  - Worked with DFAS-CL to identify control points over “pre-processing” processes, develop FY 2013 Round 1 testing guidebooks, execute FY 2013 Round 1 testing, validate testing results, and develop and implement CAPs.
- Changed Discovery milestones due to need for Round 2 testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	04/2012	08/2013*
Process Documentation	01/2012	06/2013*
Test Plans	01/2012	07/2013*
Conduct Control Testing	03/2012	08/2013*
Conduct Balance Testing	03/2012	08/2013*
Complete Corrective Actions/Assert	08/2012	09/2013
<b>Audit Readiness Validated*</b>		<b>05/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Trial balance data is produced timely.	Navy, DFAS	05/2012	09/2013
Trial balance data is valid and accurate.	Navy, DFAS	06/2012	09/2013
Trial balance data is completely/accurately loaded into DDRS-B.	DFAS	05/2012	09/2013
Trial balance data is completely/accurately loaded from DDRS-B into DDRS-AFS.	DFAS	08/2012	09/2013
Adjustments recorded in DDRS-B and DDRS-AFS are recorded timely.	DFAS	07/2012	09/2013
Adjustments recorded in DDRS-B and DDRS-AFS are valid and accurate.	DFAS	08/2012	09/2013
SBR related footnotes and accompanying information is completed timely.	Navy, DFAS	07/2012	09/2013
SBR related footnotes and accompanying information is valid and accurate.	Navy, DFAS	08/2012	09/2013
Material systems achieve relevant FISCAM IT general and application-level control objectives.	Navy, SSP	08/2012	09/2013



## Contract/Vendor Pay

### Strategy Summary

- Implemented critical CAPs issued Fall 2012. Command corrective actions are in place and support validation testing.
- Integrate service provider processes and risks into control and account balance testing. Assertion will include documentation that validates effectiveness of their controls.
- Financial Reporting Objectives required for assertion have been identified and are subject to ongoing coordination with service providers for inclusion in 06/2013 assertion.
- Leverage DFAS MOCAS SSAE No.16 assertion documentation and entitlement process self-reviews for MOCAS and STARS OnePay.
- Incorporate key control activities and leverage recent program compliance reviews from Navy CCPMD on command Government Commercial Purchase Card transactions and integrate into the CVP assertion.
- Develop CAPs to address GAAP compliance for the timely recording of incurred liabilities and estimates of un-invoiced accrued liabilities at end of period.
- Identified systems that contribute to the material balances of CVP transactions reported in the general ledgers and will demonstrate a reconciliation of these systems to the general ledger accounts for population completeness.
- Issued corrective actions for Fixed-Price and Fixed-Firm-Priced contracts in 2012 and will validate implementation during upcoming evaluation period. DCMA plays a vital role in acceptance at source and is working to ensure audit readiness of the related controls simultaneously with Navy.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	05/2012	✓*
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	05/2012	✓*
Conduct Balance Testing	05/2012	✓*
Complete Corrective Actions/Assert	12/2012	06/2013
<b>Audit Readiness Validated*</b>		<b>02/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	Navy	12/2012	06/2013*
Obligations are valid and recorded accurately.	Navy	12/2012	06/2013*
Accruals and/or payables are recorded timely.	Navy, DFAS, DCMA	12/2012	06/2013
Accruals and/or payables are valid and recorded accurately.	Navy, DFAS, DCMA	12/2012	06/2013
Disbursements are recorded timely.	DFAS, DCMA	12/2012	06/2013
Disbursements are valid and recorded accurately.	DFAS, DCMA	12/2012	06/2013
Stale or invalid obligations and accruals are removed.	Navy, DFAS, DCMA	12/2012	06/2013
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: MOCAS (APVM & PPVM), SPS, STARS One Pay, WAWF, FASTDATA, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	Navy, SSP	Legacy: 09/2013 ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Pay

### Strategy Summary

- Completed Round 2 of substantive testing. Overall passing rate: 98% (all 5 substantive procedures passed).
- Completed Round 2 of controls testing. DFAS completed mock SSAE No. 16 testing for Defense Joint Military Pay System – Reserve Component (DJMS-RC) and Disbursing. Overall passing rate 92% (23 of 25 control tests passed).
- Completed and documented DJMS-AC to Standard Accounting Reporting System - Field Level (STARS-FL) reconciliation for obligations and disbursements for Q1/FY 2013. Completed and documented DJMS-RC to STARS-FL reconciliation for obligations and disbursements for Q1/FY 2013.
- Asserted audit readiness and implementing sustainment phase of control testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	12/2012	✓*
<b>Audit Readiness Validated*</b>		<b>11/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Personnel data are recorded timely.	BUPERS, RESFOR, CNIC	02/2013	✓*
Personnel data are valid and recorded accurately.	BUPERS, RESFOR, CNIC	02/2013	✓*
Payroll is calculated and processed accurately.	DFAS	02/2013	✓*
Payroll obligations, expenses, accruals, and disbursements are recorded timely.	DFAS, BUPERS, RESFOR	02/2013	✓*
Payroll obligations, expenses, accruals, and disbursements amounts are valid and recorded correctly.	DFAS, BUPERS, RESFOR	02/2013	✓*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	DFAS, BUPERS, RESFOR	02/2013	✓*
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: NSIPS, BOATS, NES, OPINS, RIMS-FM, RHS, FMS-NSMA, STARS-FL, STARS-HCM)	Navy, SSP	09/2013	

\* Revised since the November 2012 FIAR Plan Status Report.



### Net Outlays (Fund Balance with Treasury)

#### Strategy Summary

- Implemented DFAS and Navy corrective actions identified prior to and during Round 1 testing to address the lack of establishment/maintenance of evidence of authority. Round 2 DFAS and Navy control and substantive testing completed.
- DFAS completed user testing of the BAM Fund Balance reconciliation tool in 11/2012. Five issues were identified and DFAS is implementing short term remediations to address lack of key supporting documentation. Navy has tested part of the Funds Distribution reconciliation process and also performed substantive tests that validated the ability to track funding from Treasury/Office of Management and Budget through the Program Budget Information System and distribution to Navy commands. The same test is in process for 12/2012 data and results are expected shortly.
- Navy tested part of the Funds Distribution reconciliation process and also performed substantive tests that validated the ability to track funding from Treasury/OMB through PBIS and distribution to Navy commands. The same test is in process for the 12/2012 data and results are expected shortly.
- DFAS continues reconciliations to research, resolve, and monitor undistributed (both supported and unsupported) amounts. Root cause analysis on unmatched transactions continues, and monthly metrics are reported to provide amounts, counts, and aging data.
- Some accounting system changes for STARS have been identified, documented, and prioritized. DFAS is determining if system changes impact its FBWT reconciliations.

#### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	06/2012	✓*
Process Documentation	✓	
Test Plans	06/2012	✓*
Conduct Control Testing	06/2012	✓*
Conduct Balance Testing	06/2012	✓*
Complete Corrective Actions/Assert	12/2012	✓*
<b>Audit Readiness Validated*</b>		<b>12/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Disbursements and collections are reported timely.	DFAS	03/2013	✓*
Disbursements and collections are valid and reported accurately.	DFAS	03/2013	✓*
Treasury accounts are reconciled timely.	Navy, DFAS	03/2013	✓*
Reconciliations, including general ledger and disbursing system data, are accurate.	Navy, DFAS	03/2013	✓*
Reconciling items are identified timely.	Navy, DFAS	03/2013	✓*
Reconciling items are valid and resolved accurately.	Navy, DFAS	03/2013	✓*
Material systems achieve relevant FISCAM IT general and application-level control objectives. (Legacy: DCM, DDRS-B, DDRS-AFS, GWA, PBIS/PBAS, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	Navy, SSP	Legacy: 09/2013 ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## EXISTENCE AND COMPLETENESS OF MISSION CRITICAL ASSETS

Figure II-3 shows the DON audit readiness plans for the existence and completeness of mission critical assets and changes from the baseline established in the November 2010 FIAR Plan Status Report or from when first reported. The assessable units that have been validated as audit ready and in sustainment are:

- Military Equipment – Ships and Submarines
- Military Equipment – Trident Missiles
- Military Equipment – Satellites
- Military Equipment – Aircraft (DON)

The assessable units on which work continues are:

- Military Equipment – Navy Boats
- Military Equipment – Remainder (Navy)
- Military Equipment (USMC)

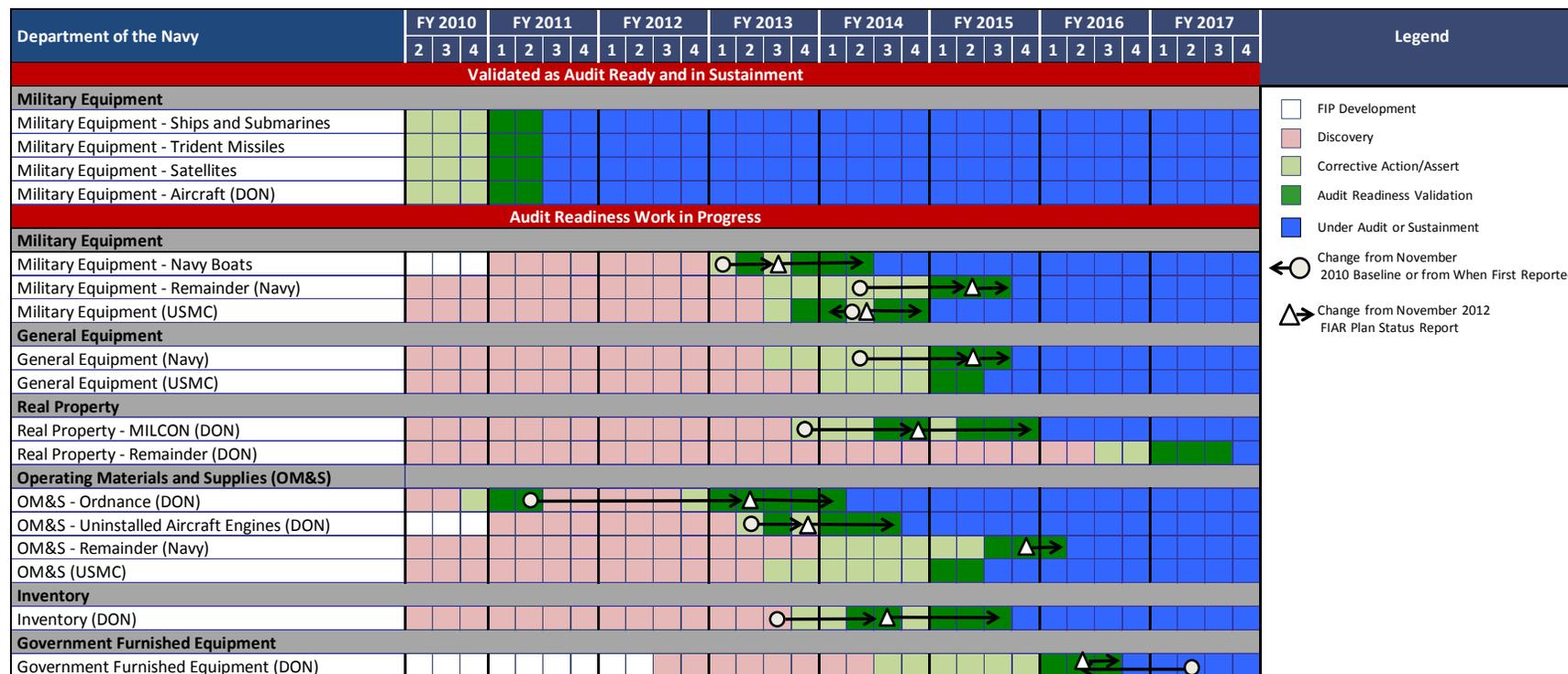
- General Equipment (Navy)
- General Equipment (USMC)
- Real Property – MILCON (DON)
- Real Property – Remainder (DON)
- Operating Materials and Supplies – Ordnance (DON)
- Operating Materials and Supplies – Uninstalled Aircraft Engines (DON)
- Operating Materials and Supplies – Remainder (Navy)
- Operating Materials and Supplies (USMC)
- Inventory (DON)
- Government Furnished Equipment (DON)

Progress and plan charts for each assessable unit follow Figure II-3. See Appendix 3 for an explanation of the FIAR activity conducted to achieve each milestone in these charts.



# FIAR Plan Status Report

## Figure II-3. DON Mission Critical Assets Existence and Completeness Audit Readiness Plans





## Military Equipment – Ships and Submarines, Trident Missiles, and Satellites

### Strategy Summary

- Ships and Submarines, Trident D5 Missiles, and Satellites were asserted for Existence, Completeness, and Rights and Obligations as of 09/2010, and received an unqualified opinion in 01/2012.
- Perform additions and deletions of Ships and Submarines in DPAS, the APSR for Ships and Submarines for sustainability.
- Transition DPAS reconciliations to NAVSEA for repeatability and sustainment.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	N/A
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy	✓
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	✓
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy	✓
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	✓
Changes to military equipment (condition, location) are recorded in the APSR timely.	Navy	✓
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	Navy	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, NVR, STARS-HCM   ERP: Navy ERP)	Navy	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Equipment – Aircraft (DON)

### Strategy Summary

- Asserted Existence, Completeness, and Rights and Obligations as of 09/2010, received an unqualified opinion during 05/2012.
- Perform additions and deletions test work in Defense Property Accountability System (DPAS) (the Accountable Property System of Record (APSR)) for aircraft to bolster inventory procedures for sustainment.
- Transition DPAS reconciliations to NAVAIR for repeatability and sustainment.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	N/A
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Commands	✓
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Commands	✓
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Commands	✓
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Commands	✓
Changes to military equipment (condition, location) are recorded in the APSR timely.	Commands	✓
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	Commands	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, AIRRS, STARS-HCM   ERP: Navy ERP)	DON FMO	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Equipment – Navy Boats

### Strategy Summary

- Re-performed substantive testing to validate the existence and completeness of the current Boats inventory to support assertion.
- Performed internal control testing to evaluate the design and operating effectiveness of Boat additions and deletions as it relates to the Craft and Boat Support System (CBSS), the APSR.
- Reconciled Boats universe per CBSS/DPAS to transactions reported in DCM to ensure that financial statements accurately represent the DON boats inventory.
- Implemented comprehensive CAPs to formalize existing perpetual Boat addition and deletion monitoring procedures on a quarterly basis to ensure completeness.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	N/A	✓*
Complete Corrective Actions/Assert	✓	05/2013*
<b>Audit Readiness Validated*</b>		<b>01/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

Note: The table on the following page provides an explanation for the change in assertion date.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	NAVSEA	✓
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	NAVSEA	✓
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	NAVSEA	✓
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	NAVSEA	✓
Changes to military equipment (condition, location) are recorded in the APSR timely.	NAVSEA	✓
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	NAVSEA	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, NVR, CBSS, STARS-HCM   ERP: Navy ERP)	Navy, SSP	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

<b>Military Equipment – Navy Boats</b>	
<b>Original Milestone Date</b>	12/2012
<b>Reason(s) Milestone Was Changed</b>	The assertion date was revised as a result of required corrective actions to implement quarterly reconciliations for adds and deletes to ensure completeness, which required a data accumulation period to assess the newly implement controls.
<b>Revised Milestone Date</b>	05/2013
<b>Actions to Ensure Milestone Will Be Met</b>	Assessing the CAPs that have been implemented and address other requirements for assertion, to include: testing internal control activities, evaluating key supporting documentation, and demonstrating that the APSR data reconciles to the financial statements.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Military Equipment – Remainder (Navy)

### Strategy Summary

- Developed Military Equipment POAM to assert residual military equipment assets.
- Detailed plan includes continued focus on key corrective actions identified early in the Discovery phase, as well as existence and completeness and internal control testing, a first in the Military Equipment assessable unit. The type of corrective actions identified relate to document retention, improved data reporting to financial statements, and data migration to official APSRs.
- Where applicable, use alternative inventory methodologies that consist of custodial self-tests with certifications and photographs of assets inventoried to reduce the amount of field testing.
- The period between Conduct Control Testing and Complete Corrective Actions/Assert includes developing and implementing corrective actions. This is followed by subsequent testing to ensure that corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	09/2013	06/2013*
Process Documentation	06/2013	✓*
Test Plans	08/2013	✓*
Conduct Control Testing	09/2013	06/2013*
Complete Corrective Actions/Assert	09/2014	
<b>Audit Readiness Validated*</b>		<b>05/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy	09/2014*
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	09/2014*
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy	09/2014*
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	09/2014*
Changes to military equipment (condition, location) are recorded in the APSR timely.	Navy	09/2014*
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	Navy	09/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, EXMIS, STARS-FL, STARS-HCM   ERP: Navy ERP)	Navy, SSP	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Equipment (USMC)

### Strategy Summary

- Updated POAM to revise strategy and milestones necessitated by process, procedural, and internal control deficiencies. Strategy focuses on testing internal control design and effectiveness, compiling documentation, reconciling subsidiary system data with the APSR, and implementing corrective actions.
- Continued focus on corrective actions identified in the Discovery phase, as well as existence and completeness and internal control testing, a first in the Military Equipment assessable unit.
- An alternative inventory methodology will be used when assets are not readily available for viewing at the installations. This methodology consists of reviewing equipment logs to determine that the asset exists and in use elsewhere at the time of testing.
- The period between discovery and assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	12/2013*
Process Documentation	✓	07/2013*
Test Plans	✓	08/2013*
Conduct Control Testing	03/2013	12/2013*
Complete Corrective Actions/Assert	05/2013	03/2014*
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.  
 Note: The table on the following page provides an explanation for the change in assertion date.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	04/2013	03/2014*
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	04/2013	03/2014*
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	04/2013	03/2014*
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	04/2013	03/2014*
Changes to military equipment (condition, location) are recorded in the APSR timely.	USMC	04/2013	03/2014*
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	USMC	04/2013	03/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (GCSS-MC)	DON FMO	04/2013	03/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

USMC – Military Equipment	
<b>Original Milestone Date</b>	05/2013
<b>Reason(s) Milestone Was Changed</b>	Changes in Marine Corps Systems Command (MARCORSYSCOM) roles and responsibilities and a walkthrough of the acquisition, disposal, and property management process found significant deficiencies in the internal control environment and the adequacy of supporting documentation. These issues required adjustments to the discovery phase, process documentation, test plan development, and corrective action completion timelines.
<b>Revised Milestone Date</b>	03/2014
<b>Actions to Ensure Milestone Will Be Met</b>	The Marine Corps Headquarters is working with MARCORSYSCOM personnel to design and implement corrective actions to improve processes, procedures, and internal controls over recording military equipment acquisitions, disposals, and transfers in Defense Property Accountability System and deliver training to the installations/commands to ensure the audit ready environment can be sustained over time.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## General Equipment (Navy)

### Strategy Summary

- Developed General Equipment POAM, inclusive of updated DoD FIAR Guidance requirements.
- Detailed plan includes continued focus on corrective actions identified in Discovery, as well as existence and completeness and internal control testing, a first in the General Equipment assessable unit. The type of corrective actions relate to document retention, improved data reporting to financial statements, and data migration to official APSRs.
- Where applicable, use alternative inventory methodologies that consist of custodial self-tests with certifications and photographs of assets inventoried to reduce the amount of field testing.
- The period between discovery and assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	09/2013	06/2013*
Process Documentation	07/2013	✓*
Test Plans	08/2013	✓*
Conduct Control Testing	09/2013	06/2013*
Complete Corrective Actions/Assert	09/2014	
<b>Audit Readiness Validated*</b>		<b>05/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
General equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Commands	06/2015	09/2014*
General equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Commands	06/2015	09/2014*
General equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Commands	06/2015	09/2014*
General equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Commands	06/2015	09/2014*
Changes to general equipment (condition, location) are recorded in the APSR timely.	Commands	06/2015	09/2014*
Changes to general equipment (condition, location) are recorded accurately in the ASPR.	Commands	06/2015	09/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	DON FMO	Legacy: 09/2013 ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## General Equipment (USMC)

### Strategy Summary

- Conducted continuous field-level existence and completeness testing in FYs 2011, 2012, and 2013. Corrective actions include developing best practice procedures for standardization. Additionally, test results revealed that USMC will need to report assets currently in their possession despite not having purchased those assets.
- Evaluated control procedures and documentation, and developed POAM to assert General Equipment assets.
- POAM focuses on corrective actions identified in Discovery, as well as internal controls and existence and completeness testing. Corrective actions include determining best practices/future revisions to policies and procedures, and ensuring consistent asset APSR recordation.
- Period from discovery to assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	07/2013	
Process Documentation	11/2012	✓*
Test Plans	12/2012	✓*
Conduct Control Testing	07/2013	
Complete Corrective Actions/Assert	09/2014	
<b>Audit Readiness Validated*</b>		<b>03/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	07/2014
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	07/2014
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	07/2014
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	07/2014
Changes to military equipment (condition, location) are recorded in the APSR timely.	USMC	07/2014
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	USMC	07/2014
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DPAS)	OUUSD(AT&L)	07/2014



## Real Property – MILCON (DON)

### Strategy Summary

- Developed POAM using the acquisition and disposal methods as assessable units vice asset type.
- A gap analysis was performed in lieu of controls testing to complete Discovery phase, leading to the immediate development and implementation of corrective actions, which includes focus on processes over historical data reconciliation for sustainability.
- All management assertions are in the process development and implementation.
- Continue to implement corrective actions, including automating the DD Form 1354 process, for both Military Construction (MILCON) and Non-MILCON acquisitions. This will be followed by control testing to validate corrective actions.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	05/2013	10/2014*
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	05/2013	10/2014*
Complete Corrective Actions/Assert	08/2013	12/2014*
<b>Audit Readiness Validated*</b>		<b>08/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

Note: The table on the following page provides an explanation for the change in assertion date.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Construction in progress (CIP) is recorded in the general ledger timely.	NAVFAC	12/2013	12/2014*
CIP is recorded accurately in the general ledger.	NAVFAC	12/2013	12/2014*
Completed CIP, other acquisitions, and transfers-in are recorded in the APSR and general ledger timely.	NAVFAC	12/2013	12/2014*
Completed CIP, other acquisitions, and transfers-in are recorded accurately in the APSR and general ledger.	NAVFAC	12/2013	12/2014*
Real property disposals and transfers-out are recorded in the APSR and general ledger timely.	NAVFAC	12/2013	12/2014*
Real property disposals and transfers-out are recorded accurately in the APSR and general ledger.	NAVFAC	12/2013	12/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: FIS, INFADS, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	DON FMO	Legacy: 09/2013 ERP: 11/2012	05/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

Real Property – MILCON (DON)	
<b>Original Milestone Date</b>	08/2013
<b>Reason(s) Milestone Was Changed</b>	DON's revised Materiality Study resulted in establishment of additional sub-assessable units within Real Property – MILCON and in a greater level of effort than originally planned. Also, additional time is required to develop and implement corrective actions for real property acquisition, inventory management, and disposal processes.
<b>Revised Milestone Date</b>	12/2014
<b>Actions to Ensure Milestone Will Be Met</b>	Facilitating command-wide communication and training of the updated NAVFAC real property processes and system enhancements in advance of internal controls/substantive testing, validating key supporting documentation, and evaluating iNFADS IT controls.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Real Property – Remainder (DON)

### Strategy Summary

- Coordinate with OUSD(C) to refine interim milestones that support the 09/2016 assertion.
- The period between Conduct Control Testing and Complete Corrective Actions/Assert includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were implemented.
- The overall period of time associated with transitioning from Conduct Control Testing to Assertion is under evaluation.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	08/2015*
Process Documentation	04/2015*
Test Plans	04/2015*
Conduct Control Testing	08/2015*
Complete Corrective Actions/Assert	09/2016*
<b>Audit Readiness Validated</b>	<b>05/2017*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Construction in progress (CIP) is recorded in the general ledger timely.	NAVFAC	09/2016*
CIP is recorded accurately in the general ledger.	NAVFAC	09/2016*
Completed CIP, other acquisitions, and transfers-in are recorded in the APSR and general ledger timely.	NAVFAC	09/2016*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: FIS; INFADS; FMS-NSMA; STARS-FL; STARS-HCM   ERP: Navy ERP)	DON FMO	05/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials and Supplies – Ordnance (DON)

### Strategy Summary

- Ordnance inventory on location with the Army will be asserted in 03/2015 along with the OM&S Remainder assertion.
- Implement sustainment phase of control testing.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated*</b>	<b>10/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	DON	✓
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	DON	✓
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	DON	✓
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	DON	✓
Changes to OM&S (condition, location) are recorded in the APSR timely.	DON	✓
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	DON	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: OIS, STARS-HCM   ERP: Navy ERP)	DON, SSP	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials and Supplies – Uninstalled Aircraft Engines (DON)

### Strategy Summary

- Performed substantive and internal control testing at major west and east coast field sites to validate the existence and completeness of the uninstalled aircraft engines inventory to support current assertion guidelines. Results indicate the need for additional corrective actions, related to controls standardization, document retention, and policy updates.
- Assessed the design effectiveness of key controls and availability of key supporting documentation at major Original Equipment Manufacturer locations to evaluate uninstalled aircraft engine controls. The results included inconsistent document retention, policy gaps, and control standardization.
- Conducted a limited Federal Information System Controls Audit Manual (FISCAM) review to evaluate the design and operating effectiveness of key IT General Controls related to DECKPLATE (the APSR), including access rights and configuration control board documentation. Eighteen control failures were initially identified. Developed and implemented corrective action plans. All of the control failures have been remedied.
- Analyzed and evaluated the Data Collection Module reporting process to understand the transactional reconciliations from DECKPLATE to the financial statements with a corrective action noted to support presentation and disclosure.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Complete Corrective Actions/Assert	06/2012	09/2013*
<b>Audit Readiness Validated*</b>		<b>05/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

Note: The table on the following page provides an explanation for the change in assertion date.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	NAVAIR	07/2012	09/2013*
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	NAVAIR	07/2012	09/2013*
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	NAVAIR	07/2012	09/2013*
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	NAVAIR	07/2012	09/2013*
Changes to OM&S (condition, location) are recorded in the APSR timely.	NAVAIR	07/2012	09/2013*
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	NAVAIR	07/2012	09/2013*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DECKPLATE   ERP: Navy ERP)	Navy FMO	Legacy: 9/2013 ERP: 12/2012	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.

### Explanation for the Changed Assertion Milestone

OM&S – Uninstalled Aircraft Engines	
Original Milestone Date	03/2013
Reason(s) Milestone Was Changed	Control design deficiencies were identified during testing, which resulted in immediate Corrective Actions. This required implementation/standardization of business process controls over adds, deletes, and periodic inventories of Uninstalled Aircraft Engines. Also determined that there was inconsistent document retention.
Revised Milestone Date	09/2013
Actions to Ensure Milestone Will Be Met	NAVAIR and Commander Naval Air Forces will develop/revise existing engine maintenance policy to include reconciliation checks for adds, deletes, periodic inventories of uninstalled aircraft engines, and document retention.
Impact on Achieving Full Auditability by 2017	None



## Operating Materials and Supplies – Remainder (Navy)

### Strategy Summary

- Developed OM&S POAM.
- Detailed plan focuses on corrective actions identified in Discovery, as well as existence and completeness and internal control testing, a first in the OM&S assessable unit. Corrective actions include document retention, improved data reporting to financial statements, and data migration to official APSRs.
- Using alternative inventory methodologies where applicable reducing field testing. The methodologies consist of custodial self-tests with certifications and photographs of assets.
- Navy ordnance inventory on location with the Army will be included with this assertion.
- The period between discovery and assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	06/2014	09/2013
Process Documentation	04/2014	07/2013
Test Plans	05/2014	08/2013
Conduct Control Testing	06/2014	09/2013
Complete Corrective Actions/Assert	10/2014	03/2015
<b>Audit Readiness Validated*</b>		<b>11/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy, Army	03/2015*
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy, Army	03/2015*
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy, Army	03/2015*
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy, Army	03/2015*
Changes to OM&S (condition, location) are recorded in the APSR timely.	Navy, Army	03/2015*
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	Navy, Army	03/2015*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: ILSMIS, STARS-FL, STARS-HCM   ERP: Navy ERP)	DON, SSP	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials and Supplies (USMC)

### Strategy Summary

- Developed POAM to assert USMC OM&S assets.
- POAM focuses on corrective actions identified Discovery, as well as existence and completeness and internal controls testing, a first in the OM&S assessable unit. Early discovery activities noted opportunities to improve internal controls for receipt and acceptance of assets and physical inventories.
- Conducted existence and completeness testing at all three Marine Expeditionary Force locations. Results yielded positive existence results, but revealed incorrect data attributes in the APSR when performing completeness testing.
- The period between discovery and assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	
Process Documentation	11/2012	✓*
Test Plans	12/2012	✓*
Conduct Control Testing	03/2013	
Complete Corrective Actions/Assert	09/2014	
<b>Audit Readiness Validated*</b>		<b>03/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	07/2014
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	07/2014
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	USMC	07/2014
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	USMC	07/2014
Changes to military equipment (condition, location) are recorded in the APSR timely.	USMC	07/2014
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	USMC	07/2014
Material systems achieve relevant FISCAM IT general and application-level general control objectives.	DON FMO	07/2014



## Inventory (DON)

### Strategy Summary

- Finalizing the rollout of Navy ERP version 1.1, which will be used to manage all DON inventory assets.
- Developing POAM.
- POAM includes continued focus on key corrective actions identified early in the Discovery phase, as well as existence and completeness and internal control testing.
- Addressing inventory management for ashore, afloat, and commercial sites (Navy will rely on DLA for DLA sites). FMO and NAVSUP are mapping the business process flows and developing control matrices. NAVSUP is conducting exploratory site visits to identify potential control deficiencies and solutions.
- The period between discovery and assertion includes developing and implementing corrective actions followed by subsequent testing to ensure corrective actions were remediated.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	06/2013	09/2013*
Process Documentation	04/2013	05/2013*
Test Plans	05/2013	05/2013*
Conduct Control Testing	06/2013	09/2013*
Complete Corrective Actions/Assert	07/2013	09/2014*
<b>Audit Readiness Validated*</b>		<b>05/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.  
 Note: The table on the following page provides an explanation for the change in assertion date.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Inventory acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	DON, DLA	09/2014*
Inventory acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	DON, DLA	09/2014*
Inventory disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	DON, DLA	09/2014*
Inventory disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	DON, DLA	09/2014*
Changes to inventory (condition, location) are recorded in the APSR timely.	DON, DLA	09/2014*
Changes to inventory (condition, location) are recorded accurately in the ASPR.	DON, DLA	09/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: N/A (only NAVSUP, a Navy ERP NWCF Command, procures Inventory)   ERP: Navy ERP)	Navy, SSP	ERP: 09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

Inventory	
<b>Original Milestone Date</b>	12/2013
<b>Reason(s) Milestone Was Changed</b>	The assertion date was revised as a result of additional Discovery efforts were required to fully define assessable and sub-assessable units, define business processes, and to identify key controls for testing.
<b>Revised Milestone Date</b>	09/2014
<b>Actions to Ensure Milestone Will Be Met</b>	Engage appropriate stakeholders from OUSD(C) and Navy to refine the scope of the strategy for the assertion. Conducting exploratory site visits to initially identify potential substantive and control deficiencies. Standardize business processes and document retention policy to ensure auditability.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Government Furnished Equipment (DON)

### Strategy Summary

- Developed POAM, inclusive of updated DoD FIAR Guidance and OUSD(AT&L) Government Furnished Equipment (GFE) requirements.
- Conducted kick-off meeting with Acquisition and Property Management communities to initiate GFE assertion collaboration.
- Identifying DON contracts that contain GFE.
- Per guidance from OUSD(AT&L), assertion strategy includes reliance on contractors to update the Item Unique Identification (IUID) Registry and related lists of GFE within contracts. This will help ensure completeness. Additionally, Property Administrators are requested to update the DON APSR, prior to testing controls.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	09/2014	03/2014
Process Documentation	09/2014	01/2014
Test Plans	06/2014	02/2014
Conduct Control Testing	09/2014	03/2014
Complete Corrective Actions/Assert	03/2016	09/2015
<b>Audit Readiness Validated*</b>		<b>05/2016*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
GFE acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	Navy	09/2015*
GFE acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	09/2015*
GFE disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely	Navy	09/2015*
GFE disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	Navy	09/2015*
Changes to general equipment (condition, location) are recorded in the APSR timely.	Navy	09/2015*
Changes to general equipment (condition, location) are recorded accurately in the ASPR.	Navy	09/2015*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (Legacy: DPAS, FMS-NSMA, STARS-FL, STARS-HCM   ERP: Navy ERP)	Navy, SSP	06/2015

\* Revised since the November 2012 FIAR Plan Status Report.



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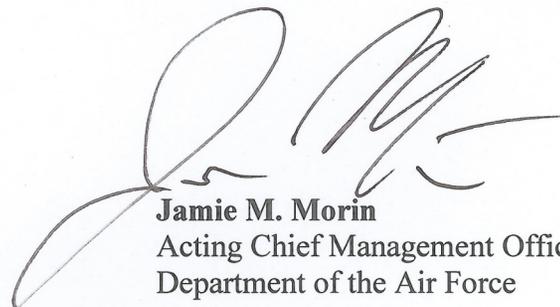
## Message from the Department of the Air Force Chief Management Officer

*The Department of the Air Force recognizes the benefits of achieving audit readiness, and we are executing a plan to meet the September 30, 2014, deadline for audit ready Statement of Budgetary Resources. As we proceed, we will continue to evaluate policy, processes, and system enhancements for sustainability and cost-effectiveness. Audit readiness efforts reinforce the Air Force's commitment to life cycle management of funds and maintaining accurate and reliable financial information.*

*Over the last year, the Air Force solicited support from accounting firms with expertise and experience as an auditor for a large federal entity such as the Air Force. Due to contract protest, this effort took significantly longer than expected and the loss of roughly 75 percent of our planned audit readiness workforce delayed several immediate milestones. We were, however, able to make progress on important enabling goals, such as helping to build an Air Force-wide culture that supports a clean audit, asserting funds distribution to base and civilian pay, and completing the examinations for spare engines and uninstalled missile motors. After a seven month delay, our Financial Improvement and Audit Readiness team is now in place, and we are carefully evaluating opportunities to compensate for the contracting delays. Despite these challenges, I know our efforts will improve Air Force financial management, as well as the financial services we provide to our Airmen.*

*I have determined that the Air Force remains on a well-designed, albeit risky, path to achieve audit readiness of the Statement of Budgetary Resources by September 30, 2014, as directed by the Secretary of Defense and Congress. We believe that we can support this requirement without an unaffordable or unsustainable level of one-time fixes and manual work-arounds and without delaying full auditability of the Air Force's financial statements by September 30, 2017.*



  
**Jamie M. Morin**  
Acting Chief Management Officer  
Department of the Air Force

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## STATEMENT OF BUDGETARY RESOURCES

Figure III-2 shows the Air Force audit readiness plans for the SBR by assessable unit and identifies the changes from the baseline established in the November 2010 FIAR Plan Status Report or from when first reported. The Air Force SBR assessable units are:

- Funds Distribution to Base
- Civilian Pay
- Military Pay
- Reimbursement Budget Authority and Execution

- Net Outlays (Fund Balance with Treasury)
- Contracts (Major)
- Contracts (Minor)
- Supply Requisition (MILSTRIP)
- Financial Reporting
- Spaced Based Infrared System Acquisition Program

Progress and plan charts for each SBR assessable unit follow Figure III-2. See Appendix 3 for an explanation of the FIAR activity conducted to achieve each milestone in these charts.

Figure III-2. Air Force SBR Audit Readiness Plans by Wave





## Funds Distribution to Base

### Strategy Summary

- Builds on previous Appropriations Received/Funds Distribution to MAJCOM assertion.
- Implemented cross-system reconciliation between the funds distribution system, accounting system, and general ledger.
- Implemented standard document number funding targets.
- Established a strategic communication plan to share lessons learned and issues identified during MAJCOM control testing.
- Provided training to base and MAJCOM level personnel on what it means to be “audit ready” versus ready for operational audits.
- Audit readiness validation pending contract award.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	✓	
<b>Audit Readiness Validated*</b>		12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Current year funds distributed are recorded timely in the Distribution System.	SAF/FMB	✓
Current year funds distributed are valid and recorded accurately in the Distribution System.	SAF/FMB	✓
Current year sub-allotments are recorded timely.	SAF/FMB	✓
Current year sub-allotments are valid and recorded accurately.	SAF/FMB	✓
Current year funds distributed are recorded timely.	SAF/FMB	✓
Current year funds distributed are valid and recorded accurately.	SAF/FMB	✓
Other activity (e.g., undistributed amounts) is recorded accurately in the General Ledger balance with current year funds distributed within the organization.	DFAS	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, AFM)	SAF/FMP, DFAS	✓



## Civilian Pay

### Strategy Summary

- Tested effectiveness of controls and whether documentation is available to support business events. Recalculate payroll samples from source documents to leave and earnings statements.
- Testing identified that further work was needed to ensure all processes, controls, and roles and responsibilities were identified and in place; therefore, the dates were adjusted to reflect this discovery. The Air Force is moving from a manual time and attendance process to an automated process using Automated Time Attendance and Production System (ATAAPS).
- Partner with AFPC and HAF/A1 to ensure SMEs are available, audit readiness is given the appropriate attention, and key process owners are involved throughout the entire Discovery phase.
- Audit readiness validation pending contract award.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	12/2012	✓*
<b>Audit Readiness Validated*</b>		<b>12/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Personnel data are recorded timely.	HAF/A1	✓	
Personnel data are valid and recorded accurately.	HAF/A1	✓	
Payroll is calculated and processed accurately.	DFAS	✓	
Payroll obligations, expenses, accruals, and disbursements are recorded timely.	DFAS	✓	
Payroll obligations, expenses, accruals, and disbursements amounts are valid and recorded correctly.	DFAS	✓	
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	DFAS	✓	
Material systems achieve relevant FISCAM IT general and application-level control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, ATAAPS, CPAB, CPAIS, DCPDS, DCPS, DFMS, JOCAS II, DMAP-TAAS, PARIS, SMAS)	DFAS, DISA, SAF/FMPS	11/2012	✓*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Pay

### Strategy Summary

- Reconcile Military Personnel Data System to Defense Joint Military Pay System to identify and validate mismatched data.
- Reconcile monthly Military Pay (Active, Reserve, and ANG).
- Review DoD OIG and GAO reports to develop Corrective Action Plans and correct existing weaknesses, if necessary.
- Review and update, as necessary, training for Defense Joint Military Pay System users (auditors and certifiers).
- Leverage DFAS SSAE 16 process flows, testing, and corrective actions for controls reliance. Identify controls not covered by SSAE 16 and implement other assessment procedures.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	06/2012	07/2013*
Process Documentation	✓	07/2013*
Test Plans	05/2012	07/2013*
Conduct Control Testing	06/2012	07/2013*
Conduct Balance Testing	06/2012	07/2013*
Complete Corrective Actions/Assert	03/2013	12/2013*
<b>Audit Readiness Validated*</b>		<b>02/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Personnel data are recorded timely.	HAF/A1	06/2013	12/2013*
Personnel data are valid and recorded accurately.	HAF/A1	06/2013	12/2013*
Payroll is calculated and processed accurately.	DFAS	06/2013	12/2013*
Payroll obligations, expenses, accruals, and disbursements are recorded timely.	SAF/FM, DFAS	06/2013	12/2013*
Payroll obligations, expenses, accruals, and disbursements amounts are valid and recorded correctly.	SAF/FM, DFAS	06/2013	12/2013*
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year.	SAF/FM, DFAS	06/2013	12/2013*
Material systems achieve relevant FISCAM IT general and application-level control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, DJMS-AC, DJMS-RC, CDS, ARMS, DMO, MILPDS, AROWS, AROWS-R)	SAF/FM, DFAS, DISA	06/2013	12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Reimbursement Budget Authority and Execution

### Strategy Summary

- Testing identified major gaps in reimbursement processes. Reimbursable Budget Authority and Reimbursable Work Orders were combined and renamed Reimbursement Budget Authority and Execution.
- Controls over reimbursable authority will be improved by mapping business events to the appropriate general ledger accounts. Air Force and DFAS are changing the legacy accounting system to map business events to the correct GL accounts.
- Process improvements will ensure reimbursable obligation authority is recorded and controlled for both apportioned and auto-apportioned appropriations. New standard document ID will provide traceability from customer order thru obligation, execution, billing, and collections.
- Leverage work performed and lessons learned from the Funds Distribution to MAJCOM assertion and audit, and the Funds Distribution to Base assertion.
- Create a second set of budgetary activity codes for reimbursable execution of O&M funds, which will allow the Air Force to separately identify reimbursable execution (obligations and outlays performed to fulfill a reimbursable work order) from direct execution. This will ensure reimbursable execution does not exceed offsetting collections and provide the necessary support for reimbursable billings. AMC is hosting a pilot test to separate reimbursable authority into budget activity codes from the apportionment of the funds throughout the lifecycle.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	Reimbursable Budget Authority As Planned	Reimbursable Work Orders As Planned	Revised
Discovery	05/2012	07/2013	01/2014*
Process Documentation	✓	11/2012	07/2013*
Test Plans	✓	01/2013	10/2013*
Conduct Control Testing	✓	04/2013	10/2013*
Conduct Balance Testing	✓	04/2013	10/2013*
Complete Corrective Actions/Assert	12/2012	12/2013	06/2014*
<b>Audit Readiness Validated*</b>			<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Unfilled customer orders are recorded timely.	SAF/FMB	12/2012	06/2014*
Unfilled customer orders are valid and recorded accurately.	SAF/FMB	12/2012	06/2014*
Revenue, advances, and IPAC collections are recorded timely.	SAF/FMB,DFAS	12/2012	06/2014*
Revenue, advances, and IPAC collections are valid and recorded accurately.	SAF/FMB,DFAS	12/2012	06/2014*
Stale or invalid unfilled customer orders and uncollected customer payments/accounts receivable are removed.	SAF/FMB	12/2012	06/2014*
Obligations are recorded timely.	SAF/FMB	12/2013	06/2014*
Obligations are valid and recorded accurately.	SAF/FMB	12/2013	06/2014*
Accruals and payables are recorded timely.	SAF/FMB,DFAS	12/2013	06/2014*
Accruals and payables are valid and recorded accurately.	SAF/FMB,DFAS	12/2013	06/2014*
IPAC disbursements and advances are recorded timely.	SAF/FMB,DFAS	12/2013	06/2014*
IPAC disbursements and advances are valid and recorded accurately.	SAF/FMB,DFAS	12/2013	06/2014*
Stale or invalid obligations and accruals are removed.	SAF/FMB,DFAS	12/2013	06/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, ABBS, AFM, ILS-S, CCARS, JOCAS II, IPAC, FAS/FES, IWIMS)	SAF/FMP, DFAS	12/2012	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Net Outlays (Fund Balance with Treasury)

### Strategy Summary

- IPA validated FBWT Reconciliation assertion in 10/2011.
- Partnered with DFAS. Work products will be coordinated and vetted with DFAS SMEs. Analysis of process flows and controls revealed more work is needed to identify all processes, controls, and roles and responsibilities. Milestones have been adjusted.
- Reconcile detailed transactions (including journal vouchers) within the accounting system (GAFS-R/BQ) to the GAFS R Trial Balance. Reconcile the GAFS-R Trial Balance to the financial statements created by the reporting systems (DDRS B/AFS).
- Coordinate with other assessable units to identify dependencies and address gaps.
- Leverage DFAS SSAE No. 16 process flows, testing, and corrective actions for controls reliance. Identify controls not covered and implement other assessment procedures.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	10/2012	05/2013*
Process Documentation	05/2012	05/2013*
Test Plans	06/2012	05/2013*
Conduct Control Testing	08/2012	05/2013*
Conduct Balance Testing	08/2012	05/2013*
Complete Corrective Actions/Assert	12/2013	06/2014*
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Disbursements and collections are reported timely.	DFAS	11/2013	05/2014*
Disbursements and collections are valid and reported accurately.	DFAS	11/2013	05/2014*
Treasury accounts are reconciled timely.	DFAS	11/2013	05/2014*
Reconciliations, including general ledger and disbursing system data, are accurate.	DFAS	11/2013	05/2014*
Reconciling items are identified timely.	DFAS	11/2013	05/2014*
Reconciling items are valid and resolved accurately.	DFAS	11/2013	05/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, ADS, CDS, DCAS, DCMS, DCPS, DJMS-AC, DJMS-RC, DTS, IAPS, JOCAS II, MOCAS, RTS, MAFR, DEAMS)	SAF/FM, DFAS	11/2013	05/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Contracts (Major)

### Strategy Summary

- Focused on the large dollar procurements in the Mechanization of Contract Administration Service (MOCAS) system.
- Partnered with DFAS and Air Force Acquisition Community to develop process narratives and flowcharts, validate analysis, prioritize sub-assessable units, and develop testing plans. Further work to ensure all processes, controls, roles and responsibilities were identified.
- Conduct internal control and transaction balance testing, and evaluate the supporting documentation for transactions. Develop corrective actions and implement changes.
- Leverage DFAS SSAE No. 16 process flows, testing, and corrective actions for controls reliance. Identify controls not covered and implement other assessment procedures.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	10/2012	09/2013*
Process Documentation	✓	
Test Plans	07/2012	08/2013*
Conduct Control Testing	08/2012	08/2013*
Conduct Balance Testing	08/2012	08/2013*
Complete Corrective Actions/Assert	12/2013	06/2014*
<b>Audit Readiness Validated*</b>		09/2014*

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	SAF/AQ, SAF/FM, DFAS	11/2013	05/2014*
Obligations are valid and recorded accurately.	SAF/AQ, SAF/FM, DFAS	11/2013	05/2014*
Accruals and/or payables are recorded timely.	DFAS	11/2013	05/2014*
Accruals and/or payables are valid and recorded accurately.	DFAS	11/2013	05/2014*
Disbursements are recorded timely.	DFAS	11/2013	05/2014*
Disbursements are valid and recorded accurately.	DFAS	11/2013	05/2014*
Stale or invalid obligations and accruals are removed.	SAF/FM, DFAS, DLA	11/2013	05/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, ABSS, ACPS, ConWrite, SPS, EDA, EDM, WAWF, MOCAS)	SAF/AQ, SAF/FM, DFAS, DISA, DLA	11/2013	05/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Contracts (Minor)

### Strategy Summary

- Focused on the procurement transactions that flow through the Integrated Accounts Payable System.
- Partnered with DFAS and AF Acquisition Community to develop process narratives and flowcharts, validate quantitative drill down analysis, prioritize sub-assessable units, and develop testing plans. Further work to ensure all processes, controls, and roles and responsibilities were identified.
- Conduct internal control and transaction balance testing, and evaluate supporting documentation to support transactions. Develop corrective actions and implement changes, as needed.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	10/2012	09/2013*
Process Documentation	07/2012	07/2013*
Test Plans	10/2012	07/2013*
Conduct Control Testing	10/2012	07/2013*
Conduct Balance Testing	10/2012	09/2013*
Complete Corrective Actions/Assert	08/2013	02/2014*
<b>Audit Readiness Validated</b>		<b>05/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	SAF/AQ, SAF/FM,DFAS	07/2013	01/2014*
Obligations are valid and recorded accurately.	SAF/AQ, SAF/FM,DFAS	07/2013	01/2014*
Accruals and/or payables are recorded timely	DFAS	07/2013	01/2014*
Accruals and/or payables are valid and recorded accurately.	DFAS	07/2013	01/2014*
Disbursements are recorded timely.	DFAS	11/2013	02/2014*
Disbursements are valid and recorded accurately.	DFAS	11/2013	02/2014*
Stale or invalid obligations and accruals are removed.	SAF/FM,DFAS	07/2013	01/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, ABSS, CMOS, CWA, CDS, CEFT, DAAS, DCMS, DIFMS, DPS, DTS, EDM, FIABS, IAPS, ILS-S, SMAS, SPS, WAWF)	SAF/AQ, SAF/FM, DFAS, DISA, DLA	07/2013	01/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Supply Requisition (MILSTRIP)

### Strategy Summary

- Analysis of quantitative drill down raised questions on the scope of MILSTRIP. Conducting further data analysis to ensure MILSTRIP scope is properly defined. Milestones were adjusted to allow additional time to complete this work.
- Document process narratives and flowcharts.
- Develop testing plans.
- Test internal controls, transaction balances, and document results.
- Develop corrective actions and implement changes.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	10/2012	09/2013*
Process Documentation	07/2012	09/2013*
Test Plans	10/2012	09/2013*
Conduct Control Testing	10/2012	09/2013*
Conduct Balance Testing	10/2012	09/2013*
Complete Corrective Actions/Assert	07/2013	11/2013*
<b>Audit Readiness Validated*</b>		<b>02/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Obligations are recorded timely.	SAF/AQ, SAF/FM,DFAS	06/2013	12/2013*
Obligations are valid and recorded accurately.	SAF/AQ, SAF/FM,DFAS	06/2013	12/2013*
Receipt and payables are recorded timely.	DFAS	06/2013	12/2013*
Receipt and payables are valid and recorded accurately.	DFAS	06/2013	12/2013*
Disbursements are recorded timely.	DFAS	11/2013	02/2014*
Disbursements are valid and recorded accurately.	DFAS	11/2013	02/2014*
Stale or invalid obligations and accruals are removed.	SAF/FM,DFAS	06/2013	12/2013*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, FES, FMD, EBS, EEBP, DLA Energy)	SAF/AQ, SAF/FM,DFAS, DISA, DLA	06/2013	12/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Financial Reporting

### Strategy Summary

- Design and implement reconciliations between source systems, imports, journal vouchers, and reporting systems to ensure completeness of financial information.
- Leverage DFAS SSAE No. 16 process flows, testing, and corrective actions for controls reliance.
- Identify controls not covered by SSAE No. 16 and implement other assessment procedures.
- -Quarterly test JVs for supporting documentation and accuracy.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2013	09/2013
Process Documentation	✓	
Test Plans	02/2013	08/2013*
Conduct Control Testing	02/2013	08/2013*
Conduct Balance Testing	02/2013	08/2013*
Complete Corrective Actions/Assert	12/2013	02/2014*
<b>Audit Readiness Validated*</b>		<b>08/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Trial balances (or equivalents) are produced timely.	DFAS	11/2013	05/2014*
Trial balances (or equivalents) are valid and accurate.	DFAS	11/2013	05/2014*
Trial balances (or equivalents) are loaded into DDRS-B timely.	DFAS	11/2013	05/2014*
Trial balances (or equivalents) are completely and accurately loaded into DDRS-B.	DFAS	11/2013	05/2014*
Trial balance data in DDRS-B are loaded into DDRS-AFS timely.	DFAS	11/2013	05/2014*
Trial balance data are completely and accurately loaded from DDRS-B into DDRS-AFS.	DFAS	11/2013	05/2014*
Adjustments recorded in DDRS-B and DDRS-AFS are recorded timely.	DFAS	11/2013	05/2014*
Adjustments recorded in DDRS-B and DDRS-AFS are valid and accurate.	DFAS	11/2013	05/2014*
SBR related footnotes and accompanying information is completed timely.	SAF/FM, DFAS	11/2013	05/2014*
SBR related footnotes and accompanying information is valid and accurate.	SAF/FM, DFAS	11/2013	05/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (DDRS-AFS, DDRS-B, GAFS-R, GAFS-BQ, FACTS II, CEDMS)	DFAS	11/2013	05/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Space Based Infrared System Acquisition Program

### Overview

- Demonstrate the ability to account for the funding provided to the program for FY 2008, FY 2009, and FY 2010, and perform a statistical sample of in-scope transactions to validate existence of supporting documentation.
- Testing did not identify audit readiness issues; therefore, corrective actions were not needed. Assertion was accelerated two months to 07/2012.
- Corrective actions from an IPA examination will be addressed in Contracts (Major).

### Financial Improvement Impact

- Air Force gains a quick look into potential supporting documentation issues involving obligations and expenditures transactions in major acquisition contracts.
- Demonstrates the ability to account for and track funding for a major acquisition program.
- Validates Air Force has supporting documentation associated with the financial transactions of a major acquisition program.
- Demonstrates the process for obtaining supporting documentation for testing is repeatable.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Conduct Balance Testing	✓	
Complete Corrective Actions/Assert	✓	
<b>Audit Readiness Validated*</b>		✓*

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned
Obligations are recorded in the correct period and within 10 days of award	✓
Obligations are recorded accurately and are valid	✓
Accruals and/or payables are recorded in the correct period and within 10 days of receipt	✓
Accruals and/or payables are valid and recorded accurately	✓
Disbursements are recorded in the correct period and within 10 days of payment	✓
Disbursements are valid and recorded accurately	✓
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year	✓
Material systems achieve the relevant FISCAM IT general and application-level control objectives	✓



## EXISTENCE AND COMPLETENESS OF MISSION CRITICAL ASSETS

Figure III-3 shows the Air Force audit readiness plans for the existence and completeness of mission critical assets and changes from the baseline established in the November 2010 FIAR Plan Status Report or from when first reported. The Air Force existence and completeness assessable units that are audit ready and in sustainment are:

- Military Equipment
- OM&S (Cruise Missiles)
- OM&S (Aerial Targets/Drones)
- OM&S (Spare Engines)
- OM&S (Uninstalled Missile Motors)

The assessable units on which work contuse are:

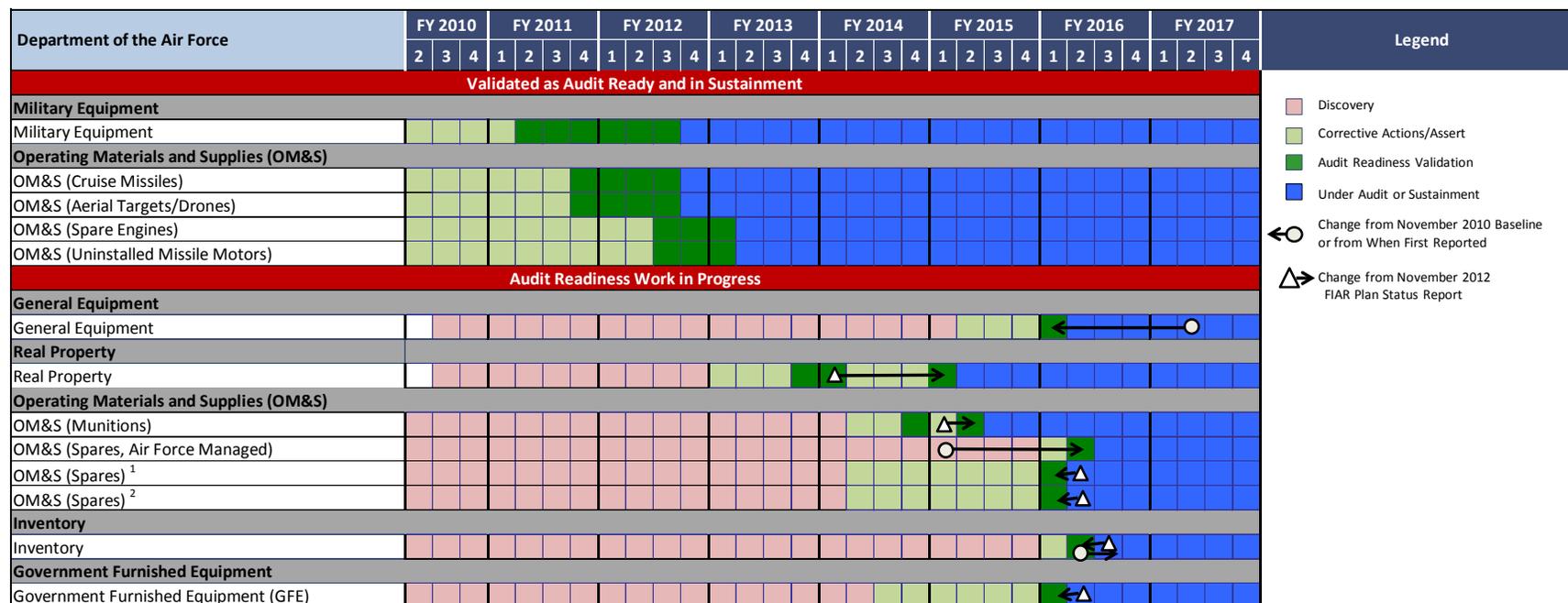
- General Equipment
- Real Property
- OM&S (Munitions)
- OM&S (Spares Air Force Managed)
- OM&S (Spares Contractor Managed and Contractor Possessed)
- OM&S (Spares Contractor Managed and Air Force Possessed)
- Inventory
- Government Furnished Equipment

Progress and plan charts for each existence and completeness assessable unit follow Figure III-3. See Appendix 3 for an explanation of the FIAR activity conducted to achieve each milestone in these charts.



# FIAR Plan Status Report

## Figure III-3. Air Force Existence and Completeness Audit Readiness Plans



1 OM&S (Spares, Contractor Managed and Contractor Possessed)  
 2 OM&S (Spares, Contractor Managed and Air Force Possessed)



## Military Equipment

### Strategy Summary

- Asserted 10/2010, and in 06/2012, DoD OIG issued an unqualified opinion on their existence and completeness examination.
- Sustain reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LX, DFAS	✓
Military equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LX, DFAS	✓
Military equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LX, DFAS	✓
Military equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LX, DFAS	✓
Changes to military equipment (condition, location) are recorded in the APSR timely.	AF/A4LX	✓
Changes to military equipment (condition, location) are recorded accurately in the ASPR.	AF/A4LX	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives.	AF/A4LX	✓
Military equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LX, DFAS	✓



## Operating Materials & Supplies (Cruise Missiles)

### Strategy Summary

- Asserted in 06/2011, and in 06/2012, DoD OIG issued an unqualified opinion on its existence and completeness examination.
- Sustain reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4L	✓
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4L	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (REMIS)	AF/A4L	✓



## Operating Materials & Supplies (Aerial Targets/Drones)

### Strategy Summary

- Asserted in 06/2011, and in 06/2012, DoD OIG issued an unqualified opinion on its existence and completeness examination.
- Sustain reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4L	✓
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4L	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (REMIS)	AF/A4L	✓



## Operating Materials & Supplies (Spare Engines)

### Strategy Summary

- Assertion completed in 03/2012.
- DoD IG issued qualified existence and completeness examination opinion in 01/2013.
- Develop a reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4L	✓
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4L	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (CEMS)	AF/A4L	✓



## Operating Materials & Supplies (Uninstalled Missile Motors)

### Strategy Summary

- Assertion completed in 03/2012.
- DoD IG issued unqualified existence and completeness examination opinion in 01/2013
- Develop a reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned
Discovery	✓
Process Documentation	✓
Test Plans	✓
Conduct Control Testing	✓
Complete Corrective Actions/Assert	✓
<b>Audit Readiness Validated</b>	✓

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4L, DFAS	✓
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4L, DFAS	✓
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4L	✓
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4L	✓
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (IMDB)	AF/A4L	✓



## General Equipment

### Strategy Summary

- Complete and execute corrective action plans for known deficiencies and weaknesses.
- Identify mitigating controls and substantive procedures to support assertion in absence of implemented corrective action plans.
- Conduct 100 percent equipment accountability inventory across Air Force to capture accurate baseline in Discovery phase.
- Develop process maps for Air Force Equipment Management System and Standard Base Supply System interfaces.
- Develop a reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	12/2013	10/2014
Process Documentation	05/2013	09/2013
Test Plans	08/2013	03/2014
Conduct Control Testing	12/2013	07/2014
Complete Corrective Actions/Assert	09/2015	
<b>Audit Readiness Validated*</b>		<b>12/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
General equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LE, DFAS	07/2015
General equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LE, DFAS	07/2015
General equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LE, DFAS	07/2015
General equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LE, DFAS	07/2015
Changes to general equipment (condition, location) are recorded in the APSR timely.	AF/A4LE	09/2015
Changes to general equipment (condition, location) are recorded accurately in the ASPR.	AF/A4LE	09/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives.	AF/A4I	09/2015
General equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LE, DFAS	07/2015



## Real Property

### Strategy Summary

- Assess risks and controls for material life-cycle processes (acquisition, physical inventory, and disposal) and document supporting documentation and retention requirements.
- Execute test plans to select random samples and execute test of key internal controls and supporting documentation.
- Sustain reconciliation process with DFAS to ensure transactions and property recorded in the APSR are posted accurately and timely in the general ledger.
- Execute testing of material life-cycle processes and define, implement, and monitor corrective action plans for known deficiencies and weaknesses, and retest upon completion.
- Execute corrective actions from first round of testing.
- Ensure future IT system effectively supports assertion and accountability requirements.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	✓	
Process Documentation	✓	
Test Plans	✓	
Conduct Control Testing	✓	
Complete Corrective Actions/Assert	06/2013	09/2014*
<b>Audit Readiness Validated*</b>		<b>12/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
Construction in progress (CIP) is recorded the general ledger timely.	HAF/A7C	06/2013	09/2014*
CIP is recorded accurately in the general ledger.	HAF/A7C	06/2013	09/2014*
Completed CIP, other acquisitions, and transfers-in are recorded in the APSR and general ledger timely.	HAF/A7C	06/2013	09/2014*
Completed CIP, other acquisition, and transfers-in are recorded accurately in the APSR and general ledger.	HAF/A7C	06/2013	09/2014*
Real property disposals and transfers-out are recorded in the APSR and general ledger timely.	HAF/A7C	06/2013	09/2014*
Real property disposals and transfers-out are recorded accurately in the APSR and general ledger.	HAF/A7C	06/2013	09/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ACES-RP, CFEMS, iNFADS, GFEBs, IWIMS)	HAF/A7C	06/2013	09/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials & Supplies (Munitions)

### Strategy Summary

- Develop draft process flow for Perform Inventory Management and Maintenance and Repair sub-process.
- Map key risks, control objectives, and supporting documents to the process flows.
- Develop APSR interfaces with U.S. Army depot and contractor service provider APSRs.
- Develop a reconciliation process with DFAS to ensure transactions and property recorded in the APSR are accurately and timely posted to the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	12/2013	06/2014*
Process Documentation	06/2012	✓*
Test Plans	11/2012	05/2013*
Conduct Control Testing	12/2013	06/2014*
Complete Corrective Actions/Assert	06/2014	12/2014*
<b>Audit Readiness Validated*</b>		<b>03/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned	Revised
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	US Army, SAF/AQ, DFAS, AF/A4LW	03/2014	09/2014*
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	US Army, SAF/AQ, DFAS, AF/A4LW	03/2014	09/2014*
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	US Army, AF/A4LW, DFAS	03/2014	09/2014*
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	US Army, AF/A4LW, DFAS	03/2014	09/2014*
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4LW	12/2013	06/2014*
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4LW	12/2013	06/2014*
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (CAS, LMP)	AF/A4IS	12/2013	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Operating Materials & Supplies (Spares, Air Force Managed)

### Strategy Summary

- Discovery for OM&S Spares, Air Force Managed (AFM) is dependent on its service provider DLA. Work is scheduled to begin in FY 2013. Interim dates have been adjusted as a result of initial discovery work.
- Leverage lessons learned from past assertions and audits to ensure milestones are completed on time or ahead of schedule.
- An MOA between the Air Force and DLA was signed in 06/2012 that defined the mutual support required by the DLA and Air Force in support of audit readiness and sustainment efforts for Air Force owned inventory, including OM&S Spares AFM, stored at DLA facilities.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	12/2013	07/2015
Process Documentation	06/2013	05/2015
Test Plans	08/2013	06/2015
Conduct Control Testing	12/2013	07/2015
Complete Corrective Actions/Assert	06/2014	12/2015
<b>Audit Readiness Validated*</b>		<b>03/2016*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AFMC/A4, DLA	09/2015
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AFMC/A4, DLA	09/2015
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AFMC/A4, DLA	09/2015
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AFMC/A4, DLA	09/2015
Changes to OM&S (condition, location) are recorded in the APSR timely.	AFMC/A4, DLA	09/2015
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AFMC/A4, DLA	09/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ADIS, SCS, DSS, ILS-S.)	AFMC/A4, DLA	09/2015



## Operating Materials & Supplies (Spares, Contractor Managed and Contractor Possessed)

### Strategy Summary

- Work with OUSD(C) to determine FIAR requirements for contractor-managed property arrangements (e.g., Contractor-Supported Weapon Systems and Contractor Logistics Support).
- Ensure FIAR requirements are included in contract language.
- Develop interfaces between contractors' property systems and government systems to ensure property and transactions are captured at the appropriate level of detail.
- Develop a reconciliation process with DFAS to ensure assets and transactions in the APSR are recorded timely and accurately in the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	12/2013	
Process Documentation	05/2013	
Test Plans	08/2013	
Conduct Control Testing	12/2013	
Complete Corrective Actions/Assert	09/2015	
<b>Audit Readiness Validated*</b>		<b>12/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	07/2015
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	07/2015
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	07/2015
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	07/2015
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4LM	07/2015
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4LM	07/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ILS-S)	AF/A4I	07/2015



## Operating Materials & Supplies (Spares, Contractor Managed and Air Force Possessed)

### Strategy Summary

- Work with OUSD(C) to determine FIAR requirements for contractor-managed property contracts (e.g., Contractor-Supported Weapon Systems and Contractor Logistics Support).
- Ensure FIAR requirements are included in contract language.
- Develop interfaces between contractors' property systems and government systems to ensure property and transactions are captured at the appropriate level of detail.
- Develop a reconciliation process with DFAS to ensure assets and transactions in the APSR are recorded timely and accurately in the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	12/2013	
Process Documentation	05/2013	
Test Plans	08/2013	
Conduct Control Testing	12/2013	
Complete Corrective Actions/Assert	09/2015	
<b>Audit Readiness Validated*</b>		<b>12/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
OM&S acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	07/2015
OM&S acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	07/2015
OM&S disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	07/2015
OM&S disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	07/2015
Changes to OM&S (condition, location) are recorded in the APSR timely.	AF/A4LM	07/2015
Changes to OM&S (condition, location) are recorded accurately in the ASPR.	AF/A4LM	07/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ILS-S)	AF/A4I	07/2015



## Inventory

### Strategy Summary

- The existence and completeness assertion work for the Working Capital Fund inventory has been divided into five sub-assessable units: Base-Managed, Medical/Dental, Contractor-Held, In-Transit, and DLA-Managed. AF Inventory housed at a DLA facility creates a service provider relationship.
- Will assert existence and completeness for each of the five sub-assessable units separately.
- The assertion date for the Base-Managed inventory is 03/2013, and assertion date for the Medical/Dental inventory is 09/2013.
- The assertion date for DLA-Managed Inventory, Contractor-held Inventory, and In-transit Inventory is 12/2015.
- AF and DLA MOA was signed in 06/2012, that defines the mutual support required by the DLA and AF in support of audit readiness and sustainment efforts for AF-owned inventory, including OM&S Spares AFM, stored at DLA facilities.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	07/2015	
Process Documentation	05/2015	
Test Plans	06/2015	
Conduct Control Testing	07/2015	
Complete Corrective Actions/Assert	12/2015	
<b>Audit Readiness Validated*</b>		<b>03/2016*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
Inventory acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AFMC/A4	09/2015
Inventory acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AFMC/A4	09/2015
Inventory disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AFMC/A4	09/2015
Inventory disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AFMC/A4	09/2015
Changes to inventory (condition, location) are recorded in the APSR timely	AFMC/A4	09/2015
Changes to inventory (condition, location) are recorded accurately in the ASPR.	AFMC/A4	09/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (ADIS, SCS, DSS, ILS-S.)	AFMC/A4	09/2015



## Government Furnished Equipment

### Strategy Summary

- Execute a GFE data call to establish a baseline within the Air Force Equipment Management System (AFEMS).
- Revise policy for providing GFE (includes both equipment and materiel) to contractors to ensure accountability is sustained.
- Develop reconciliation process between loan records in Air Force property systems, the Item Unique Identification (IUID) Registry, and contract attachments listing authorized GFE.
- Develop a reconciliation process with DFAS to ensure assets and transactions in the APSR are recorded timely and accurately in the general ledger.

### Completion Dates for Milestones (✓ = Completed)

FIAR Phases	As Planned	Revised
Discovery	03/2014	
Process Documentation	08/2013	
Test Plans	03/2014	
Conduct Control Testing	03/2014	
Complete Corrective Actions/Assert	09/2015	
<b>Audit Readiness Validated*</b>		<b>12/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Accountable Entities and Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	Accountable Entity	As Planned
General equipment acquisitions are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	09/2015
General equipment acquisitions are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	09/2015
General equipment disposals are recorded in the APSR and general ledger (or DDRS-AFS) timely.	AF/A4LM, DFAS	09/2015
General equipment disposals are recorded accurately in the APSR and general ledger (or DDRS-AFS).	AF/A4LM, DFAS	09/2015
Changes to general equipment (condition, location) are recorded in the APSR timely.	AF/A4LM	09/2015
Changes to general equipment (condition, location) are recorded accurately in the ASPR.	AF/A4LM	09/2015
Material systems achieve relevant FISCAM IT general and application-level general control objectives. (AFEMS, SCS)	AF/A4I	09/2015



## IV. Other Defense Organizations Audit Readiness Plans

This section of the report provides the audit readiness status and plans of the other Defense organizations (ODOs). For purposes of the FIAR Plan, the ODOs include:

- U.S. Special Operations Command
- Defense Agencies
- Intelligence Community Defense Agencies
- DoD Field Activities
- Chemical Biological Defense Program
- Military Retirement Fund
- Medicare-Eligible Retiree Health Care Fund
- Other organizations and accounts that receive DoD appropriated funds

All of the ODOs are working to achieve audit readiness consistent with the DoD FIAR Guidance, except the Intelligence Community (IC) Defense Agencies. The IC Agencies are following the audit readiness strategy of the Office of Director of National Intelligence (ODNI) and are preparing their financial statements for audit in FY 2014 with the goal of obtaining an unqualified audit opinion in FY 2016. The IC Agencies FY 2014, 2015, and 2016 IG audit results will achieve the DoD FIAR priorities (Statement of Budgetary Resources and existence and completeness of mission critical assets) and is consistent with the DoD FIAR Guidance.

### ODO AUDIT OPINIONS

Several of the ODOs that prepare annual financial statements have unqualified audit opinions, including:

- Defense Commissary Agency
- Defense Contract Audit Agency
- Defense Finance and Accounting Service
- TRICARE Management Activity – Contract Resource Management
- Military Retirement Fund

The Defense Information Systems Agency – Working Capital Fund and General Fund, Office of the Inspector General, and Medicare-Eligible Retiree Health Care Fund have qualified opinions on their financial statements.

### STATEMENT OF BUDGETARY RESOURCES

The ODO milestones for achieving the Statement of Budgetary Resources (SBR) priority are presented in Figure IV-1. This figure also identifies changes to milestones since the November 2010 FIAR Plan Status Report or from when first reported.

#### SBR Assessable Unit Progress and Plan Charts

Assessable Unit Progress and Plan Charts for each ODO that is working to achieve SBR audit readiness in FY 2014 follow Figure IV-1. The charts provide an overview of their FIAR status, strategy to achieve audit readiness, and milestones identifying the assessable units and planned dates for completing testing and corrective actions. See Appendix 3 for an explanation of the FIAR activity performed to achieve each milestone.





## DoD Component Level Accounts

### Overview

- DoD Component Level Accounts are included in the TI-97 financial statement represented by a specific limit, and its balances are not reported on the financial statement of a specific agency.
- Completed discovery for DFAS processes for FBWT, Other Budgetary Activity, and Financial Reporting. Continuing the Corrective Action phase.
- Reconciling and validating FY 2013 Defense-Wide Appropriations to various Defense organization financial statements, supporting documentation, and Appropriation Acts.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- A challenge is the lack of a single Chief Financial Executive responsible for DoD Component Level Accounts.

### Strategy Summary

- Support the Defense Agencies' SBR assertions to include DFAS processes.
- Evaluate and improve internal control process documentation related to DFAS processes for the remaining SBR assessable units impacting the DoD Component Level Accounts.
- Development of the Defense Reconciliation and Reporting Tool (DRRT) continues on schedule. ECD remains 09/30/2013. Defense Agencies are kept apprised on DRRT status through periodic audit readiness meetings.
- Successfully supported unallocated amounts for Appropriations Received as of Quarter 4 of FY 2012. Maintain testing in the future to support balances for unallocated amounts.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Financial Reporting	09/2013	03/2014
Fund Balance with Treasury	09/2013	03/2014
Other Budgetary Activity	07/2013	03/2014
<b>SBR Assertion</b>	<b>12/2013</b>	<b>03/2014</b>



## Chemical Biological Defense Program

### Overview

- CBDP provides chemical and biological defense capabilities in support of national military strategies.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Identified documentation requirements and retention policies for all assessable units. Established SBR line item reconciliations for material line items at the transaction level. Implemented reconciliation procedures to sustain auditability.
- Submitted draft SBR Discovery documentation after incorporating comments from OUSD(C) review. Started Evaluation phase on both DAI and GFEBs efficiencies.
- CBDP plans to assert full SBR audit readiness in 06/2013.
- CBDP owns no IT systems and relies on other DoD entities to provide assurance over the system controls.

### Strategy Summary

- Working audit readiness for all assessable units concurrently rather than consecutively. CBDP established separate teams to work the individual assessable units.
- Completed site walk-throughs and finishing draft process narratives and flowcharts. Completed deliverables will be submitted to OUSD(C) by 06/2013.
- Obtaining copies of SSAE No. 16 certifications to support audit readiness for CBDP utilized systems, including ERPs. DAI was implemented for JSTO in 10/2011. GFEBs was implemented for Army components ATEC, RDECOM, and MEDCOM during FY 2012, and at JPEO 10/2012.
- Working with service providers to ensure a cohesive assertion, addressing all aspects of the internal control environment to include system audit assertions, as appropriate, which have been incorporated in an initial CONOPS.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected	
		As Planned	Revised
Appropriations Received	✓	✓	
Contract Pay	✓	03/2014	06/2013
Fund Balance with Treasury	✓	03/2014	06/2013
Other Budget Activity	✓	03/2014	06/2013
Reimbursable Work Orders – Acceptor	✓	03/2014	06/2013
Reimbursable Work Orders – Grantor	✓	03/2014	06/2013
<b>SBR Assertion</b>	<b>✓</b>	<b>03/2014</b>	<b>06/2013</b>



## Defense Advanced Research Projects Agency

### Overview

- DARPA maintains technological superiority and national security by sponsoring revolutionary, high-payoff research for military use.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- In legacy environment, validated that Civilian Pay processes are audit ready and asserted on Reimbursable Work Orders – Acceptor, Travel Pay, and Other Budgetary Activity.
- Completed discovery in the legacy environment. However, converted to DAI in 10/2012 and began DAI discovery in 01/2013. Process narratives and flowcharts were updated to reflect DAI. Reconciliations of transaction level data from DAI to official financial reports are underway.
- Reengineered business processes to more effectively use DAI by updating documentation, streamlining processes, and enhancing internal controls.
- Challenges include resources, coordinating with service providers, identifying process owners, and access to information.

### Strategy Summary

- Building a comprehensive quantitative analysis tool to reconcile transaction level details from DAI to official financial reports and FBWT. Estimated completion date for the tool is 12/2013.
- Phased out sub-allotting funds to eliminate roadblocks to audit readiness, such as dependency on Military Service accounting processes.
- Conducting control and documentation testing in increments throughout the period of assertion for each assessable unit, allowing DARPA to assert to the effectiveness of controls throughout the entire period.



FIAR Plan Status Report

Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	✓		✓	
Civilian Pay	✓	12/2013	✓	03/2014
Contract Pay	06/2012	12/2013	06/2013	03/2014
Financial Reporting	06/2012	12/2013	03/2014	
Fund Balance with Treasury	06/2012	12/2013	03/2014	
Other Budgetary Activity	06/2012	12/2013	09/2012	03/2014
Reimbursable Work Orders – Acceptor	✓	12/2013	✓	03/2014
Reimbursable Work Orders – Grantor	06/2012	12/2013	06/2013	03/2014
Travel	✓	12/2013	06/2012	03/2014
Vendor Pay	06/2012	12/2013	06/2013	03/2014
<b>SBR Assertion</b>	<b>06/2012</b>	<b>12/2013</b>	<b>03/2014</b>	



## Defense Contract Management Agency

### Overview

- DCMA provides contract administration services to the DoD Acquisition Community and its partners.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Testing revealed deficiencies in approval and authorization process for Civilian Pay and timely provision of supporting documentation for Contract Pay and Vendor Pay. CAPs have been developed and retesting will be completed by 07/2013.
- Managing FIAR activities in over 700 locations requires consistent processes and a carefully crafted testing methodology. This has been addressed through a robust communication plan and the use of statistical sampling for Civilian Pay.
- SBR assertion will take place prior to conversion to DAI. Processes will be updated to ensure sustainment of an opinion.

### Strategy Summary

- DCMA, OUSD(C), and DFAS are conducting a joint review to ensure all key controls, risks, and dealbreakers are addressed.
- Submission of test plans to OUSD(C) for validation to ensure the right controls are tested/retested for all assessable units. DCMA's approach is to complete these work products, submit them to OUSD(C), and proceed with dual purpose testing to support substantive testing of controls and supporting documentation testing.
- Leverage OUSD(C) comments and feedback received on one assessable unit across the other assessable units to drive efficiency and leave adequate time for testing and corrective actions that support assertion.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	✓		✓	
Civilian Pay	05/2012	✓	07/2013	09/2013
Contract Pay	05/2012	✓	02/2013	09/2013
Fund Balance with Treasury	06/2012	✓	03/2013	09/2013
Other Budget Authority	05/2012	✓	05/2013	09/2013
Reimbursable Authority	05/2012	✓	02/2013	09/2013
Vendor Pay	06/2012	✓	03/2014	09/2013
<b>SBR Assertion</b>	<b>06/2012</b>	<b>09/2013</b>	<b>03/2014</b>	<b>09/2013</b>



## Defense Information Systems Agency (General Fund)

### Overview

- DISA engineers and provides command and control capabilities and enterprise infrastructure to continuously operate and assure a global net-centric enterprise in support to warfighters, National leaders, and other mission and coalition partners.
- Remediated findings resulting from independent validation, including findings associated with unsupported PP&E, account maintenance, and financial compilation.
- FY 2012 GF and WCF financial statements were audited resulting in qualified opinions due to capital property existence assertion. Audit report stated all other areas are complete and reliable. Improving property processes identified during the audit.
- Lack of an ERP prohibits full compliance with FFMIA requirements and will result in noncompliance audit findings.

### Strategy Summary

- Share lessons learned from DISA audits with FIAR committees to raise awareness of DoD-wide issues.
- Support sustainment internally though internal control over financial reporting program.
- Validate audit readiness sustainment through annual independent audits.
- Based on the outcome of this initiative, planning a similar approach for DISA FAMIS TSEAS in FY 2014.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Civilian Pay	✓	✓
Contract Pay	✓	✓
Financial Reporting	✓	✓
Fund Balance with Treasury	✓	✓
Reimbursable Work Orders – Acceptor	✓	✓
Reimbursable Work Orders – Grantor	✓	✓
Vendor Pay	✓	✓
<b>SBR Assertion</b>	✓	✓



## Defense Logistics Agency (General Fund)

### Overview

- DLA provides worldwide logistics support to the Military Services, as well as other federal agencies and foreign countries.
- Established Enterprise Business Cycle structure in 2007 to assess business processes; DLA-wide standards and criteria in 2009 that outlined needed capabilities; and a FIAR PMO in 2012.
- OUSD(C) mock audit completed in 03/2013 of Appropriations Received and Funds Distribution validated audit readiness.
- DLA suballots more than 30 percent of its funds to other activities, which are responsible for their own SBR-related processes.

### Strategy Summary

- Developed and implemented GF SBR FIP encompassing all the requirements from the Business Cycle Teams, Enterprise Support Teams, and Field Command Teams.
- Completed Discovery for GF and WCF Civilian Pay including first round of controls testing for manage payroll, corrective action plans, and first round of substantive testing of details on the amount of pay, deductions and benefits, and reconciled payroll. Asserting Civilian Pay audit readiness in FY 2013.
- Assert GF FBWT in FY 2014 and complete FBWT in FY 2015.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	✓		✓	
Civilian Pay	✓		09/2013	
Contract Pay	✓	08/2013*	03/2014	06/2014*
Financial Reporting	✓	08/2013*	03/2014	06/2014*
Fund Balance with Treasury	03/2013	08/2013*	03/2014	06/2014*
Other Budgetary Activity	✓	07/2013*	03/2014	06/2014*
Reimbursable Work Orders – Acceptor	✓	08/2013*	03/2014	06/2014*
Reimbursable Work Orders – Grantor	✓	08/2013*	03/2014	06/2014*
Suballotments		08/2013*		06/2014*
Vendor Pay	✓	08/2013*	03/2014	06/2014*
<b>SBR Assertion</b>	✓	<b>08/2013*</b>	<b>03/2014</b>	<b>06/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

Note: The following table provides an explanation for the changes to the Corrected milestones.



## FIAR Plan Status Report

### Explanation for the Changed Corrected (Assertion) Milestones

SBR Assertion	
<b>Original Milestone Date</b>	03/2014
<b>Reason(s) Milestone Was Changed</b>	Based on assessment of the GF SBR key controls, planning two rounds of substantive testing and validation of controls. Round 2 testing is planned for completion by 03/2014, which will allow time to properly prepare and submit the assertion by 06/2014.
<b>Revised Milestone Date</b>	06/2014
<b>Actions to Ensure Milestone Will Be Met</b>	Senior leadership has an increased level of engagement and is participating in biweekly Stewardship Committee meetings with the Vice Director to discuss and resolve issues impacting audit readiness. Also, a team has been assigned to execute actions required to meet the FY 2014 GF SBR assertion.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Defense Security Cooperation Agency

### Overview

- DSCA synchronizes global security cooperation programs, funding, and efforts across OSD, Joint Staff, State Department, COCOMS, the Services, and U.S. Industry. DSCA is responsible for the effective policy, processes, training, and financial management necessary to execute security cooperation in DoD.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Submitted Wave 2 Discovery documents, revealing weaknesses in the Hire-to-Retire Civilian Pay process, including employees paid from the incorrect fund account (Foreign Military Sales or DoD Appropriated Funds), SF50s showing the incorrect fund account, narratives and flowcharts missing key information, and weak controls. Established a working group to correct these problems.

### Strategy Summary

- Added contractor support to assist in FIAR activities, such as corrective action development and re-testing, and to work with the DSCA components to ensure operating procedure harmonization.
- Working closely with OUSD(C) to ensure the right attributes were tested and all Financial Reporting Objectives for each material assessable unit are addressed by testing or implementation of corrective action. Feedback from OUSD(C) will be used to retest or drive the implementation of corrective actions.
- Executing CAPS to:
  - Update procedures for systems access and process flowcharts.
  - Identify internal controls aligned with Financial Reporting Objectives, and assess and strengthen internal controls and supporting documentation for Hire-to-Retire, Procure-to-Pay, Order-to-Cash, and Budget-to-Report assertions.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Civilian Pay	✓	03/2014
Contract Pay	✓	03/2014
Financial Reporting	✓	03/2014
Fund Balance with Treasury	✓	03/2014
Other Budget Authority	✓	03/2014
Reimbursable Work Orders	✓	03/2014
<b>SBR Assertion</b>	✓	<b>03/2014</b>



## Defense Technical Information Center

### Overview

- DTIC provides scientific and technical information, and delivers innovative collaboration products and services to connect DoD, federal, industry, and academia partners.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Continuing to develop and update process narratives, flowcharts, risk assessments, and key control matrices for each of the assessable units.
- Currently developing test plans for Contract Pay, Vendor Pay, Reimbursable Work Orders - Grantor, FBWT, and Financial Reporting.
- Completed Wave 2 Discovery phase for Civilian Pay and Reimbursable Work Orders - Acceptor assessable units.
- Assessing Civilian Pay findings to develop and implement Corrective Action Plans.
- On schedule to complete and execute test plans, document testing, and implement corrective actions by 03/2014 for all assessable units.
- Process narratives, flowcharts, and other FIP tasks for FBWT and Financial Reporting will be documented and implemented beginning in FY 2013 and finalized in FY 2014.
- Significant challenges:
  - Obtaining DAI data for Contract Pay, Vendor Pay, and Reimbursable Work Orders - Acceptor and Grantor.
  - Reliance on other DoD entities to provide assurance over system controls, as well as financial processes for collections and disbursements.

### Strategy Summary

- DTIC is working closely with its service providers and OUSD(C) to ensure each assessable unit is covered from an end-to-end perspective and the right controls/attributes are identified and tested, ensuring risks of material misstatements and Financial Reporting Objectives are minimized and/or mitigated.
- Engage all stakeholders to meet the DTIC's timeline for finalizing control documentation, testing, evaluating, and asserting all SBR assessable units no later than 03/2014.
- Continuing to work with service providers to obtain system documentation and related SSAE No. 16 examination reports. Also continuing to liaise with DFAS to ensure all assessable units are documented, tested, evaluated, and asserted as integrated end-to-end processes.



## FIAR Plan Status Report

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	✓		06/2012	✓
Civilian Pay	06/2012	✓	12/2012	09/2013
Contract Pay	✓	05/2013	06/2012	01/2014
Financial Reporting	06/2012	12/2013	08/2013	03/2014
Fund Balance with Treasury	06/2012	09/2013	03/2013	03/2014
Reimbursable Work Orders – Acceptor	06/2012	✓	02/2013	10/2013
Reimbursable Work Orders – Grantor	06/2012	05/2013	02/2013	01/2014
Vendor Pay	✓	05/2013	06/2012	01/2014
<b>SBR Assertion</b>	<b>06/2012</b>	<b>12/2013</b>	<b>03/2014</b>	



## Defense Threat Reduction Agency

### Overview

- DTRA is the combat support agency for countering weapons of mass destruction.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Implemented policy requiring suballotment holders to provide transaction-level data. Suballotment transaction-level detail and supporting documents received for material business processes. Approximately 2 percent of funding is suballotted to other agencies.
- Implemented DAI 10/2011. Process documentation for sub-assessable units and functional activities has been updated to reflect the new systems environment.
- Challenged with developing and reconciling a transaction universe in DAI for each assessable unit.

### Strategy Summary

- Separate teams work the individual assessable units concurrently.
- Established an internal DAI work group to analyze DAI reports and data elements to develop and reconcile a transaction universe for each assessable unit. Best practices will be shared with other entities using DAI.
- Implementing CAPs to address significant weaknesses related to documentation and retention, financial reporting, reconciliation, and updating policies and standard operating procedures.
- Working with service providers to document roles and responsibilities for DTRA business processes.

### Completion Dates for Statement of Budgetary Resources Milestones (✓ = Completed)

Assessable Units	Tested		Corrected
	As Planned	Revised	
Appropriations Received – Wave 1	✓		✓
Appropriations Received – Wave 2	06/2012	06/2013	03/2014
Civilian Pay	06/2012	06/2013	03/2014
Contract Pay	06/2012	06/2013	03/2014
Fund Balance with Treasury	06/2012	06/2013	03/2014
Reimbursable Work Orders – Acceptor	06/2012	06/2013	03/2014
Reimbursable Work Orders – Grantor	06/2012	06/2013	03/2014
Vendor Pay	06/2012	06/2013	03/2014
<b>SBR Assertion</b>	<b>06/2012</b>	<b>06/2013</b>	<b>03/2014</b>



## DoD Education Activity

### Overview

- DoDEA plans, directs, coordinates, and manages the education programs for military and DoD civilian eligible dependents.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Initial control testing identified weakness in documentation retention to support assertion.
- Implementing a directive to improve supporting documentation retention to address deficiencies identified during testing.
- Working to establish controls for Living Quarters Allowance monitoring and reporting, and to replace a manual, labor intensive process with sustainable, embedded controls.
- Established a biweekly review process for PCS accounting, limiting outstanding travel unliquidated and overaged obligations.
- Working with the DAI PMO to determine the DAI implementation date, since it impacts DoDEA's FY 2014 audit readiness strategy planning for either legacy or DAI environment.

### Strategy Summary

- Currently implementing SOPs for all assessable units to ensure a standardized process within DoDEA.
- Implement and document robust review/reconciliation/monitoring steps for activities performed by service providers.
- Actively participating in the service provider working group to discuss service provider plans and timelines to support DoDEA's assertion schedule for all sub assessable units.
- Working with OUSD(C) to develop corrective action plan and updated test plans to ensure Financial Reporting Objectives are met. Prior testing/test plans did not address all Financial Reporting Objectives.
- Validate controls and assess supporting documentation during the required tri-annual review process. All obligations and accruals are reviewed and adjusted as necessary, at least three times a year.



## FIAR Plan Status Report

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Civilian Pay	✓	01/2014
Contract Pay	✓	01/2014
Financial Reporting	✓	01/2014
Fund Balance with Treasury	✓	01/2014
Reimbursable Work Orders – Acceptor	✓	01/2014
Reimbursable Work Orders – Grantor	✓	01/2014
Vendor Pay	✓	01/2014
<b>SBR Assertion</b>	✓	<b>01/2014</b>



## Military Retirement Fund (Payments)

### Overview

- This assessable unit represents two Defense-wide accounts established to receive annual payments from the Department of Treasury to pay the scheduled amount due for retirement benefits earned by military personnel for service prior to 1985.
- Department of Treasury warrants funds into these accounts from the General Fund of the Treasury. Funds are immediately transferred to the Military Retirement Trust Fund upon receipt. Fund Balance with Treasury is always zero after October of each year.
- OUSD(C) completed an audit readiness assessment in 09/2011 and determined these accounts are audit ready since 100 percent of the supporting documents were available and reconciled to the accounting records. The DoD OIG concurred with the OUSD(C) assessment.

### Strategy Summary

- These payments will be included in the scope of work for independent audit of the Military Retirement Trust Fund in FY 2013.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Financial Reporting	✓	✓
Other Budgetary Accounts	✓	✓
SBR Assertion	✓	✓



## Missile Defense Agency

### Overview

- MDA is a research, development, and acquisition agency that develops, tests, and fields an integrated Ballistic Missile Defense System and works with the Combatant Commanders who rely on the system to protect the Nation, its forward deployed forces, and allies from hostile ballistic missile attack.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Updating risk assessments, process narratives, flowcharts, and test plan design for all SBR assessable units based on feedback received.
- High level testing revealed issues with documentation retention necessary to support an audit. Working corrective actions to address this issue.
- Civilian Pay reconciliation between the DAI, DCPS, and DCAS completed with no issues identified.
- MDA does not own DAI or other systems impacting audit readiness and, therefore, relies on service providers to provide process and control assurance.

### Strategy Summary

- Based on OUSD(C) feedback, MDA is updating process documentation, risk analysis, and test plans to include key attributes that are being tested to support the Financial Reporting Objectives.
- Working with DFAS to understand DFAS processes and testing of systems controls in support of MDA's assertion.
- Coordinating document retention policy within MDA to address the retention and storing of purchase orders, invoices, receiving reports, and MIPRs to ensure all documents are stored in a central location.
- Tri-annual review process is used to identify overstated and stale obligations. Beginning in 03/2013, MDA implemented spot checks of tri-annual review results and a review of supporting documentation to ensure appropriate action has been taken and that supporting documentation is properly stored.
- Ensure standard reconciliation processes and other controls are in place and effective to support key supporting documentation testing and sustainment.
- Working with the DAI PMO to develop reports that will allow MDA to pull together all necessary information from DAI to produce necessary reconciliations to meet OUSD(C) milestones.
- Partnering with MDA's Business Financial Managers to ensure all processes are documented and controls are in place ensuring obligations and disbursements are accurately and timely reported.



## FIAR Plan Status Report

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Civilian Pay	✓	03/2014
Contract Pay	✓	03/2014
Financial Reporting	✓	03/2014
Fund Balance with Treasury	✓	03/2014
Reimbursable Work Orders – Grantor	✓	03/2014
Other Budget Authority	✓	03/2014
Vendor Pay	✓	03/2014
<b>SBR Assertion</b>	✓	<b>03/2014</b>



## Service Medical Activity (Army, Navy, Air Force)

### Overview

- SMA provides healthcare services to TRICARE beneficiaries world-wide and comprises the Army Medical Command, Navy Bureau of Medicine and Surgery, and Air Force Medical Service.
- Validated Appropriations Received and Funds Distribution for FY 2009-2012, and completed mock audit in 03/2013 that validated audit readiness.
- Challenges include extracting transaction-level data in ERP and legacy systems, testing and evaluating transactions from ERP and legacy systems, mapping and reporting in consolidated financial statement, and lack of a unique Agency Location Code for SMA components.
- Submitted SBR Discovery products for initial OUSD(C) review, and revised Discovery products to better align with FIAR audit readiness requirements.

### Strategy Summary

- Continue to work on methodology to map data and documentation from legacy and ERP systems to ensure a complete universe of transactions and identify material assessable units.
- Developing an internal mock audit by assessable unit to identify a complete transaction population reconciled to the general ledger and financial statements and to ensure controls are effective and documentation is available.
- Working all assessable units of SBR concurrently. Corrective actions are currently underway for issues found during testing.
- Proposed solution developed for FBWT reconciliation and pilot test currently being planned.
- Coordinating roles and responsibilities with service providers and Military Services to obtain necessary assertion documentation.

### Completion Dates for Statement of Budgetary Resources Milestones (✓ = Completed)

Assessable Units	Tested	Corrected
Appropriations Received and Funds Distribution	✓	✓
Civilian Pay	✓	03/2014
Contract Pay	✓	03/2014
Financial Reporting	✓	03/2014
Fund Balance with Treasury	✓	03/2014
Other Budget Authority	✓	03/2014
Reimbursable Work Orders – Grantor	✓	03/2014
Reimbursable Work Orders – Acceptor	✓	03/2014
Vendor Pay	✓	03/2014
<b>SBR Assertion</b>	✓	<b>03/2014</b>



## TRICARE Management Activity – Financial Operations Division

### Overview

- TMA-FOD manages TRICARE, executes the Defense Health Program (DHP) Appropriation and DoD Unified Medical Program, and supports the Uniform Services in TRICARE Program implementation.
- Corrective action plan addresses:
  - Lack of Treasury Agency Location Code (ALC) for each medical component.
  - Consolidated GWA FBWT reconciliation at a summary level supported at a detail (medical component) level.
- Assertion moved from 09/2013 to 03/2014 to align with all DHP SMA SBR assertion dates.
- Submitted SBR Discovery products for initial OUSD(C) review, and revised Discovery products to better align with FIAR audit readiness requirements.
- Proposed solution developed for FBWT reconciliation and pilot test currently being planned.
- Completing one full year of ERP deployment provides time to resolve outstanding issues with new software solution, to include the ability/flexibility to extract data for reporting/reconciliation purposes and correcting errors from newly designed interfaces.
- Completed full data migration into new ERP, and corrective actions underway to resolve data conversion issues.
- Validated Appropriations Received and Funds Distribution for FY 2009-2012, and completed mock audit in 03/2013 that validated audit readiness.

### Strategy Summary

- New ERP, DAI, provides transaction level reports, giving the user a drill down capability and providing an audit trail to financial statement line items.
- Corrective actions currently underway addressing results of testing phase. Deficiencies were found with FBWT, awaiting system change request to facilitate the reconciliation.
- Working audit readiness for all assessable units of SBR concurrently.
- Requesting pilot for Treasury disbursing.
- Sustain and maintain reconciliations for Treasury Appropriations, collections, and disbursements for all Treasury Account Fund Symbol accounts for current and prior years due to beginning balance materiality, which will establish and validate the beginning balances for FBWT and all related SBR line items.
- Coordinate roles and responsibilities with service providers and Military Services to obtain necessary assertion documentation to meet audit readiness requirements.



## FIAR Plan Status Report

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected	
		As Planned	Revised
Appropriations Received and Funds Distribution	✓	✓	
Civilian Pay	✓	09/2013	03/2014
Contract Pay	✓	09/2013	03/2014
Financial Reporting	✓	09/2013	03/2014
Fund Balance with Treasury	✓	09/2013	03/2014
Other Budget Authority	✓	09/2013	03/2014
Reimbursable Work Orders – Acceptor	✓	09/2013	03/2014
Reimbursable Work Orders – Grantor	✓	09/2013	03/2014
Vendor Pay	✓	09/2013	03/2014
<b>SBR Assertion</b>	✓	<b>09/2013</b>	<b>03/2014</b>



## U.S. Special Operations Command

### Overview

- USSOCOM is a Combatant Command and provides fully capable Special Operations Forces to defend the U.S. and its interests.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- USSOCOM uses the Military Service financial management and accounting systems and, therefore, must rely on system owners to provide assurance over system controls.
- USSOCOM funds are currently executed in the legacy systems of the Services. As a result, FIAR work products for all SBR assessable units are completed using legacy processes.
- USSOCOM Service Components are scheduled to implement ERPs, in some cases, beyond the assertion date. Rediscovery and retesting will be required in the future ERP environments.

### Strategy Summary

- Actively participating in the Service Provider working group, which discusses the timeline for supporting documentation needed from the service providers to support assertion.
- Instituting a CONOPs to ensure roles and responsibilities are communicated and agreed upon. Final CONOPs for each assessable unit to be signed by 04/2014.
- Working closely with system service providers and obtained the timeline for the SSAE No. 16 examination reports and self-reviews. Many are scheduled to be completed Q4/2013.
- Prepared CAPs to address findings during Q1/2013 that will be implemented by Q1/2014. Retesting will be completed in Q2/2014.
- Consolidating data from all locations and reconciling consolidated details to financial statement totals.

### Completion Dates for Statement of Budgetary Resources Milestones (✓ = Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Civilian Pay	✓	03/2014
Contract Pay	✓	03/2014
Financial Reporting	✓	03/2014
Fund Balance with Treasury	✓	03/2014
Reimbursable Work Orders – Acceptor	✓	03/2014
Reimbursable Work Orders – Grantor	✓	03/2014
Vendor Pay	✓	03/2014
<b>SBR Assertion</b>	✓	<b>03/2014</b>



## Washington Headquarters Services

### Overview

- WHS provides administrative and/or operational support to field activities, OSD, Defense Agencies, and Military Departments.
- OUSD(C) mock audit of Appropriations Received and Funds Distribution, completed in 03/2013, validated audit readiness.
- Migrated FY 2012 financial data from a legacy system to the Enterprise Business Accountability System (EBAS), an existing ERP shared with the Joint Staff. Completed migration of core financials to EBAS.
- Challenges include the need to reinforce relationships with suballottees, engage senior leaders across organizations, and update business processes.
- Supplemented resource levels by adding 14 staff members.

### Strategy Summary

- Completed the receipt of supporting documentation with funds recipients and OUSD(C) to support WHS accountability for funds provided to and executed by other organizations.
- Adopted a phased approach to assertion. Phase 1 involves asserting audit readiness over funds executed and accounted for within WHS accounting system of record with early assertion of 06/2013. Phase 2 applies to funds suballotted to others and accounted for outside of WHS accounting system of record.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested			Corrected		
	May 2012	Revised		May 2012	Revised	
		Phase 1	Phase 2		Phase 1	Phase 2
Appropriations Received	✓	✓	✓	06/2012	✓	✓
Civilian Pay	06/2012	✓	11/2013	03/2014	06/2013	06/2014
Contract Pay	06/2012	✓	11/2013	03/2014	06/2013	06/2014
Reimbursable Work Orders – Acceptor	06/2012	✓	11/2013	03/2014	06/2013	06/2014
Reimbursable Work Orders – Grantor	06/2012	✓	11/2013	03/2014	06/2013	06/2014
Vendor Pay	06/2012	✓	11/2013	03/2014	06/2013	06/2014
<b>SBR Assertion</b>	<b>06/2012</b>	<b>06/2012</b>	<b>11/2013</b>	<b>03/2014</b>	<b>06/2013</b>	<b>06/2014</b>



## EXISTENCE AND COMPLETENESS OF MISSION CRITICAL ASSETS

The following ODOs have a material dollar value of mission critical assets and are actively working to improve mission critical asset information by preparing for existence and completeness audits.

- Defense Information Services Agency – General Fund
- Defense Logistics Agency
- Missile Defense Agency
- TRICARE Management Activity – Financial Operations Division
- U.S. Special Operations Command
- Washington Headquarters Services

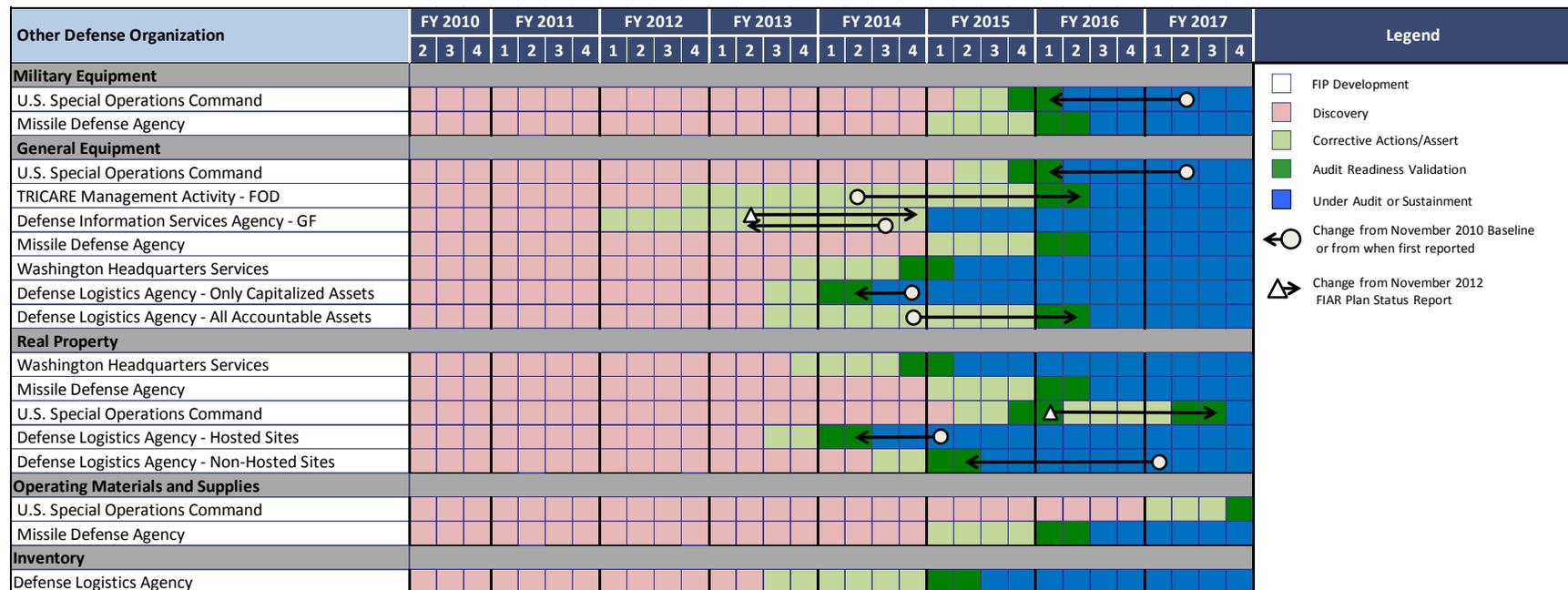
The ODO milestones for achieving the mission critical asset existence and completeness priority are provided in Figure IV-2. It also identifies changes to milestones since the November 2010 FIAR Plan Status Report or from when first reported.

Following Figure IV-2 are individual charts for each ODO that is working to achieve existence and completeness audit readiness. These charts provide an overview describing their FIAR status, strategy to achieve audit readiness, and milestones identifying the assessable units in their FIPs and planned dates for completing testing and corrective actions. See Appendix 3 for an explanation of the FIAR activity performed to achieve each milestone.



# FIAR Plan Status Report

## Figure IV-2. Other Defense Organizations Existence and Completeness (Wave 3) Audit Readiness Plans





## Defense Information Systems Agency (General Fund)

### Overview

- Engineers provide command and control capabilities and enterprise infrastructure to continuously operate and assure a global net-centric enterprise in direct support to joint warfighters, National-level leaders, and other mission and coalition partners across the full spectrum of operations.
- Remediated findings resulting from independent validation, including findings associated with unsupported PP&E, account maintenance, and financial compilation.
- FY 2012 GF and WCF financial statements were audited resulting qualified opinions due to capital property existence assertion. Audit report stated all other areas are complete and reliable. Improving property processes identified during the audit.
- Lack of an ERP prohibits full compliance with FFMIA requirements and will result in noncompliance audit findings.

### Strategy Summary

- Share lessons learned from DISA audits with FIAR committees to raise awareness of DoD-wide issues.
- Support sustainment internally though internal control over financial reporting program.
- Validate audit readiness sustainment through annual independent audits.
- Based on the outcome of this initiative, planning a similar approach for DISA FAMIS TSEAS in FY 2014.

### Completion Dates for Existence and Completeness Milestones (✓ = Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
General Equipment	✓	09/2013*	✓	09/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Defense Logistics Agency

### Overview

- General equipment policies, instructions, and operating procedures have been updated and reviewed by subject matter experts and reviewed by contractors (through an audit lens) to ensure they meet accounting standards and contain current processes and controls.
- Will assert audit readiness for general equipment assets over the \$100,000 capitalization threshold on 09/2013 and will assert to the remaining general equipment assets in 09/2015.
- DLA hosted installations real property site surveys have been completed. Ongoing efforts include the review and verification of real property host site data to ensure it is traceable to the financial system and corroborated by evidential matter to support a 09/2013 Host site assertion. The 09/2014 assertion will include all non-Host sites.
- Planning for the third year execution of the Chief Financial Officer's Inventory Sampling Plan to begin in 06/2013. Execution of the sampling plan will start on 09/01/2013 and be completed on 09/30/2013. The sample will again address completeness of all inventory stored by DLA.
- DLA recognizes a deficiency for inventory in-transit reporting. Challenges to correcting this deficiency include need to receive material receipt acknowledgements for deliveries when ownership transfers to the customer upon delivery.

### Strategy Summary

- Executing a real property physical inventory. Physical surveys are over 48 percent complete. Reconciliation of records with Army, Navy, and Air Force is ongoing and forms the basis for developing real estate instruments where none currently exist. Accountability policies and training are being updated. Control and substantive testing is currently underway. Additionally, a monitoring program is being established to ensure accuracy.
- Real property standard operating procedure to address acquisition through disposal process is in final review, and internal controls over construction in progress processes are being incorporated. DLA Instructions for real property acquisition and disposal, and real property inventory are in final draft status.
- DLA Disposition Services complete the move from their legacy business processes into DLA's Enterprise Business System in 04/2013.
- Addressed DLA OIG audit recommendations to resolve automated inventory reconciliation discrepancies by correcting systems deficiencies and revising inventory records management policy gaps.



**Completion Dates for Existence and Completeness Milestones (✓= Completed)**

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Inventory	07/2012	01/2013	09/2014	
General Equipment – All Accountable Assets	03/2013	07/2014*	03/2014	09/2015
General Equipment – Only Capitalized Assets	03/2013	06/2013*	03/2014	09/2013
Real Property – DLA Hosted Sites	09/2013	07/2013*	04/2014	09/2013
Real Property – Non-DLA Hosted Sites	06/2015	07/2014*	06/2016	09/2014

\* Revised since the November 2012 FIAR Plan Status Report.



### Missile Defense Agency

#### Overview

- MDA is a research, development, and acquisition agency that develops, tests, and fields an integrated Ballistic Missile Defense System to protect the U.S., DoD forward-deployed forces, and friends and allies from hostile ballistic missile attack.
- Asserted existence and completeness audit readiness for Military Equipment – Sensors in Quarter 2 of FY 2012.
- Standard processes were developed for Acquire to Retire and Plan to Stock for all MDA organizations. The corresponding narratives and flowcharts were updated accordingly.
- Monitoring corrective action plans with OPRs for property accountability and GFP accountability for Military Equipment, General Equipment, OM&S, and Real Property.
- Although MDA now reports its financial statements using DAI, the system does not provide full visibility at the transaction-level of all documents making up a specific balance.
- Completed risk assessments for Military Equipment, General Equipment, OM&S, and Real Property.

#### Strategy Summary

- Submit test plans to OUSD(C) to ensure MDA is testing the right attributes to address the Financial Reporting Objectives. Testing will commence in Quarter 3 of FY 2013 after OUSD(C) approves the test plans. Each organization will be placed under specific CAPs in the event of failure.
- Developed a staggered assertion timeline beginning in Quarter 3 of FY 2013.
- Working collaboratively with all stakeholders to implement and execute CAPs for property accountability and government furnished property. CAPs will be completed in Quarter 3 of FY 2015 and testing by Quarter 4 of FY 2015.
- Assertion packages will be completed as the organizations pass testing of internal controls.

#### Completion Dates for Existence and Completeness Milestones (✓= Completed)

Assessable Units	Tested	Corrected
General Equipment	09/2014	09/2015
Military Equipment	09/2014	09/2015
Operating Materials and Supplies	09/2014	09/2015
Real Property	09/2014	09/2015



## TRICARE Management Activity – Financial Operations Division

### Overview

- TRICARE provides health benefits for military personnel, military retirees, and their dependents, including some members of the Reserve Component.
- Completed discovery through site visits and updating general equipment and internal use software documentation. The majority of testing has been performed. Currently working with business partners to provide updates to certain activities within the process, such as receipt and acceptance.
- DPAS data mining ongoing to ensure an understanding of data field requirements and data accuracy. Corrective actions are underway to reconcile the data in the property system to the DAI general ledger.
- The reconciliation encountered issues, and there was a delay in accurately identifying the universe that would have affected meeting 09/2013. Therefore, the completion date was moved to 09/2015 to accommodate the complexities in obtaining documentation to support the assets.

### Strategy Summary

- CAPs will be developed based on the test results to remediate identified issues, such as Government Furnished Equipment (GFE) inventory and identification, and Internal Use Software Work in Progress.
- Developing a mock audit/audit program guide for PP&E to measure upcoming audit readiness. The mock audit is scheduled to be performed in Q3/2013. The results of the mock audit are scheduled for release prior to end of Q4/2013.
- Identifying a complete transaction population to reconcile the Accountable Property System of Record and financial statements. Continue development of expanded testing to better align with audit readiness requirements.
- As part of the mock audit, a supporting documentation review plan is being developed and will be implemented in Q3/2013 with results available in Q4/2013.
- Finalize Standard Operating Procedures that verify data attributes from supporting documentation for accuracy of property accountability, which also includes review of recorded dollar amounts associated with the financial management and budget data in the property records.

### Completion Dates for Existence and Completeness Milestones (✓ = Completed)

Assessable Units	Tested	Corrected	
		As Planned	Completion
General Equipment	✓	09/2013	09/2015



## U.S. Special Operations Command

### Overview

- In 01/2012, asserted existence and completeness audit readiness for two Quick-Win assets (Rotary-wing Aircraft and Small Surface Watercraft).
- Command assets are only recorded in the property systems of the Military Services.
- Manual processes, including journal vouchers, are used to capture and consolidate asset purchases, disposals, and depreciation, due to lack of a Command-wide accountable property system of record.
- USSOCOM depends on legacy Military Service accounting systems that do not properly record OM&S. As a result, capturing and reporting OM&S is a manual process.

### Strategy Summary

- Identify and assert audit readiness for additional military and general equipment. Planning separate assertions by assessable unit by DoD Component.
- Ensure proper recording and reporting of real property based on recent DoD policy change requiring USSOCOM to report real property assets on military installations.
- Recently joined the effort to reconcile real property between hosts and tenants. Most USSOCOM real property is located on military installations.
- Working with service providers to establish roles and responsibilities in providing system documentation, testing, and other related support.

### Completion Dates for Existence and Completeness Milestones (✓ = Completed)

Assessable Units	Testing		Corrected	
	As Planned	Revised	As Planned	Revised
General Equipment	12/2014**		05/2015	
Military Equipment	12/2014**		05/2015	
Operating Materials and Supplies	08/2016		06/2017	
Real Property	12/2014	08/2016*	05/2015	06/2017*

\* Revised since the November 2012 FIAR Plan Status Report.

\*\* Corrections to the Testing milestone dates reported in the November 2012 FIAR Plan Status Report.



### Explanation for the Changed Corrected (Assertion) Milestones

USSOCOM – Real Property Assertion	
<b>Original Milestone Date</b>	05/2015
<b>Reason(s) Milestone Was Changed</b>	Real property assets were not required to be reported on its USSOCOM Balance Sheet. However, the Department recently revised its real property reporting policy, which now requires reporting entities controlling real property assets to report such property, which includes USSOCOM.
<b>Revised Milestone Date</b>	06/2017
<b>Actions to Ensure Milestone Will Be Met</b>	USSOCOM is participating in an OUSD(I&E) effort to reconcile real property records between hosts and tenants. Most USSOCOM-controlled real property is on Military installations. The OUSD(I&E) effort will be completed well before the goal of achieving full audit readiness in 2017.
<b>Impact on Achieving Full Auditability by 2017</b>	None



### Washington Headquarters Services

#### Overview

- Identified material assessable units, key controls, and key supporting documentation for Real Property and General Equipment assets.
- Established a working group to improve operational business processes for data quality, transaction processing, and property management. The outcome of these sessions will facilitate better accountability and financial reporting.
- Supplemented resource levels by adding 14 staff members.

#### Strategy Summary

- Conducting Evaluation and Discovery of Real Property and General Equipment assets for audit readiness assertion efforts.
- Conducting discussions between WHS financial and operations communities to assess current state and to ensure completeness of end-to-end processes of mission critical assets.
- Outcomes are being leveraged from existing working group and task force meetings with WHS financial and operations community to better understand current state and what needs to be completed to meet audit readiness existence and completeness objectives and responsibilities of each group.
- Address overall audit readiness efforts, challenges, and roles and responsibilities, and identify solutions for achieving auditability through regularly scheduled meetings with WHS financial and operational communities.

#### Completion Dates for Existence and Completeness Milestones (✓ = Completed)

Assessable Units	Tested	Corrected
General Equipment	09/2013	06/2014
Real Property	09/2013	06/2014



## INTELLIGENCE COMMUNITY DEFENSE AGENCIES

The FY 2011 Intelligence Authorization Act required the Defense Intelligence Agencies to obtain an unqualified audit opinion on all financial statements by FY 2016. The Defense Intelligence Agencies include:

- Defense Intelligence Agency (DIA)
- National Geospatial Intelligence Agency (NGA)
- National Security Agency (NSA)

Due to the accelerated timeline, unique operational requirements, classification requirements, and congressional guidance unique to the Intelligence Community (IC) Defense Agencies, the DoD Deputy CFO defers to the Assistant Director of National Intelligence (ADNI) Chief Financial Officer to provide technical direction and guidance

to the IC Defense Agencies regarding audit readiness. The IC Defense Agencies are following the IC Audit Readiness Strategy to achieve the FY 2016 clean audit opinion date for all financial statements.

DIA, NGA, and NSA audit readiness status and progress are provided in the charts that follow. These charts provide an overview that describes each IC Defense Agency's status toward accomplishing the FY 2016 audit date, strategy to achieve audit readiness, and milestones that identify planned dates for completing testing, validation, corrective actions, and assertions.



## Defense Intelligence Agency

### Overview

- Established and staffed Integrated Audit Teams along with a Program Management Office to manage and execute all aspects of the agency initiative to reach and sustain an unqualified audit opinion
- DIA is on schedule to complete Discovery activities for Wave 2 for 94 percent of assessable units. The remaining assessable unit is dependent on service provider.

### Strategy Summary

- DIA decomposed the agency Financial Statements and corresponding business processes into 22 assessable units (17 in Wave 2) and assigned each to Integrated Audit Teams that will execute audit remediation activities from discovery to corrective action.
- DIA directly linked IMS tasks to the corresponding FIAR WBS level 2 and 3 tasks.
- DIA established comprehensive audit metrics to monitor and report progress against IMS tasks and phases by assessable unit and overall.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	03/2012	✓*	06/2012	✓*
Fund Balance with Treasury	02/2014	06/2013	03/2014	09/2013
Payables	07/2013	10/2014	09/2013	12/2014
Reimbursable Work Orders - Acceptor	02/2013	01/2014	03/2013	03/2014
Reimbursable Work Orders - Grantor	07/2013	01/2014	09/2013	03/2014
<b>SBR Assertion</b>	<b>02/2014</b>	<b>01/2014</b>	<b>03/2014</b>	

\* Revised since the November 2012 FIAR Plan Status Report.



## Defense Intelligence Agency

### Overview

- DIA's PP&E audit readiness efforts will be completed in Quarter 1 of FY 2015.

### Strategy Summary

- DIA is on schedule to complete Discovery phase tasks by Quarter 2 of FY 2013 for PP&E (Wave 3).

### Completion Dates for Property, Plan, and Equipment Milestones (✓ = Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Property, Plant, and Equipment	11/2014	06/2015	12/2014	09/2015



## National Geospatial Intelligence Agency

### Overview

- Completed migration and achieved initial operating capability for NGA’s fully integrated financial management system. The new system, called GEOINT-Financials (GEO-F), is USSGL compliant and begins the process of improving the system control environment. Developing interfaces with feeder systems.
- Documenting, assessing, and testing new business process and internal controls associated with GEO-F implementation.
- Established the NGA Audit Committee. The Audit Committee will resolve any impediments to progress, drive audit readiness activities, and report on the status of audit readiness activities to the Director, NGA.
- Re-baselined the CAP to address new processes and controls associated with the GEO-F implementation.

### Strategy Summary

- Using ICOFR process and control evaluations and substantive transaction testing through Quality Assurance Reviews to identify and correct deficiencies and implement enhanced business process controls.
- NGA is preparing to undergo an audit of the FY 2014 financial statements.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested	Corrected
Appropriations Received	✓	✓
Fund Balance with Treasury	10/2013	01/2014
Payables	10/2013	01/2014
Reimbursable Work Orders - Acceptor	10/2013	01/2014
Reimbursable Work Orders - Grantor	10/2013	01/2014
<b>SBR Assertion</b>	<b>10/2013</b>	<b>01/2014</b>



## National Geospatial Intelligence Agency

### Overview

- Implemented a Cost Accumulation Framework and agency policy that integrates key planning, acquisition, purchasing, and funds execution process elements to effectively identify, account for, track, and support all agency expenditures. The framework includes approval of requisitions for proper accounting treatment and contract structure requirements to maintain proper accounting cost segregation during execution and provide evidential material for expenditures.
- Established standard operating procedures encompassing logistics, finance, and contracting to systemically report contractor acquired and government furnished property, including procedures for inspecting contractor property control environments and systems.
- NGA’s MCAP supports a full scope audit of the FY 2014 financial statements, including PP&E.

### Strategy Summary

- Completed an inventory plan for conducting a wall-to-wall inventory at 129 sites and locations containing NGA property for 04/2013 – 06/2013 execution. Reconciliation of inventory results with existing property records, valuation of agency contracts, and identification of the NGA capital asset portfolio will complete in 09/2013 to establish the PP&E existence and completeness baseline.
- NGA’s MCAP requires Contractor Acquired Property to be part of the beginning balance valuation and inventory efforts.

### Completion Dates for Property, Plant, and Equipment Milestones (✓ = Completed)

Assessable Units	Corrected		
	Tested	As Planned	Revised
Property, Plant, and Equipment	10/2013	10/2013	01/2014



## National Security Agency

### Overview

- DNI FY 2014 CIG directs NSA to undergo a full scope audit in FY 2014. Based on its audit remediation schedule, NSA anticipates several activities will not be completed resulting in a disclaimer on the FY 2014 financial statement audit opinion.
- NSA is scheduled to complete audit remediation activities prior to FY 2016 with the goal of receiving an unqualified opinion on the FY 2016 financial statements.
- Submitted six assertions packages (Imputed Cost, Net Position, Salaries and Benefits, a combined Appropriations Received and Information Technology, General and Application Controls, and Other Assets and Liabilities) that have been validated as audit ready by ODNI. Appropriations Received has been validated as audit ready.

### Strategy Summary

- Audit readiness strategy involves assessing the end-to-end business processes, systems, and supporting documentation for 15 key financial events.
- Asserted evaluation of financial events ready for an audit is 29 percent complete. Several financial events are undergoing remediation activities before a formal evaluation can be completed. The remediation activities are currently 68 percent complete.
- Testing will not be performed by NSA. Rather, testing will be conducted by an IPA during the FY 2014 audit.

### Completion Dates for Statement of Budgetary Resources Milestones (✓= Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Appropriations Received	✓		✓	
Fund Balance with Treasury	10/2013	*	02/2014	
Payables	03/2013	*	06/2013	10/2013
Reimbursable Work Orders - Acceptor	09/2012	*	03/2013	10/2013
Reimbursable Work Orders - Grantor	09/2012	*	03/2013	10/2013
<b>SBR Assertion</b>	<b>06/2013</b>	<b>*</b>	<b>03/2014</b>	<b>03/2015</b>

\* Testing will be performed by an IPA during the FY 2014 audit.



## FIAR Plan Status Report

### Explanation for the Changed Corrected (Assertion) Milestone

SBR Assertion	
<b>Original Milestone Date</b>	03/2014
<b>Reason(s) Milestone Was Changed</b>	NSA revised the milestone date to reflect dependency on NSA's General Ledger to Commitment Control (GL/KK) effort. The GL/KK effort resolves issues with the reconciliation of budgetary sub-ledgers to the general ledger.
<b>Revised Milestone Date</b>	03/2015
<b>Actions to Ensure Milestone Will Be Met</b>	Senior leadership increased the level of oversight and is conducting status meetings to resolve issues. NSA identified points of contact (POC) for the various budgetary accounts on the SBR. The POCs are currently working to reconcile these accounts. A schedule that identifies the tasks to complete this effort is in the process of being developed.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## National Security Agency

### Overview

- As noted in the NSA SBR chart, DNI FY 2014 CIG directs NSA to undergo a full scope audit in FY 2014. Based on its audit remediation schedule, NSA anticipates several activities will not be completed resulting in a disclaimer on the FY 2014 financial statement audit opinion.

### Strategy Summary

- NSA is scheduled to complete audit remediation activities prior to FY 2016 with the goal of receiving an unqualified opinion on the FY 2016 financial statements.
- Testing will not be performed by NSA. Rather, testing will be conducted by an IPA during the FY 2014 audit.

### Completion Dates for Property, Plant, and Equipment Milestones (✓ = Completed)

Assessable Units	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Property, Plant, and Equipment	10/2014	*	02/2015	09/2015

\* Testing will be performed by an IPA during the FY 2014 audit.



## V. Service Providers Audit Readiness Plans

The Department uses many service providers to improve efficiency and standardize business operations. This section provides the audit readiness status and plans of key DoD service providers, which include:

- Defense Civilian Personnel Advisory Service (DCPAS)
- Defense Contract Management Agency (DCMA)
- Defense Finance and Accounting Service (DFAS)
- Defense Information Systems Agency (DISA)
- Defense Logistics Agency (DLA)

The service providers perform a variety of accounting, personnel, logistics, and system operations and hosting support. A description of the services each provides, and their status and plans in supporting DoD Components as customers, is provided for each of the following assessable units:

- Civilian Pay
- Military Pay

- Contract Pay
- Standard Disbursing Service
- Financial Reporting
- DoD-wide Computing Services

See the November 2012 FIAR Plan Status Report for additional information on the activities performed within each assessable unit by the service providers and reporting entities.

Similar to the reporting entities' efforts to achieve audit readiness and obtain unqualified audit opinions on their financial statements, service providers also are working to achieve audit readiness and obtain unqualified opinions on their controls over operations. Examinations for service providers are conducted in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization, which is similar to an audit of the reporting entity's financial statements.

Figure V-1 provides the service providers' status and plans for achieving audit readiness and conducting SSAE No. 16 examinations. The figure is organized by assessable unit.

Following Figure V-1 are quad-charts by assessable unit and service provider describing their audit readiness plans. See Appendix 3 for an explanation of the FIAR activity performed to achieve each milestone in the quad-charts.





## Civilian Pay – Defense Civilian Personnel Advisory Service (DCPAS)

### Overview

- DCPAS develops and implements human resource management solutions that enable DoD customers to ensure the civilian workforce is ready and able to effectively support the warfighter and the national security mission.
- Completed corrective actions and undergoing a SSAE No. 16 examination. Expect audit report by 10/2013.

### Strategy Summary

- Security management program documentation determined to be effective and up to date.
- Business continuity plan has been established, approved, and tested.
- When the SSAE No. 16 examination is completed, implement any remaining corrective actions, if needed, and continue to conduct SSAE No. 16 examinations annually in support of customer financial statement audits.

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions	03/2013	✓
Reporting Entity Assertion Support	06/2013	✓
<b>Assertion</b>	<b>06/2013</b>	✓
<b>Audit Readiness Validated*</b>		<b>10/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Civilian personnel actions are recorded accurately and are valid	03/2013	✓
Material systems achieve the relevant FISCAM IT general and application-level control objectives	03/2013	✓



## Civilian Pay – DFAS

### Overview

- Using DCPS, DFAS provides payroll services for approximately 1.2 million employees in DoD, Department of Energy, Health and Human Services, and Veterans Affairs.
- In FY 2012, the DFAS Civilian Pay Service underwent an SSAE No. 16 examination and received a qualified opinion for the reporting period of 10/2011 through 06/2012.
- An IPA will audit the Civilian Pay Service for reporting period 10/2012 - 06/2013. An opinion is expected in 08/2013.
- The ATAAPS system, used for time and attendance, will be included in the FY 2014 Civilian Pay SSAE No. 16 examination. The ATAAPS examination scope is limited to DFAS controls, maintenance, and testing of ATAAPS software.
- Established, resourced, validated, and corrected deficiencies in the two material IT applications that led to the FY 2012 qualified opinion (DCPS, which processes payroll transactions, and ADS, which processes disbursements).
- Reviewed the end-to-end Civilian Pay Service processes and key controls not included in the scope of the SSAE No. 16 examination. Conducted self-reviews to ensure all key controls were validated prior to assertion. Army and Navy asserted in Q4/2012, and Air Force asserted in Q1/2013. Defense Agencies will assert Q4/2013.

### Strategy Summary

- Maintain Civilian Pay audit readiness and undergo annual SSAE No. 16 examinations.
- Civilian Pay processes, such as accruals, field accounting, and financial reporting, vary by Component and are being addressed under self-reviews and are not included in the scope of the SSAE No. 16 examination.
- DFAS provides audit readiness support for each Component for these processes and controls in support of customer assertions, including testing payroll general ledger postings and reconciliations for Army, Navy, and Air Force in support of their Civilian Pay assertions.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions	✓	08/2013*
Reporting Entity Assertion Support	✓	08/2013*
<b>Assertion</b>	✓	<b>08/2013*</b>
<b>Audit Readiness Validated*</b>		<b>06/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report to expand the scope to include ATAAPS.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned
Civilian personnel actions are recorded accurately and are valid	✓
Civilian personnel actions are recorded timely	✓
Time and attendance information are recorded correctly and are valid	06/2013*
Payroll is calculated and processed accurately	✓
Payroll obligations, expenses, accruals, and disbursements are valid and recorded accurately and in the correct amounts in the general ledger(s)	06/2014
Payroll obligations, expenses, accruals, and disbursements are recorded in the general ledger timely	06/2014
State obligations and accruals are removed from GL timely	06/2014
Material systems achieve the relevant FISCAM IT general and application-level control objectives	06/2014*

\* Revised since the November 2012 FIAR Plan Status Report.



## Military Pay – DFAS

### Overview

- DFAS provides military pay to approximately 2.27 million Military Service members, active and reserve to include processing of all pay affecting entitlement transactions, certification of all military payrolls, and accounting for, and disposition of, all authorized deductions from gross pay.
- Defense Joint Military Pay System-Active Component/Reserve Component (DJMS-AC/RC) and Defense Military Pay Office (DMO) are the applications used for military pay processes.
- OUSD(C) reviewed assertion documentation from the FY 2012 mock SSAE No. 16 examination and concluded that DFAS Military Payroll is ready for an SSAE No. 16 examination.
- DFAS completed FISCAM assessments of the material IT applications in 06/2012 for DJMS-AC/RC and DMO. Identified deficiencies within Access Controls, Security Management, and Segregation of Duties. Corrective actions for these deficiencies were implemented and validated to be effective by 12/2012.
- An SSAE No. 16 examination of the active and reserve/guard component Military Pay processes began in 01/2013. The processes in scope for the FY 2013 Military Pay SSAE No. 16 examination are Centralized Processing, Payroll Maintenance and Certification, and Disbursement (Army and Air Force check printing only).
- Processes in scope for DFAS self-reviews include Disbursing and Accounting.
- Reporting and Reconciliation will be covered in the Financial Reporting SSAE No. 16 examination.

### Strategy Summary

- Hired an IPA to conduct an SSAE No. 16 examination of Military Pay transactions and IT applications used to record those transactions for the period of 01/2013 - 06/2013.
- In support of customer Military Pay assertions, DFAS is testing payroll general ledger postings and reconciliations for Air Force in 06/2013 and Army in 06/2014. Navy asserted in 03/2013.
- In 06/2013, DFAS will implement an automated process to reconcile the general ledger to DJMS for Navy.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions	✓	
Reporting Entity Assertion Support	✓	
<b>Assertion</b>	<b>08/2012</b>	✓*
<b>Audit Readiness Validated*</b>		<b>08/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Personnel information is recorded accurately and is valid	05/2012	✓
Payroll is calculated and processed accurately	05/2012	✓
Payroll obligations, expenses, accruals, and disbursements are recorded timely	06/2013	06/2014
Payroll obligations, expenses, accruals, and disbursements are recorded at correct amounts in the general ledger(s) and are valid	06/2013	06/2014
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year	06/2013	06/2014
Material systems achieve the relevant FISCAM IT general and application-level control objectives	05/2012	✓



### Contract Pay – DCMA

#### Overview

- DCMA ensures the timely delivery of quality products and services within cost to its customers, payment of contractors, and timely closeout of contracts. The agency also administers contracts that are not paid in the Mechanization of Contract Administration System (MOCAS).
- Established a DCMA FIAR Executive Steering Group (ESG), which is a governance board comprised of agency senior leadership. The ESG provides strategic direction and oversight of the agency's dual roles as service provider and reporting entity.
- Using the Contract Pay end-to-end model, identified subprocesses where DCMA has a service provider role: Commitment and Obligation, Receipt and Acceptance, Invoice Entitlements, Disbursing and Posting Expenditure, and Reconciliation and Contract Closeout.
- The DCMA/DFAS MOU was signed in 10/2012.

#### Strategy Summary

- Revisiting Discovery following input from OUSD(C) on design of controls. Controls will be redesigned to ensure coverage of identified gaps in completeness, accuracy, and timeliness.
- DCMA will have a standard MOU with customers, which has been completed. Discussions have been scheduled with Navy and SOCOM to finalize a MOU.
- Maximize participation in Service Provider Working Group to communicate a consolidated service provider approach to reporting entities, covering scope of service provider agency assertions, as well as subprocess and key control mapping to enhance communication regarding scope and assertion milestones to the Components.
- Acquired contractor support to develop narratives, identify Financial Reporting Objectives, develop test plans, conduct testing, formulate and implement corrective actions, and complete assertion documentation.
- ESG members interface with senior leaders within Component and OUSD(C) organizations to communicate plans and progress and support Component assertions and issues.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions	05/2013	
Reporting Entity Assertion Support	06/2013	
<b>Assertion</b>	<b>06/2013</b>	<b>07/2013</b>
<b>Audit Readiness Validated*</b>		<b>04/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Disbursements are recorded accurately and are valid	06/2013	
Material systems achieve the relevant FISCAM IT general and application-level control objectives	06/2012	06/2013
Obligations are recorded accurately and are valid (in MOCAS)	N/A	06/2013
Stale or invalid obligations and accruals are removed.	N/A	06/2013



### Contract Pay – DFAS

#### Overview

- Contract Pay end-to-end process is defined by seven key processes: (1) Commitments and Obligations, (2) Receipts and Acceptance, (3) Invoice Entitlement, (4) Pre-Validation, (5) Disbursing and Posting Expenditure, (6) Reporting and Accounting, and (7) Reconciliation and Contract Closeout.
- MOCAS is the DoD major contract entitlement system, paying complex, multi-year purchases, many of which are related to weapon systems.
- MOCAS pays 60 percent of the DoD (Contract Pay and Vendor Pay) dollars to contractors totaling more than \$200 billion per year.
- SSAE No. 16 examination scope includes: Invoice Entitlement, Prevalidation, and Disbursing processes performed by DFAS (includes MOCAS, BAM, EAS, and EUD (MOCAS-PPVM)).
- Developed MOCAS process flow charts, narratives, and test plans. Tested and documented results of corrected manual controls (non-FISCAM).
- Identified and classified high, medium, and low FISCAM deficiencies with Security Management, Configuration Management, Business Process, Interface and Data Management, etc. with MOCAS, EAS, and EUD (MOCAS-PPVM). All critical deficiencies are targeted to be remediated by 06/2013.

#### Strategy Summary

- Updated MOCAS process flow charts, narratives, and retested controls based on changes from implemented CAPs identified during testing of system and manual controls.
- Completed discovery of manual and system controls in 05/2012. Critical deficiencies and corrective actions of manual controls for Contract Input, Invoice Entitlement, System Access, and Segregation of Duties were corrected and deemed effective in 12/2012.
- Corrective actions for high and medium FISCAM General and Application control deficiencies are scheduled for completion by 06/2013.
- Prepare for SSAE No. 16 examination of Contract Pay processes and controls for Contract Input, Entitlement, Pre-Validation, and Disbursing in 10/2013. In scope DFAS systems are MOCAS, BAM, EAS, and EUD (limited to MOCAS-PPVM).
- Contract Pay related processes, such as accruals, field accounting, and financial reporting, vary by Component and are excluded from the Contract Pay SSAE No. 16 examination. DFAS will accomplish self-reviews of excluded processes by 09/2013.
- Customer assertion dates range from 06/2013 to 03/2014.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	06/2013*
Corrective Actions	✓	06/2013*
Reporting Entity Assertion Support	✓	06/2013*
<b>Assertion</b>	<b>10/2012</b>	<b>06/2013*</b>
<b>Audit Readiness Validated*</b>		<b>05/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Obligations are recorded in the correct period and within 10 days of award (in MOCAS)	✓	
Obligations are recorded accurately and are valid (in MOCAS)	✓	
Accruals and/or payables are recorded in the correct period and within 10 days of receipt	09/2013	03/2014*
Accruals and/or payables are recorded accurately and are valid	09/2013	03/2014*
Disbursements are recorded in the correct period and within 10 days of payment	09/2013	03/2014*
Disbursements are recorded accurately and are valid (in MOCAS)	✓	
Obligations and accruals are reviewed, and adjusted as necessary, at least three times per year	09/2013	03/2014*
Material systems achieve the relevant FISCAM IT general and application-level control objectives	05/2012	06/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Explanation for the Changed Assertion Milestone

Contract Pay – DFAS	
<b>Original Milestone Date</b>	As Planned: 10/2012 and Revised in November 2012: 12/2012
<b>Reason(s) Milestone Was Missed</b>	Assertion date extended to remedy ineffective FISCAM controls.
<b>Revised Milestone Date</b>	06/2013
<b>Actions to Ensure Milestone Will Be Met</b>	DFAS leadership monitors status of corrective actions monthly via the Senior Steering Committee. A contractor is utilized to validate the effectiveness of the corrective actions.
<b>Impact on Achieving Full Auditability by 2017</b>	None



## Contract Pay – DLA

### Overview

- DLA manages many DoD enterprise business systems, including WAWF and EDA.
- Progress/completed actions:
  - Testing for WAWF and EDA is complete. CAPs and remediation efforts are underway.
  - Conducting monthly battle rhythm for sharing progress and lessons learned information via a Systems Audit Working Group comprised of the DLA system PMOs.
- Continue to define control environment with reporting entities to ensure sufficient coverage for testing and corrective actions until initial SSAE No. 16 examination is complete.

### Strategy Summary

- DLA Information Operations is performing FISCAM control and FFMIA assessments to determine effectiveness of control environments.
  - Developing Notice of Findings and CAPs, as required, for identified control deficiencies.
  - Provide continuing awareness education and training to system PMOs and functional personnel on achieving and maintaining audit readiness.

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	WAWF As Planned	EDA As Planned	WAWF & EDA Revised
Scope and Timeline Defined and Communicated	06/2012	09/2012	✓
Controls Documented	06/2012	09/2012	✓
Controls Tested	03/2013	06/2013	✓*
Corrective Actions	09/2013	12/2013	06/2013
Reporting Entity Assertion Support	03/2014	06/2014	07/2013*
<b>Assertion</b>	<b>05/2014</b>	<b>08/2014</b>	<b>07/2013*</b>
<b>Audit Readiness Validated*</b>			<b>07/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Material systems achieve the relevant FISCAM IT general and application-level control objectives		
WAWF	03/2014	07/2013*
EDA	06/2014	07/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## Standard Disbursing Service – DFAS

### Overview

- DFAS disbursing processed 164M transactions in FY 2012 of which 98M (or 60%) were processed through ADS Disbursing Station Symbol Number (DSSN) 8522. DFAS disbursed a total of \$617.4 billion in FY 2012, of which \$226.2 billion was disbursed for ADS DSSN 8522.
- The Standard Disbursing Initiative (SDI) selected ADS as the system solution based on costs, technical capabilities, and risks. ADS will provide a single disbursing capability for the Air Force CDS system and the Army and Other Defense Organizations system, SRD-1.
- In 12/2012, DFAS asserted that its Standard Disbursing Service (ADS) for DSSN 8522 was ready for an SSAE No. 16 examination, which includes disbursing payments from Military Pay, Civilian Pay, Retired Pay, and Vendor Pay.
- Under the current SSAE No. 16 examination, DFAS Disbursing Service’s “system” is comprised of the policies and procedures designed, implemented, and documented by DFAS to provide user entities with disbursement processing services, and includes controls supporting and provided by ADS.

### Strategy Summary

- The IPA’s reporting period for the SSAE No. 16 examination is 01/2013 through 06/2013, and the output of the examination will be a Type 2 Service Organization Controls (SOC) 1 report.
- DFAS is performing audit readiness activities in accordance with the DoD FIAR Guidance to document and test processes and controls not in the current SSAE No. 16 examination scope. For these unique services, DFAS is providing support for Component assertions from 03/2013 to 06/2014.
- General and application controls testing for CDS, DDS, and SRD-1 has been completed. Deficiencies were identified, and CAPs are being implemented.
- Disbursing-related processes, such as field accounting and financial reporting, vary by Component and are not included in the scope of the SSAE No. 16 examination. DFAS provides audit readiness assertion support to each Component for these processes and controls. Disbursing self-reviews are in progress for SRD-1, DDS, and CDS/ADS 3801.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions	✓	
Reporting Entity Assertion Support	06/2012	✓*
<b>Assertion</b>	<b>08/2012</b>	✓*
<b>Audit Readiness Validated*</b>		<b>08/2013*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned
Disbursements are recorded timely	06/2014*
Disbursements are recorded accurately and are valid	06/2014*
Material systems achieve the relevant FISCAM IT general and application-level control objectives	✓

\* Revised since the November 2012 FIAR Plan Status Report.



## Financial Reporting – DFAS

### Overview

- Financial Reporting end-to-end is the process by which DFAS organizes financial data and produces DoD financial statements. This includes transaction-level processing and analysis, trial balance processing, trial balance and general ledger account validation, analysis, adjustments, and generation of the financial statements.
- Defense Departmental Reporting System (DDRS) is the DoD reporting system that produces Standard Financial Information Structure (SFIS) compliant financial statements and budgetary reports for the Military Services and Defense Agencies. DDRS is fully deployed for the audited financial statements and 96 percent deployed for budgetary reporting.
- DDRS is the only system within scope for the Financial Reporting SSAE No. 16 examination. It provides timely and relevant financial data to decision makers and provides the analytical tools required to efficiently and effectively produce DoD financial statements and budgetary reports.
- During FY 2012, DFAS began audit readiness activities to prepare for an SSAE No. 16 examination in FY 2014 of DoD-wide DFAS processes and controls for processing, validation, analysis, adjustments, and generation of the financial statements. To date, the Discovery phase is complete and the Corrective Action phase will be complete 09/2013 for both manual and automated controls.
- DFAS will provide audit readiness support for the SSAE No. 16 examination processes and controls for the following customer assertions: Navy – 09/2013, Air Force – 12/2013, DLA – 03/2014, Army – 06/2014. DFAS will provide audit assertion support for Component-unique financial reporting processes and controls that are not covered by the SSAE No. 16 examination.

### Strategy Summary

- Defined the SSAE No. 16 examination scope to processes performed in DDRS at the DFAS Departmental Reporting sites. Major processes include Mapping, Preprocessing, Validation/Analysis, Eliminations, Adjustments, and Financial Statements. Responsibility for major processes belongs primarily to DFAS and DLA, which owns the system.
- DFAS Financial Reporting SSAE No. 16 examination pre-assertion work includes identifying, documenting, and assessing key controls, key control objectives, and risks of the financial reporting processes. The Discovery phase is complete, and remediation of identified deficiencies is underway. CAPs have been developed and are being implemented.
- Documentation and initial testing of manual and system controls were completed by DFAS and DLA.
- Test results analysis is complete and CAPs developed with implementation targeted for 09/2013.
- Identify, document, remediate, and assess key controls, key control objectives, and risks through self-reviews of the Financial Reporting assessable unit processes that fall outside the SSAE No. 16 examination scope.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	12/2012	✓*
Controls Documented	03/2013	✓*
Controls Tested	03/2013	✓*
Corrective Actions	04/2013	09/2013*
Reporting Entity Assertion Support	07/2013	11/2013*
<b>Assertion</b>	<b>11/2013**</b>	
<b>Audit Readiness Validated*</b>		<b>09/2014*</b>

\* Revised since the November 2012 FIAR Plan Status Report.

\*\* Correction to the "As Planned" date reported in the November 2012 FIAR Plan Status Report.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Trial balances are loaded into reporting system timely	03/2013	09/2013*
Trial balances are complete and accurately loaded into reporting system	03/2013	09/2013*
Trial balance data is loaded into DDRS-AFS timely	04/2013	09/2013*
Trial balance data is accurately loaded into DDRS-AFS	04/2013	09/2013*
All adjustments are recorded timely	04/2013	09/2013*
All adjustments are recorded accurately and are valid	04/2013	09/2013*
The Statement of Budgetary Resources, related footnotes and accompanying information is completed timely	07/2013	09/2013*
The Statement of Budgetary Resources, related footnotes and accompanying information is accurate and valid	07/2013	09/2013*
All material systems achieve the relevant FISCAM IT general and application-level general control objectives	07/2013	09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.

Note: Outcomes are based on SSAE NO. 16 examinations, not self-reviews.



## DoD-Wide Computing Services – DISA

### Overview

- Since 2005, DISA hosting services have had SAS No. 70/SSAE No. 16 examinations annually that review general controls surrounding the hosted information systems.
- Received an unqualified opinion in 06/2012 on a SSAE No. 16 examination.

### Strategy Summary

- Implementing a change management system in Quarter 3 of FY 2013.
- Conducting a SSAE No. 16 examination in FY 2013.

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	As Planned
Scope and Timeline Defined and Communicated	✓
Controls Documented	✓
Controls Tested	✓
Corrective Actions	✓
<b>Audit Readiness Validated</b>	✓

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned
Material systems achieve the relevant FISCAM IT general control objectives	✓



## DoD-Wide Computing Systems – DLA

### Overview

- Management of many DoD enterprise business systems, material to SBR assessable units, such as Financial Reporting, is the responsibility of DLA as the service provider.
- Progress/completed actions:
  - Performing assessment of DLA-owned DoD-wide systems that are material to other Defense organizations’ financial reporting, DoD Travel, and Appropriations Received.
  - Conducting monthly battle rhythm for sharing progress and lessons learned information via a Systems Audit Working Group comprised of the DLA system PMOs.
  - Transferred primary responsibility for DDRS and DCAS to DFAS. DLA continues to provide support, as needed.
- Continue to define control environment with reporting entities to ensure sufficient coverage for testing and corrective action of business application controls until initial SSAE No. 16 examination is completed.

### Strategy Summary

- DLA Information Operations is performing FISCAM control and FFMIA assessments to determine effectiveness of control environments.
  - Developing Notice of Findings and CAPs, as required, for identified control deficiencies.
  - Provide continuing awareness education and training to system PMOs and functional personnel on achieving and maintaining audit readiness.

### Completion Dates for Outcomes (✓ = Completed)

Audit Readiness Outcomes	As Planned	Revised
Material systems achieve the relevant FISCAM IT general and application-level control objectives		
DAI*	08/2013	06/2013*
DAAS/GEX	12/2013	05/2013*
DTS & EFD	03/2014	09/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### SSAE No. 16 Milestone Completion Dates (✓ = Completed)

Milestones	DAI		DAAS/GEX		DTS, EFD	
	As Planned	Revised	As Planned	Revised	As Planned	Revised
Scope and Timeline Defined and Communicated	✓		✓		✓	
Controls Documented	✓		✓		✓	
Controls Tested	03/2013	✓*	03/2013	✓*	06/2013	✓*
Corrective Actions	06/2013		06/2013	05/2013*	09/2013	
Reporting Entity Assertion Support	07/2013		09/2013	07/2013*	12/2013	10/2013*
<b>Assertion</b>	<b>08/2013</b>	<b>07/2013*</b>	<b>12/2013</b>	<b>07/2013*</b>	<b>03/2014</b>	<b>10/2013*</b>
<b>Audit Readiness Validated*</b>		<b>07/2014*</b>		<b>10/2013*</b>		<b>08/2015*</b>

\* Revised since the November 2012 FIAR Plan Status Report.



## VI. ENTERPRISE RESOURCE PLANNING SYSTEMS AND AUDIT READINESS

The ERPs continue to be an essential part of the Department's audit readiness efforts. However, not all ERPs will be deployed by the 2014 and 2017 audit readiness dates. Therefore, the Department is also relying on legacy systems to meet these dates. Once fully deployed, the ERPs will support and enhance the Department's ability to sustain audit ready financial statements. By embedding internal controls, ERPs reduce human error, and result in repeatable, automated processes on which auditors can rely.

ERPs also help the Department address long-standing financial management weaknesses. Presently, there are 18 management-identified and auditor-identified material weaknesses. Figure VI-1 on the following page lists the material weakness by end-to-end business processes. ERPs with embedded internal control objectives that impact a given material weakness are indicated. However, the ERPs alone will not eliminate the material weaknesses. For example, the material weakness for reporting the value of Operating Materials and Supplies (OM&S) on the Balance Sheet will require process and control improvements to properly record OM&S assets when

acquired, issued, consumed, or disposed, and will also require that supporting documentation for reported balances is readily available.

To demonstrate the critical linkage between the ERP deployments, elimination of material weaknesses, and auditability, the Department also monitors Financial Reporting Objectives by assessable unit for each ERP. This section of the Report provides information on ERPs being deployed by the Military Departments as well as information on DAI, the ERP being implemented at many of the Defense Agencies and other Defense organizations. For each ERP, the following detail is provided:

- Overview
- Program Cost
- Impact on Legacy Systems
- Information Technology Controls
- Implementation Milestones and Audit Readiness Information
- Financial Reporting Impact
- Status of Financial Reporting Objectives by Assessable Unit



# FIAR Plan Status Report

Figure VI-1. ERP Internal Controls and Areas of Material Weakness by End-to-End Business Process

Areas of Material Weakness	Army				DON		Air Force		ODOs
	GFEBs	LMP	GCSS-A	IPPS-A	Navy ERP	GCSS-MC	DEAMS	AF-IPPS	DAI
<b>Budget to Report End-to-End Business Process</b>									
Appropriations Received	●	●	—	—	●	—	●	—	●
Fund Balance with Treasury	●	●	●	—	●	—	●	—	●
Financial Reporting Compilation	●	●	●	—	●	●	●	—	●
Intragovernmental Eliminations	●	●	—	—	●	—	●	—	●
<b>Hire to Retire End-to-End Business Process</b>									
Health Care Liabilities	●	●	—	—	—	—	●	—	—
Civilian Pay	●	●	—	—	●	—	●	—	●
Military Pay	●	●	—	●	—	—	—	●	—
<b>Order to Cash End-to-End Business Process</b>									
Accounts Receivable	●	●	●	—	●	—	●	—	●
<b>Procure to Pay End-to-End Business Process</b>									
Contracts	●	●	—	—	●	—	●	—	●
Requisitions (MILSTRIP)	●	●	—	—	●	●	●	—	●
Reimbursable Work Orders – Grantor	●	●	—	—	●	—	●	—	●
Transportation of People	●	●	—	—	—	—	●	—	●
<b>Acquire to Retire End-to-End Business Process</b>									
Military Equipment	●	●	●	—	—	●	—	—	●
General Purpose Equipment	●	●	●	—	●	—	—	—	●
Real Property	●	●	—	—	—	—	—	—	●
Environmental Liabilities	●	●	—	—	—	—	●	—	—
<b>Plan to Stock End-to-End Business Process</b>									
Inventory	—	●	—	—	●	●	—	—	—
OM&S	●	●	●	—	●	●	—	—	—

- Identifies when internal control objectives associated with material weaknesses are embedded in the system configurations.
- Not applicable. Internal control objectives for a specific material weakness are not intended to be configured within that specific system.





## General Fund Enterprise Business System (GFEBS)

### Overview

- GFEBS is the Army’s General Fund web-enabled accounting, asset management, and financial system used to standardize, streamline, and share critical data across the active Army, Army National Guard, and Army Reserve. GFEBS serves as the source for consolidated Army General Fund financial reporting.
- The deployment schedule for GFEBS included eight waves to thousands of financial users across the globe. Releases were deployed by functionality.
- In 07/2012, the Army completed GFEBS deployment. GFEBS has more than 53,000 users at 227 locations in 71 countries and impacts every Army organization and function.
- Internal assessments are underway to ensure GFEBS meets all audit readiness requirements.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	36*
Legacy Systems Scheduled for Sunset	109*
Legacy Systems Interfaced to Date	45
Legacy Systems to Be Interfaced	47

\* Revised since the November 2012 FIAR Plan Status Report.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$379.8	\$379.8	
Procurement	\$243.8	\$287.4	\$284.6
Operations and Maintenance	\$311.1	\$559.7	\$849.4

### Information Technology Controls (✓ = Completed)

Controls	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Security Management	12/2012	✓*	03/2013	✓*
Access	✓		✓	
Configuration Management	✓		✓	
Segregation of Duties	12/2012	✓*	03/2013	✓*
Contingency Planning	12/2012	✓*	03/2013	✓*
Completeness	12/2012	✓*	03/2013	✓*
Accuracy	12/2012	✓*	03/2013	✓*
Validity	12/2012	✓*	03/2013	✓*
Confidentiality	12/2012	✓*	03/2013	✓*
Availability	12/2012	✓*	03/2013	✓*

\* Revised since the November 2012 FIAR Plan Status Report.



**GFEBs Implementation Milestone and Audit Readiness Information**

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
Milestone A		06/2005		0
Milestone B		03/2008		20*
Release/Wave 1	General Ledger Module (GLM), Budget Resource Management (BRM), Pay Management (PayM), Receivables Management (RecM)	04/2009		Captured in Milestone B*
Milestone C	GLM, BRM, PayM, RecM, Cost Management (CM), Fund Balance with Treasury Mgmt (FBWTM)	05/2009	03/2009*	29*
Release/Wave 2	GLM, BRM, PayM, RecM	04/2010		Captured in Milestone C*
Release/Wave 3	GLM, BRM, PayM, RecM, CM, FBWTM, Property Management (PropM)	10/2010		Captured in Milestone C*
Full Deployment Decision	GLM, BRM, PayM, RecM, CM, FBWTM	03/2011	06/2011	51*
Full Deployment	GLM, BRM, PayM, RecM, CM, FBWTM, PropM	01/2012	07/2012	61*

\* Revised since the November 2012 FIAR Plan Status Report.

**GFEBs Financial Reporting Impact**

GFEBs serves as a key source for consolidated Army General Fund financial reporting.



## FIAR Plan Status Report

### GFEB Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested		Corrected	
			As Planned	Revised	As Planned	Revised
<b>Statement of Budgetary Resources</b>						
Contract Pay	29	17	03/2013	✓*	06/2014	
Supplies (MILSTRIP)	29	12	03/2013	✓*	06/2014	
Reimbursable Work Order-Grantor	29	17	03/2013	✓*	06/2014	
Fund Balance with Treasury	14	0				
Appropriations Received	5	0				
Military Pay	13	2	03/2013	✓*	06/2014	
Civilian Pay	13	2	03/2013	✓*	06/2014	
Reimbursable Work Order-Acceptor	12	5	03/2013	✓*	06/2014	
Other Budgetary Activity	8	TBD	03/2013	TBD*	06/2014	
Financial Reporting	14*	TBD	03/2013	TBD*	06/2014	
<b>Existence and Completeness</b>						
Military Equipment	10	TBD	TBD	TBD*	12/2013	
General Equipment	10	TBD	TBD	TBD*	12/2013	
Real Property	10	TBD	03/2013	12/2013*	09/2014	
OM&S	10	TBD*		09/2013*		12/2013*
Inventory	10	N/A				

\* Revised since the November 2012 FIAR Plan Status Report.



## Logistics Modernization Program (LMP)

### Overview

- LMP is an accountable property system of record for a considerable portion of Army OM&S, specifically Class V (Ammunition) assets.
- Sustain, monitor, measure, and improve the modernized National-level logistics support solution.
- Deliver new and enhanced logistics capabilities, and support DoD and Army ERP integration efforts.
- Transition services from contractor to organic support without system performance degradation.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 08/2012	Revised
AWCF – CIP	\$813.7	\$1,164.4	\$1,250.7
AWCF – OPS	\$727.4	\$3,051.1	\$2,940.7
OMA	\$95.0	\$188.2	\$186.7
BRAC	\$3.1		\$3.1

Note: To Date as of February 29, 2013.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	2 (8 CCSS, 42 SDS)*
Legacy Systems to Be Sunset	1 (CCSS NAMI)*
Legacy Systems Interfaced to Date	72
Legacy Systems to Be Interfaced	0**

\* 8 CCSS and 42 SDS refer to the number of instances of these legacy systems.

\*\* None planned. Dependent on Business Domain requirements to interface/subsume additional systems.

### Information Technology Controls (✓ = Completed)

Controls	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Security Management	12/2012	✓*	06/2013	12/2015*
Access	12/2012	✓*	06/2013	12/2015*
Configuration Management	12/2012	✓*	06/2013	12/2015*
Segregation of Duties	12/2012	✓*	06/2013	12/2015*
Contingency Planning	12/2012	✓*	06/2013	12/2015*
Completeness	12/2012	06/2014*	06/2013	12/2015*
Accuracy	12/2012	06/2014*	06/2013	12/2015*
Validity	12/2012	06/2014*	06/2013	12/2015*
Confidentiality	12/2012	06/2014*	06/2013	12/2015*
Availability	12/2012	06/2014*	06/2013	12/2015*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### LMP Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
CECOM Go-Live	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	07/2003		0
AMCOM Go-Live	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	03/2009		0
FFMIA Compliance (Blue Book ver 6.0)	Demonstration of LMP FFMIA Compliance with the Army Audit Agency – LMP determined to be “Substantially Compliant”	04/2007		0
SAP Upgrade from 4.6c to ECC 6.0	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	10/2009		0
TACOM/JM&L/ASC Go-Live	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	10/2010		0
BEA Compliance (ver 8.0)	Program Compliance	09/2011		0
03/2011 Functional Release	SFIS 8.0 Historical Financial Records Update	03/2011		0
12/2011 Functional Release	GFEBs Interfaces , SFIS Compliance Capability, OSD Functional Financial Requirements, Constructive Receipts, improved Fed/Non Fed determination	12/2011		0
BEA Compliance (ver 9.0)	Program Compliance	N/A	N/A <sup>1</sup>	0
Implement Governance, Risk and Compliance capability	Enhanced Access Controls and Segregation of Duties Management	12/2012	11/2016 <sup>2</sup>	0
SFIS Compliance (ver 8.0)	Demonstrate remaining SFIS Business Rules with DCMO/BTA	12/2011	12/2012 <sup>3</sup>	0
FFMIA Compliance (Blue Book ver Jan 2011)	Demonstration of LMP FFMIA Compliance with the Army Audit Agency	12/2011	10/2013 <sup>4</sup>	0

<sup>1</sup> LMP is compliant with BEA 8.0. Per OSD guidance, LMP is not required to be BEA 9.0 compliant. LMP will be BEA 10.0 compliant by 09/2013.

<sup>2</sup> Incrementally rolling out GRC in accordance with GRC implementation plan.

<sup>3</sup> Planned completion date as of 09/2012.

<sup>4</sup> Some General Fund assets reside in LMP. However, General Fund budget authority is recorded in GFEBs.



## FIAR Plan Status Report

### LMP Financial Reporting Impact

System compliance reviews are an important step toward relying on controls within LMP. Integration between LMP and GFEBS consists of budget execution and obligation transactions and impacts the SBR. Additionally, LMP is an Accountable Property System of

Record (APSR) for a portion of Army OM&S. Given the volume of assets and transactions, future Army audit readiness assertions must rely on system controls. Army is on track for reviewing GRC, SFIS, and FFMIA compliance for LMP.

### LMP Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	TBD		
Supplies (MILSTRIP)	29	TBD		
Vendor Pay	29	TBD		
Reimbursable Work Order-Grantor	29	TBD		
Fund Balance with Treasury	14	TBD		
Appropriations Received	5	TBD		
Military Pay	N/A*	N/A*		
Civilian Pay	13	TBD		
Reimbursable Work Order-Acceptor	12	TBD		
Other Budgetary Activity	8	TBD		
Financial Reporting	10	TBD		
Government Purchase Card*	29*	TBD*		
Temporary Duty Travel*	29*	TBD*		
<b>Existence and Completeness</b>				
Military Equipment	N/A*	N/A*		
General Equipment	10	TBD*		
Real Property	10	TBD*		
OM&S	10	TBD		
Inventory	10	TBD		

\* Revised since the November 2012 FIAR Plan Status Report.



## Global Combat Support System – Army (GCSS-A)

### Overview

- GCSS-A will provide enterprise-wide visibility into various logistics areas and is a key enabler for the Army in achieving auditability.
- GCSS-A is being deployed in two Waves. Wave 1 will provide supply (warehouse) and financial capabilities at the tactical units and installation level, and Wave 2 will deploy maintenance, property book accountability, and additional financial capabilities to these same units.
- GCSS-A completed Initial Operational Test and Evaluation with 2nd Brigade, 1st Armored Division, in Quarter 1 of FY 2012. Full Deployment Decision is expected in early FY 2013.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$1,011.1	\$1,062.9	
Procurement	\$276.1	\$891.1	
Operations and Maintenance	\$159.0	\$1,977.7	

Note: To Date as of September 2012 ACP. At Completion Cost (Total Lifecycle Costs) as reflected in FDD ACP.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	0
Legacy Systems to Be Sunset	7
Legacy Systems Interfaced to Date	0
Legacy Systems to Be Interfaced	2

Note: GCSS-A will sunset SARSS-1 and SARSS-2AC/B with its Wave 1 deployment completion in FY 2015. With the completion of Wave 2 Deployment, GCSS-A will sunset PBUSE, SAMS-E, SAMS-IE, FCM, and STANFINS (Partial) in Quarter 4 of FY 2017. Wave II will also include interfaces for two legacy systems – SAAS-Mod and ULLS-AE.

### Information Technology Controls (✓ = Completed)

Controls	Tested	Corrected	
		As Planned	Revised
Security Management	✓	12/2012	09/2013
Access	✓	12/2012	09/2013
Configuration Management	✓	12/2012	09/2013
Segregation of Duties	✓	12/2012	09/2013
Contingency Planning	✓	12/2012	09/2013
Completeness	✓	12/2012	09/2013
Accuracy	✓	12/2012	09/2013
Validity	✓	12/2012	09/2013
Confidentiality	✓	12/2012	09/2013
Availability	✓	12/2012	09/2013



## FIAR Plan Status Report

### GCSS-A Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
Milestone A/B		07/2008		10
Milestone C		08/2011		22
Full Deployment Decision	Budget Resource Management (BRM), Cost Management (CM), Fund Balance with Treasury Management (FBWTM), General Ledger Management (GLM), Payment Management (PayM), Receivables Management (RecM)	08/2012	12/2012	31
Initial Deployment/IOC	BRM, CM, FBWTM, GLM, PayM, RecM	09/2012	12/2012*	32
Wave 1	BRM, CM, FBWTM, GLM, PayM, RecM	TBD	03/2015	48
Wave 2	BRM, CM, FBWTM, GLM, PayM, RecM	TBD	09/2017	65
Full Deployment	BRM, CM, FBWTM, GLM, PayM, RecM	TBD	09/2017	65

\* Revised since the November 2012 FIAR Plan Status Report.

### GCSS-A Financial Reporting Impact

GCSS-A Wave 1 will enable an initial capability in achieving financial audit readiness for supply transactions at the tactical unit and installation levels. When Wave 2 is complete, financial audit

readiness also will include maintenance and property book accountability financial transactions at these same levels



## FIAR Plan Status Report

### GCSS-A Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	0		
Supplies (MILSTRIP)	29	TBD*	TBD*	06/2014
Vendor Pay	29	0		
Reimbursable Work Order – Grantor	29	0		
Fund Balance with Treasury	14	0		
Appropriations Received	5	0		
Military Pay	13	0		
Civilian Pay	13	0		
Reimbursable Work Order – Acceptor	12	0		
Other Budgetary Activity	8	0		
Financial Reporting	10	0		
<b>Existence and Completeness</b>				
Military Equipment	10	0		
General Equipment	10	0		
Real Property	10	0		
OM&S	10	0		
Inventory	10	0		

\* Revised since the November 2012 FIAR Plan Status Report.



## Integrated Personnel and Pay System – Army (IPPS-A) – Increment I

### Overview

- Personnel and pay system giving soldiers and commanders 24/7 access to personnel and pay information.
- Hybrid solution using ERP software and agile development to deliver integrated personnel and pay capabilities capitalizing on a PeopleSoft product.
- Incremental development and implementation strategy delivering functionality in two increments with multiple releases.
- Increment I will deliver a trusted database that will be the single, comprehensive personnel record for all Army military personnel.
- Challenges: Legacy data management, system hosting readiness, and lack of a clearly defined authoritative data source between system owners.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$125.4	\$167.6	
Procurement	--	\$2.3	
Operations and Maintenance	--	\$196.8	

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	0
Legacy Systems to Be Sunset	53
Legacy Systems Interfaced to Date (Increment I)	15*
Legacy Systems to Be Interfaced	83*

\* Revised since the November 2012 FIAR Plan Status Report.

### Information Technology Controls (✓ = Completed)

Controls	Tested	Corrected
Security Management	TBD	TBD
Access	TBD	TBD
Configuration Management	TBD	TBD
Segregation of Duties	TBD	TBD
Contingency Planning	TBD	TBD
Completeness	TBD	TBD
Accuracy	TBD	TBD
Validity	TBD	TBD
Confidentiality	TBD	TBD
Availability	TBD	TBD

Note: Testing of Information Technology Controls will be determined when deployment plans have been completed.



## FIAR Plan Status Report

### IPPS-A Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Percent of Total Budget Authority
Material Development Decision (MDD)	Provided strategic direction for the program and detailed acquisition requirements; Increment I entered the DoD acquisition lifecycle in the Engineering and Manufacturing Development Phase (post-Milestone B).	07/2011	31%
Contract Award	IPPS-A Increment I System Integrator awarded; development underway.	02/2012	37%
Release 1.0 Milestone C	Authorizes IPPS-A to enter Production and Deployment Phase of the Acquisition Lifecycle; prepare for Full Deployment Decision (FDD).	07/2013	95%
Release 1.0 FDD	Authorizes IPPS-A Increment I to enter Operations and Support Phase of the Acquisition Lifecycle and deploy the trusted database which at Full Deployment will become the authoritative database for future IPPS-A releases.	10/2013	100%
Increment II Milestone B	Authorizes the Army to begin the Engineering Development Phase for IPPS-A Increment II in accordance with Business Capability Lifecycle (BCL) acquisition requirements.	07/2013	0%

### IPPS-A Financial Reporting Impact

IPPS-A will feed SFIS-compliant data to GFEBS for military personnel appropriation payroll and for funded orders. IPPS-A will replace 53 legacy personnel systems and 5 DoD pay systems. IPPS-A will not be deployed in time to support the FY 2014 SBR audit readiness requirement. As a result, legacy systems will be used for the SBR assertion. Lessons learned from the FY 2014 SBR audit

will help ensure that the design and development of IPPS-A is in line with the requirements for a full financial statement audit assertion in FY 2017. IPPS-A is being designed and developed to be compliant with FISCAM, FFMIA, SFIS, and BEA standards and will eliminate or assist in eliminating a number of the Army's material weaknesses.



## FIAR Plan Status Report

### IPPS-A Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	0		
Supplies (MILSTRIP)	29	0		
Vendor Pay	29	0		
Reimbursable Work Order – Grantor	29	0		
Fund Balance with Treasury	14	0		
Appropriations Received	5	0		
Military Pay	13	TBD	TBD	TBD
Civilian Pay	13	0		
Reimbursable Work Order – Acceptor	12	0		
Other Budgetary Activity	8	0		
Financial Reporting	10	0		
<b>Existence and Completeness</b>				
Military Equipment	10	0		
General Equipment	10	0		
Real Property	10	0		
OM&S	10	0		
Inventory	10	0		





## Navy ERP

### Overview

- Navy ERP was deployed in a single increment with two capability releases: 1) Financial and Acquisition Management, and 2) Wholesale and Retail Supply.
- As of 10/2012, deployed Financial and Acquisition Management to all four SYSCOMS, with Office of Naval Research (ONR) and Strategic Systems Program (SSP). Wholesale and Retail Supply deployed 08/2012. To date, there are 72,000 Navy ERP users.
- Successful Operational Testing was completed 04/2009.
- Navy ERP FISCAM assessment phase 1 was completed 12/2012. Corrective action plans were developed to address identified deficiencies. Phase 2 will include evaluating compliance with the corrective action plans and is scheduled to be completed 02/2014.
- Challenges include change management and data conversion. Transitioning to industry best business practices in a risk adverse environment has required strong leadership, effective user training and communications, and responsive on-site user support. Also, the quality, broad scope of data types, and huge data volumes provided challenges for data conversion. These risks were mitigated through legacy data cleansing, mock data conversions, and use of advanced data conversion tools.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	75
Legacy Systems to Be Sunset	14
Legacy Systems Interfaced to Date	48
Legacy Systems to Be Interfaced	0

Note: 89 systems total will be retired by FY 2016. All legacy systems have been interfaced.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$316.3	\$315.7	\$316.3
Procurement	\$68.6	\$80.5	\$79.1
Operations and Maintenance	\$430.1		\$430.1

Note: Cost includes investment appropriations only. Cost to date is through FY 2012. Cost at Completion is through the current FYDP (FY 2018).

### Information Technology Controls (✓ = Completed)

Controls	Tested	Corrected	
		As Planned	Revised
Security Management	✓	11/2012	✓*
Access	✓	11/2012	✓*
Configuration Management	✓	11/2012	✓*
Segregation of Duties	✓	11/2012	✓*
Contingency Planning	✓	11/2012	✓*
Completeness	✓	11/2012	✓*
Accuracy	✓	11/2012	✓*
Validity	✓	11/2012	✓*
Confidentiality	✓	11/2012	✓*
Availability	✓	11/2012	✓*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### Navy ERP Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
Milestone A		08/2004		0
Milestone B		08/2004		0
Initial Operating Capability (IOC)/Initial Deployment	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	01/2008	05/2008	0
Milestone C	GLM, BRM, PayM, RecM, Cost Management (CM), Fund Balance with Treasury Mgmt (FBWTM)	09/2007		0
Full Deployment Decision (FDD)	GLM, BRM, PayM, RecM, CM, FBWTM	09/2010	06/2011	~47
Full Deployment (FD)	GLM, BRM, PayM, RecM, CM, FBWTM, PropM	08/2013 <sup>1</sup>		~50

<sup>1</sup> Acquisition Program Baseline Threshold.

### Navy ERP Financial Reporting Impact

The DON made a strategic decision to not deploy Navy ERP across the entire Navy command structure due to expectations and challenges associated with deployment to its ships and Fleet activities. As a result, some efficiencies and cost savings in audit

readiness and execution may not be achieved, due to managing multiple business processes and disparate financial systems. Regardless, the Navy intends to achieve auditability using multiple financial systems.



## FIAR Plan Status Report

### Navy ERP Financial Reporting Objectives by Assessable Unit and Status (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	# of Financial Reporting Activities Tested for ERP	Tested		Corrected	
				As Planned	Revised	As Planned	Revised
<b>Statement of Budgetary Resources</b>							
Contract Pay	29	20*	20*	✓	TBD*	01/2013	06/2013*
Supplies (MILSTRIP)	29	20*	7*	✓		03/2013	09/2013*
Vendor Pay	29	20*	20*	✓	TBD*	01/2013	06/2013*
Reimbursable Work Orders-Grantor	29	29*	5	✓		12/2012	✓*
Fund Balance with Treasury	14	12*	12*	✓		03/2013	✓*
Appropriations Received	5	4*	4*	✓		03/2013	✓*
Military Pay	13	0 <sup>1</sup>	0 <sup>1</sup>	N/A		N/A	
Civilian Pay	13	12*	9	✓		✓	
Reimbursable Work Orders-Acceptor	12	12	8	✓		12/2012	✓*
Other Budgetary Activity	8	0*	0*	SBR		SBR	
Financial Reporting	10	TBD <sup>2</sup>	TBD <sup>2</sup>	TBD <sup>2</sup>		N/A	TBD <sup>2</sup>
Transportation of People	28	28 <sup>3</sup>	28 <sup>3</sup>	✓		✓	
<b>Existence and Completeness</b>							
Military Equipment	10	0*	N/A*	03/2013	N/A*	09/2014	N/A*
Real Property	10	0 <sup>4</sup>	N/A	N/A		N/A	
Inventory	10	10	TBD <sup>5</sup>	TBD <sup>5</sup>		12/2013	09/2014*
OM&S	10	10	TBD <sup>5</sup>	09/2013	TBD <sup>5</sup>	03/2015	
General Equipment	10	10	TBD <sup>5</sup>	03/2013	TBD <sup>5</sup>	09/2014	

\* Revised since the November 2012 FIAR Plan Status Report.

<sup>1</sup> Military Pay transactions are not processed within Navy ERP.

<sup>2</sup> The Financial Statement Compilation and Reporting (FSCR) Segment Team is coordinating with the ERP Team to identify KCOs planned for Navy ERP.

<sup>3</sup> ToP assertion focused on the Defense Travel System (DTS), which included interfaces, processes, procedures, transactions and accounting events across command General Ledger systems, including ERP systems. KCOs and control activities primarily focused on DTS. However, financial transactions from ERP were also included.

<sup>4</sup> iNFADS is the Accountable Property System Record for Real Property. NAVFAC Does not plan to move Real Property to Nay ERP.

<sup>5</sup> Inventory, OM&S, and General Equipment POAMs/schedules are under development and testing dates have not been established.



## Global Combat Support System – Marine Corps (GCSS-MC)

### Overview

- GCSS-MC provides the core of a modern, web-enabled, centrally managed, ERP software system.
- GCSS-MC supports the Global Combat Support Systems – Marine Corps/Logistics Chain Management and the Logistics Information Systems Portfolio and is the primary technology enabler for the Marine Corps Logistics Modernization strategy providing the backbone for all logistics information required by the Marine Air Ground Task Force.
- GCSS-MC is being fielded through a series of cutover strategies with Increment 1 being fielded in two releases. Currently, Release 1.1 (Enterprise) has been fielded to over 30,000 Marine users, with Release 1.2 (Deployed Solution) still in the Development and Test phase.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$274.6	\$263.1	\$274.6
Procurement	\$62.9	\$127.1	\$175.3
Operations and Maintenance	\$316.2	\$716.0	\$656.7

Note: Increment 1 cost at completion extends through FY 2023.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	0
Legacy Systems to Be Sunset	4
Legacy Systems Interfaced to Date	13
Legacy Systems to Be Interfaced	0

### Information Technology Controls (✓ = Completed)

Controls	Tested	Corrected
Security Management	✓	✓
Access	✓	✓
Configuration Management	✓	✓
Segregation of Duties	✓	✓
Contingency Planning	✓	✓
Completeness	✓	✓
Accuracy	✓	✓
Validity	✓	✓
Confidentiality	✓	✓
Availability	✓	✓



## FIAR Plan Status Report

### GCSS-MC Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
Milestone A		07/2004		0
Milestone B		06/2007		0
FUE - Limited Fielding Decision (LFD)	General Ledger Mgmt (GLM), Budgetary Resources Mgmt (BRM), Payment Mgmt (PayM), Receivable Mgmt (RecM)	N/A	03/2010	0
Milestone C	GLM, BRM, PayM, RecM	05/2010		0
Initial Operating Capability/Initial Deployment	GLM, BRM, PayM, RecM	N/A	06/2010	0
Rel 1.1 - Limited Fielding Decision	GLM, BRM, PayM, RecM	N/A	11/2010	0
Rel 1.1 - Continued Fielding Release 1.1	GLM, BRM, PayM, RecM	N/A	10/2011	0
Rel 1.2 - Limited Release for FOT&E	GLM, BRM, PayM, RecM, Cost Management (CM), Property Management (PropM)	TBD		0
Full Deployment Decision (FDD) <sup>1</sup>	GLM, BRM, PayM, RecM, CM, PropM	12/2012	TBD	0
Full Deployment <sup>2</sup>	GLM, BRM, PayM, RecM, CM, PropM	N/A <sup>2</sup>	TBD	0

Note: GCSS-MC is not fully fielded and is not audit ready, as of the date of this report. As such, no costs are being reported at this time.

<sup>1</sup> Acquisition Program Baseline approved April 29, 2010.

<sup>2</sup> Determined at FDD

### GCSS-MC Financial Reporting Impact

As of the date of this report, GCSS-MC is not fully fielded. The USMC uses the Defense Property Accountability System (DPAS) for Military Equipment Valuation (MEV) and reporting of ME capitalized assets in USMC financial statements. Inventory balance and valuation of OM&S is transferred to Standard Accounting, Budgeting and Reporting System (SABRS) via the GL Journal GL Funds Check interfaces.

It is not envisioned that the GCSS-MC Logistics System will be a financial system of record for OM&S. The Standard Accounting, Budgeting and Reporting System (SABRS) is the financial system

that is utilized for budget management and transactions. Inventory balances and valuation of OM&S is transferred to SABRS via the GL Journal GL Funds Check interfaces.

The following assessable units are currently being accounted for by DPAS: Military Equipment, Real Property, Inventory, OM&S and General property. It is envisioned that GCSS-MC Logistics System will report ME capitalized assets in USMC financial statements to meet the CDD requirement. This capability will be satisfied with the development of Inventory Valuation for fixed assets by FY 2015.



## FIAR Plan Status Report

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The GCSS-MC enterprise-wide visibility of data allows logistics planners and operators to make decisions about the logistics chain based on reliable, timely information. The GCSS-MC seeks to address several key challenges plaguing the Logistics community, including: multiple entry points for submitting and managing requests, a lack of enterprise asset visibility, enabling capacity management, enabling enterprise-wide standard processes, and the inability to monitor availability and maintain situational awareness.

Root causes of these challenges include antiquated processes and an aging portfolio of stove-piped IT assets. Symptoms of these causes can be seen in USMC capability gap analyses; lessons learned gathered from OIF, OEF, and ongoing field operations; and the USMC inability to properly measure the logistics chain.

The GCSS-MC/LCM Increment 1 represents a significant step forward, both in terms of its capability to address the spectrum of logistics chain functionality, and its organizational impact, across the MAGTF and USMC supporting establishment.



## FIAR Plan Status Report

### GCSS-MC Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	0*	TBD	TBD
Supplies (MILSTRIP)	29	10	TBD	TBD
Vendor Pay	29	0*	TBD	TBD
Reimbursable Work Order – Grantor	29	0*	TBD	TBD
Fund Balance with Treasury	14	0*	TBD	TBD
Appropriations Received	17	17	TBD	TBD
Military Pay	13	0*	TBD	TBD
Civilian Pay	13	0*	TBD	TBD
Reimbursable Work Order – Acceptor	12	1	TBD	TBD
Other Budgetary Activity	8	3	TBD	TBD
Financial Reporting	10	9	TBD	TBD
<b>Existence and Completeness</b>				
Military Equipment	10	TBD*	TBD*	TBD*
Real Property	10	N/A		
Inventory	10	TBD	TBD	TBD
OM&S	10	TBD	TBD	TBD
General Property	10	N/A		

\* Revised since the November 2012 FIAR Plan Status Report.

Note: The schedule for testing internal controls is being refined and will be updated for subsequent reports.





## Defense Enterprise Accounting and Management System (DEAMS) Increment 1

### Overview

- Single Automated Accounting and Financial Management Execution System for USTRANSCOM and Air Force.
- Complies with relevant laws, regulations, and policies; permits agile response to statutory, regulatory, and policy changes; enables clean audit opinions; supports assurances on internal controls; assists in resolution of existing material weaknesses; and supports analysis of financial events.
- The deployment strategy is phased by Major Command and location in MAJCOM.
- Delivered capability for procure-to-pay; property, plant, and equipment; order-to-cash; billing and project accounting including transaction-based general ledger to Scott AFB, May 2010 and McConnell AFB, October 2012.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	1
Legacy Systems to Be Sunset	8
Legacy Systems Interfaced to Date	36
Additional Legacy Systems to be Interfaced (Includes all of Inc 1 Production and Inc 2)	72

Source: Systems Requirements Document version 1.8 (12/2011)

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$235.2	\$591.1	
Procurement	\$8.4	\$50.0	
Operations and Maintenance	\$39.2	\$59.5	
Transportation Working Capital Fund – Capital	\$121.4	\$126.8	
Transportation Working Capital Fund – Operating	\$20.9	\$32.2	

Note: Program acquisition costs by appropriation for Increment 1 only. At Completion does not include 10 years of sustainment cost.

### Information Technology Controls

Controls	Tested		Corrected
	As Planned	Revised	
Security Management	11/2012	✓*	10/2013*
Access	11/2012	✓*	10/2013*
Configuration Management	11/2012	✓*	10/2013*
Segregation of Duties	11/2012	✓*	08/2014*
Contingency Planning	11/2012	✓*	10/2013*
Completeness	11/2012	✓*	01/2014*
Accuracy	11/2012	✓*	01/2014*
Validity	11/2012	✓*	01/2014*
Confidentiality	11/2012	✓*	10/2013*
Availability	06/2012	✓*	10/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



**DEAMS Implementation Milestones and Audit Readiness Information**

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority
Milestone A		04/2005		7
Milestone B	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM), Property Management (PropM)	02/2012	01/2012	42
Milestone C	GLM, BRM, PayM, RecM, PropM, FBWT (GF)	08/2014		78
Full Deployment Decision (FDD)	GLM, BRM, PayM, RecM, PropM, FBWT (GF)	02/2015		86
Full Deployment	GLM, BRM, PayM, RecM, PropM, FBWT (GF)	TBD		100

**DEAMS Financial Reporting Impact**

DEAMS is a crosscutting Financial Management system using standardized, transaction-based, Standard Financial Information Structure compliant data. DEAMS will produce financial statements for the Transportation Working Capital Fund (TWCF) and the USAF General Fund – becoming the Air Force System of Record and replacing the General Accounting Finance System (GAFS), the

Integrated Accounts Payable System, and other financial feeder systems. DEAMS addresses current financial management challenges, including resolving material weaknesses; improving timeliness and accuracy of financial management information; supporting consistent financial reporting to the Department; and enabling Business Process Reengineering.



## FIAR Plan Status Report

### DEAMS Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	29*		
Supplies (MILSTRIP)	29	29*		
Vendor Pay	29	29*	09/2014	TBD
Reimbursable Work Order - Grantor	29	29	09/2014	TBD
Fund Balance with Treasury	14	12*	09/2014	TBD
Appropriations Received	5	5*	09/2014	TBD
Military Pay	13	13*	09/2014	TBD
Civilian Pay	13	9*	09/2014	TBD
Reimbursable Work Order - Acceptor	12	12	09/2014	TBD
Other Budgetary Activity*	8*	8*	09/2014*	TBD*
Financial Reporting	10	10	09/2014	TBD
<b>Existence and Completeness</b>				
Military Equipment	10	3	09/2016	TBD
Real Property	10	3	09/2016	TBD
Inventory	10	3	09/2016	TBD
OM&S	10	3	09/2016	TBD
General Property	10	3	09/2016	TBD

\* Revised since the November 2012 FIAR Plan Status Report.



## Air Force Integrated Personnel and Pay System (AF-IPPS)

### Overview

- FFMIA compliant, supporting FY 2017 financial auditability.
- Functionality in ERP supports audit readiness General Controls and Application Controls.
- Integrates personnel and pay processes into one COTS self-service system.
- Enables transformation of military personnel and pay processing.
- Maintains authoritative member record throughout AF career.
- Comprehensive 24/7 self-service, web-based solution.
- Supports SECAF “3 to 1” Initiative to implement a common personnel management process across all 3 USAF components.
- Releases: 1) Leave, 2) Cadets, 3) Officers, 4) Enlisted, 5) Upgrade.
- Contract 1 award expected Quarter 4, FY 2013.
- Challenges: Network and processor monitoring/performance, legacy data management, common-infrastructure governance, synchronization between AF-IPPS implementation and other Air Force systems modernization.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	0
Legacy Systems to Be Sunset	22
Legacy Systems Interfaced to Date	0
Additional Legacy Systems to be Interfaced (Includes all of Inc 1 Production and Inc 2)	92

Source: Systems Requirements Document version 1.6 (May 3, 2012)

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$69.4	\$710.2	
Procurement	--	\$59.8	

Note: To Date (through FY 2012) based on actuals and At Completion (through FY 2027) based on AF-IPPS Service Cost Position, dated June 2011.

### Information Technology Controls

Controls	Tested	Corrected
Security Management	TBD	TBD
Access	TBD	TBD
Configuration Management	TBD	TBD
Segregation of Duties	TBD	TBD
Contingency Planning	TBD	TBD
Completeness	TBD	TBD
Accuracy	TBD	TBD
Validity	TBD	TBD
Confidentiality	TBD	TBD
Availability	TBD	TBD

Note: AF-IPPS is an unbaselined MAIS program. Information Technology Controls will be tested post contract award.



**AF-IPPS Implementation Milestones and Audit Readiness Information**

Milestones	Functions	Baseline	Percent of Total Budget Authority
Contract 1 Award		TBD	TBD
Release 1/Initial Operating Capability (IOC)	General Ledger Mgmt (GLM), Budgetary Resource Mgmt (BRM), Payment Mgmt (PayM), Receivable Management (RecM)	TBD	TBD
Contract 2 Award*		TBD*	TBD*
Release 2	GLM, BRM, PayM, RecM	TBD	TBD
Release 3	GLM, BRM, PayM, RecM	TBD	TBD
Release 4/Full Deployment Decision*	GLM, BRM, PayM, RecM, , Cost Management (CM), Fund Balance with Treasury Mgmt (FBWTM)*	TBD	TBD
Release 5	GLM, BRM, PayM, RecM,CM, FBWTM*	TBD	TBD

\* Revised since the November 2012 FIAR Plan Status Report.

Note: AF-IPPS is an unbaselined MAIS program. Implementation milestones and audit readiness information will be baselined at Milestone B.

**AF-IPPS Financial Reporting Impact**

AF-IPPS will be a major financial feeder system to DEAMS that will produce SFIS-compliant data. AF-IPPS will replace two major legacy systems, DJMS and MilPDS, along with 20 other personnel and pay legacy systems. All legacy systems related to personnel and pay will be audited under the SBR audit. Lessons learned from the audit of legacy systems will be incorporated into the development of

AF-IPPS requirements. Weaknesses in the legacy systems will be remediated in the A1 and financial management functional areas and synchronized with AF ERP partners. AF-IPPS is an Air Force Total Force application and is connected to the overall Air Force FIAR Plan and strategy to address current financial management challenges by 2017.



## FIAR Plan Status Report

### AF-IPPS Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	0		
Supplies (MILSTRIP)	29	0		
Vendor Pay	29	0		
Reimbursable Work Order - Grantor	29	0		
Fund Balance with Treasury	14	0		
Appropriations Received	5	0		
Military Pay	13	6*	TBD	
Civilian Pay	13	0		
Reimbursable Work Order - Acceptor	12	0		
Other Budgetary Activity	8	0		
Financial Reporting	10	0		
<b>Existence and Completeness</b>				
Military Equipment	10	0		
Real Property	10	0		
Inventory	10	0		
OM&S	10	0		
General Property	10	0		

\* Revised since the November 2012 FIAR Plan Status Report.

Note: Testing dates will be determined as the AF-IPPS schedule matures.



### OTHER DEFENSE ORGANIZATIONS

The Defense Agencies Initiative (DAI) is modernizing the business and financial environment at many of the Defense Agencies' and other Defense organizations by implementing a compliant solution with common business processes and data standards for the following business functions:

- Procure to Pay
- Order to Fulfill
- Acquire to Retire

- Budget to Report
- Cost Accounting
- Grants Financial Management (Full Deployment Capability)
- Time and Labor
- Budget Formulation (Full Deployment Capability)
- Re-sales Accounting (Full Deployment Capability)

Detailed status charts are provided on the following pages.



## Defense Agency Initiative (DAI)

### Overview

- In support of audit readiness, DAI will continue to mature the General Fund and Working Capital Fund accounting in an Enterprise Global Model comprised of 6 business process areas: Procure to Pay, Order to Cash, Acquire to Retire, Budget to Report, Cost Accounting, and Time and Labor.
- By Full Deployment in 10/2016, DAI's Enterprise Global Model also will include: Budget Formulation, Grants Financial Management, and Re-Sales Accounting.
- Challenges include data collection, data conversion, and cross functional user training.
- The DAI PMO has completed a FISCAM assessment, and the final report was issued 04/2013. DAI is on-schedule for the DLA OIG to complete an SSAE No. 16 examination from 10/2013 – 08/2014 with the final report being issued in 08/2014.

### Impact on Legacy Systems

Legacy System Environment	# of Systems
Legacy Systems Sunset to Date	
Legacy Systems to Be Sunset	
Legacy Systems Interfaced to Date	21
Legacy Systems to Be Interfaced	TBD

Note: DAI is intended to replace ODO legacy systems. Because the sunset or partial sunset of a system is a decision by the owning organization, the number of systems to be sunset is not available at this time.

### Program Cost

Program Cost by Appropriation	To Date (\$M)	At Completion (\$M)	
		As of 11/2012	Revised
RDT&E	\$252.1	\$345.7	\$352.5
Procurement	\$1.5	--	\$1.5
Operations and Maintenance	\$1.4	\$74.0	\$126.2
<b>Total</b>	<b>\$255.0</b>	<b>\$421.3</b>	<b>\$480.2</b>

Note: DAI has not been baselined. To Date costs include actual costs plus budgeted amounts for FY 2013. Projected amounts are based on the President's Budget for FY 2014 through FY 2016.

### Information Technology Controls

Controls	Tested		Corrected	
	As Planned	Revised	As Planned	Revised
Security Management	03/2013	✓*	10/2014	06/2013*
Access	03/2013	✓*	10/2014	06/2013*
Configuration Management	03/2013	✓*	10/2014	06/2013*
Segregation of Duties	03/2013	✓*	10/2014	06/2013*
Contingency Planning	03/2013	✓*	10/2014	06/2013*
Completeness	03/2013	✓*	10/2014	06/2013*
Accuracy	03/2013	✓*	10/2014	06/2013*
Validity	03/2013	✓*	10/2014	06/2013*
Confidentiality	03/2013	✓*	10/2014	06/2013*
Availability	03/2013	✓*	10/2014	06/2013*

\* Revised since the November 2012 FIAR Plan Status Report.



## FIAR Plan Status Report

### DAI Implementation Milestones and Audit Readiness Information

Milestones	Functions	Baseline	Revised	Percent of Total Budget Authority <sup>1</sup>
Milestone A ACAT III		01/2007		
Deployment	Deployed to Business Transformation Agency (BTA) as a pilot with several capabilities: Procure to Pay, Budget to Report, Cost Accounting, Order to Cash, Acquire to Retire; as well as Time and Labor*	10/2008		
Deployment	Deployed to Defense Technology Information Center (DTIC) as a pilot with a maturation of these capabilities	10/2009		
Milestone B ACAT III		10/2010		
Deployment	Deployed to Missile Defense Agency (MDA) and Uniformed Services University of the Health Sciences (USUHS) with a further maturation of these capabilities	10/2010		
Initial Operating Capability (IOC)	Includes maturation of the pilot Agencies' initial capabilities: Procure to Pay, Budget to Report, Cost Accounting, Order to Cash, Acquire to Retire; Time and Labor	10/2010		
Deployment	Deploy to four Agencies with maturation of IOC capabilities and Agency requirements	10/2011		
Deployment	Deploy to four Agencies with additional maturation of IOC capabilities and Agency requirements	10/2012		
Milestone C			TBD*	
Full Deployment Decision (FDD)		03/2013	TBD*	
Technology Upgrade	Upgrade Oracle Release 11.5.10 to Release 12	10/2013	TBD*	
Deployment	Deploy to four Agencies with additional maturation of IOC capabilities, completion of Working Capital Fund capabilities and migrate existing capabilities to upgraded product	01/2014	TBD*	
Deployment	Deploy to five Agencies with some maturation of IOC capabilities, completion of Grants Financial Management, Re-Sales Accounting capabilities and Agency requirements	10/2015	TBD*	
Deployment	Deploy to remaining Agencies with some maturation of IOC capabilities, completion of Budget Formulation capabilities and Agency requirements	10/2016	TBD*	

\* Revised since the November 2012 FIAR Plan Status Report.

<sup>1</sup> DAI has not been baselined. The remainder of the deployment and milestone schedule is unknown. Additionally, the total budget dollars to be managed within DAI is unknown given the uncertainty of the universe of Defense Agencies scheduled to deploy DAI, consequently, the percent of total dollars is not calculable.



## FIAR Plan Status Report

### DAI Status of Financial Reporting Objectives by Assessable Unit (✓ = Completed)

FIAR Assessable Units	# of Financial Reporting Objectives for Assessable Unit	# of Financial Reporting Objectives Planned for ERP	Tested	Corrected
<b>Statement of Budgetary Resources</b>				
Contract Pay	29	29	TBD	TBD
Supplies (MILSTRIP)	29	0 <sup>1</sup>	N/A	N/A
Vendor Pay	29	29	TBD	TBD
Reimbursable Work Order - Grantor	29	29	TBD	TBD
Fund Balance with Treasury	14	14	TBD	TBD
Appropriations Received	5	5	TBD	TBD
Military Pay	13	0 <sup>2</sup>	N/A	N/A
Civilian Pay	13	13	TBD	TBD
Reimbursable Work Order - Acceptor	12	12	TBD	TBD
Other Budgetary Activity	8	8	TBD	TBD
Financial Reporting	10	8 <sup>3</sup>	TBD	TBD
<b>Existence and Completeness</b>				
Military Equipment	10	6	TBD	TBD
Real Property	10	6	TBD	TBD
Inventory	10	0 <sup>4</sup>	TBD	TBD
OM&S	10	0	TBD	TBD
General Property	10	6	TBD	TBD

<sup>1</sup> None of the Defense Agencies has identified MILSRIP (Interfund) as a requirement.

<sup>2</sup> Military Pay is not in scope for DAI.

<sup>3</sup> To the extent that DAI provides a file to DDRS with the appropriate indicative data that are used to create financial statements

<sup>4</sup> Full operating capability requirement.



## VII. Risk Management

Successfully achieving and sustaining unqualified audit opinions on DoD financial statements is required by law and is essential to good stewardship. To achieve that goal, risks to auditability by 2014 for the General Fund SBR and by 2017 for all financial statements were identified and assessed.

Of all the risks that were assessed, six Department-wide risks are continually monitored, and metrics used to ensure they are remediated are reported quarterly to the FIAR Governance Board and FIAR committees. Other risks to success, such as the audit readiness timelines of service providers, are managed and addressed, as needed, by the OUSD(C) and DoD Components.

The six risks used in the FIAR governance process are:

- Risk 1. Lack of DoD-wide Commitment
- Risk 2. Insufficient Accountability
- Risk 3. Poor Scope and Requirements
- Risk 4. Unqualified or Inexperienced Personnel
- Risk 5. Insufficient Funding
- Risk 6. Information System Control Weaknesses

The FIAR risk management metrics reported to the FIAR Governance Board and FIAR committees are provided in Figure VII-1. A brief explanation of each metric follows Figure VII-1.

**Figure VII-1. FIAR Risk Management Metrics**

Metric	Risk*	Army	Navy	Air Force	Other Defense Organizations
Number of SES Members and Commanders with FIAR Performance Goals	1, 2	276 of 276	250 of 303	144 of 185	147 of 481
Unfunded FIAR Requirements	5	\$0	\$0	\$0	\$0
FIAR Assertion Milestones Accomplished	3	4 of 9	7 of 21	5 of 15	21 of 156
Total Training at FIAR Training Classes	3, 4	237	660	1,462	5,219
Unqualified Audit Readiness Examinations	3	1 of 3	8 of 8	5 of 8	13 of 13
Number of Assertion Documents Approved	3	32 of 144	67 of 240	113 of 240	345 of 810
Number of IT Systems Assessed	6	2 of 3	0 of 32	5 of 45	16 of 60

\* The numbers in the Risk column correspond to the numbered risks that precede this figure.

Note: The November 2012 report included a metric identifying the percentage of Component FIP reviews conducted by the OUSD(C) that were noncompliant with the DoD FIAR Guidance. Such reviews are no longer conducted by the OUSD(C), because OUSD(C) reviews are now focused on the execution of the FIPs and resulting work products prepared during the FIAR phases (e.g., control test plans), assertions, and tracking remediation work resulting from audit readiness validations (examinations) performed by the DoD IG and IPAs.



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**Number of SES Members and Commanders with FIAR Performance Goals** tracks the number of SES members and commanders that have FIAR goals in their annual performance plans. Having FIAR goals (e.g., timely completion of FIAR milestones) in performance plans fosters commitment and holds individuals accountable for accomplishing key FIAR goals and objectives.

**Unfunded FIAR Requirements** tracks FIAR resource requests that currently are unfunded as of the latest FIAR Governance Board Meeting.

**FIAR Assertion Milestones Accomplished** monitors the number of audit readiness assertion milestones completed as compared to the number to be completed.

**Number of Assertion Documents Approved** measures the number of successfully completed assertion documents as compared to the total

number of assertion documents to be completed to achieve the FY 2017 audit readiness goal.

**Unqualified Audit Readiness Examinations** tracks the number of unqualified audit readiness examinations as compared to the total examinations performed.

**Total Training at FIAR Training Classes** measures the total number of FIAR training class attendees.

**Number of IT Systems Assessed** monitors the number of information technology (IT) systems that have been assessed against Federal Information System Controls Audit Manual (FISCAM) requirements and the number of IT systems remaining to be assessed. The IT systems included are those reflected in Component System Inventory Lists, as required by the DoD FIAR Guidance.



# Appendix 1. Status of Audit Readiness Assertions

Figure A1-1. Status of Statement of Budgetary Resources Audit Readiness Assertions

DoD Component	Audit Readiness Assertions	Assertion Date	Status
U.S. Marine Corps	SBR	Q4 FY 2008	Under Audit
Army	Appropriations Received	Q4 FY 2010	Examination Complete – Unqualified Opinion
Army	GFEBs Wave 1 Entities	Q2 FY 2011	Examination Complete – Qualified Opinion
Army	GFEBs 9 Business Processes at 10 Installations and DFAS	Q3 FY 2012	Examination Complete – Additional Corrective Actions Needed
Navy	Appropriations Received	Q1 FY 2010	Examination Complete – Unqualified Opinion
Navy	Civilian Pay	Q2 FY 2010	Examination Complete – Unqualified Opinion
Navy	Transportation of People	Q4 FY 2010	Examination Complete – Unqualified Opinion
Navy	E-2D Hawkeye Acquisition Program	Q4 FY 2011	Examination Complete – Unqualified Opinion
Navy	Military Pay	Q2 FY 2013	Examination Pending
Navy	Reimbursable Work Orders – Acceptor	Q2 FY 2013	Examination Pending
Navy	Reimbursable Work Order s – Grantor	Q2 FY 2013	Examination Pending
Air Force	Appropriations Received	Q4 FY 2010	Examination Complete – Unqualified Opinion
Air Force	Non-expenditure Transfers	Q4 FY 2010	In Sustainment
Air Force	Rescissions	Q4 FY 2010	In Sustainment
Air Force	FBWT Reconciliation	Q1 FY 2011	Examination Complete – Unqualified Opinion
Air Force	Funds Distribution	Q4 FY 2012	Examination Pending
Air Force	SBIRS Acquisition Program	Q4 FY 2012	Examination Complete – Additional Corrective Actions Needed
Air Force	Civilian Pay	Q2 FY 2013	Examination Pending
Defense Logistics Agency	Appropriations Received	Q4 FY 2010	Mock Audit Complete – Audit Ready with Findings
Chemical Biological Defense Program	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
Defense Advanced Research Projects Agency	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings



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DoD Component	Audit Readiness Assertions	Assertion Date	Status
Service Medical Activity	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
TRICARE Management Activity	Appropriations Received	Q4 FY 2011	Mock Audit Complete – Audit Ready with Findings
Defense Technical Information Center	Appropriations Received	Q1 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Contract Management Agency	Appropriations Received	Q2 FY 2012	Mock Audit Complete – Audit Ready with Findings
U.S. Special Operations Command	Appropriations Received	Q2 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Security Cooperation Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Threat Reduction Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Department of Defense Education Activity	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Missile Defense Agency	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Washington Headquarters Service	Appropriations Received	Q3 FY 2012	Mock Audit Complete – Audit Ready with Findings
Defense Advanced Research Projects Agency	Civilian Pay	Q2 FY 2012	Assessment of New IT Environment Needed
Defense Advanced Research Projects Agency	Reimbursable Work Orders	Q2 FY 2012	Additional Corrective Actions Needed
Defense Advanced Research Projects Agency	Travel Pay	Q3 FY 2012	Additional Corrective Actions Needed
Defense Advanced Research Projects Agency	Other Budgetary Resources	Q4 FY 2012	Additional Corrective Actions Needed



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Figure A1-2. Status of Mission Critical Asset Existence and Completeness Audit Readiness Assertions

DoD Component	Audit Readiness Assertions	Assertion Date	Status
Army	General Equipment - Fire & Rescue	Q2 FY 2011	Additional Corrective Actions Needed
Army	Military Equipment - 8 Asset Types	Q2 FY 2011	Additional Corrective Actions Needed
Army	OM&S – 3 Missile Types	Q3 FY 2012	Examination Complete – Qualified Opinion
Army	Real Property (23 Sites)	Q1 FY 2013	Examination Pending
Navy	Military Equipment	Q4 FY 2010	Examination Complete – Unqualified Opinion
Navy	OM&S - Ordnance	Q4 FY 2010	DoD IG Examination Pending
Navy	ME - Boats	Q4 FY 2012	Additional Corrective Actions Needed
Navy	OM&S - Uninstalled Aircraft Engines	Q4 FY 2012	Additional Corrective Actions Needed
Air Force	Military Equipment	Q1 FY 2011	Examination Complete – Unqualified Opinion
Air Force	OM&S - Aerial Targets/Drones	Q3 FY 2011	Examination Complete – Unqualified Opinion
Air Force	OM&S - Cruise Missiles	Q3 FY 2011	Examination Complete – Unqualified Opinion
Air Force	OM&S - Missile Motors	Q2 FY 2012	Examination Complete – Unqualified Opinion
Air Force	OM&S - Spare Engines	Q2 FY 2012	Examination Complete – Qualified Opinion
Air Force	Medical Equipment	Q4 FY 2012	OUSD(C) Validation Underway
Missile Defense Agency	Military Equipment - Sensors	Q3 FY 2012	In Sustainment
U.S. Special Operations Command	WARCOM - Combatant Craft	Q1 FY 2012	In Sustainment
U.S. Special Operations Command	USASOC - Rotary Wing Aircraft	Q3 FY 2012	In Sustainment



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## Appendix 2. FIAR Resources

The FIAR activities funded by the amounts in the below figures include conducting audit readiness activities, hiring IPA firms to conduct validations and audits, and resolving financial system issues (i.e., achieving an audit ready systems environment).

**Audit Readiness** encompasses the resources for evaluation, discovery, and corrective actions of the Components and their service providers (e.g., Defense Finance and Accounting Service) and includes documenting and modifying processes and controls, identifying internal control deficiencies through testing and remediation of deficiencies, and evaluating transaction-level evidential matter and ensuring it is readily available. Resources for activities to test or verify audit readiness after completing corrective actions and preparation of management assertion packages also are included.

**Validations and Audits** include the resources for validations, examinations, and financial statement audits conducted by IPAs.

**Financial Systems** includes the resources for designing and achieving an audit ready systems environment, including new system deployment costs, other than the Enterprise Resource Planning (ERP) systems. It also includes the resources to make needed and cost-effective changes to legacy systems that will be part of the audit ready systems environment. Financial System resources include design, development, deployment, interfaces, data conversion and cleansing, independent verification and validation and testing, implementation of controls and control testing, and system and process documentation. Cost information for the ERPs is provided in Section VI.

Figure A2-1 provides a summary of DoD-wide FIAR resources, and Figures A2-2 – A2-5 provide the FIAR resources of the Military Departments and other Defense organizations.

Figure A2-1. DoD Audit Readiness Resources (Dollars in Millions)

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	290	467	(31)	495	4	371	18	273	(11)	250	2	252	5
<i>Review and Remediation</i>	232	392	(30)	426	(10)	311	23	212	(7)	188	6	188	8
<i>DFAS Support</i>	40	59	1	47	(5)	39	(4)	40	(3)	41	(2)	43	
<i>Internal Audit Cost</i>	18	16	(2)	22	(2)	21	(2)	21	(2)	21	(2)	21	(2)
Validations and Audits	18	40	(4)	78	7	130	3	130	13	130	3	140	13
Financial Systems	95	139	23	115	22	83	5	86	6	74	6	38	6
<b>Total Resources</b>	<b>403</b>	<b>646</b>	<b>(12)</b>	<b>688</b>	<b>32</b>	<b>584</b>	<b>25</b>	<b>488</b>	<b>7</b>	<b>453</b>	<b>10</b>	<b>430</b>	<b>24</b>

Note: Amounts reported in the change (Δ) columns indicate decreases in **RED** and increases in **BLACK** from the amounts reported in the November 2012 FIAR Plan Status Report.



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**Figure A2-2. Department of the Army Audit Readiness Resources (Dollars in Millions)**

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	58	82	(3)	72	(7)	49	(4)	49	(20)	39	(5)	40	(5)
<i>Review and Remediation</i>	51	70	(2)	61	(4)	39		39	(15)	29		30	
<i>DFAS Support</i>	5	10	(1)	8	(3)	7	(4)	7	(5)	7	(5)	7	(5)
<i>Internal Audit Cost</i>	2	2		3		3		3		3		3	
Validations and Audits	2	23		25		25		25	10	25		25	
Financial Systems	4	2		4		0		5		0		0	
<b>Total Resources</b>	<b>64</b>	<b>107</b>	<b>(3)</b>	<b>101</b>	<b>(7)</b>	<b>74</b>	<b>(4)</b>	<b>79</b>	<b>(10)</b>	<b>64</b>	<b>(5)</b>	<b>65</b>	<b>(5)</b>

Note: Amounts reported in the change (Δ) columns indicate decreases in **RED** and increases in **BLACK** from the amounts reported in the November 2012 FIAR Plan Status Report.

**Figure A2-3. Department of the Navy Audit Readiness Resources (Dollars in Millions)**

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	63	93	(4)	104	15	87	22	71	8	67	6	71	10
<i>Review and Remediation</i>	40	60	(4)	73	12	62	21	46	6	41	3	43	5
<i>DFAS Support</i>	19	29		27	3	21	1	21	2	22	3	24	5
<i>Internal Audit Cost</i>	4	4		4		4		4		4		4	
Validations and Audits	10	13	5	24	13	40	5	40	5	40	5	40	5
Financial Systems	12	12		12		8		8		8		8	
<b>Total Resources</b>	<b>85</b>	<b>118</b>	<b>1</b>	<b>140</b>	<b>28</b>	<b>135</b>	<b>27</b>	<b>119</b>	<b>13</b>	<b>115</b>	<b>11</b>	<b>119</b>	<b>15</b>

Note: Amounts reported in the change (Δ) columns indicate decreases in **RED** and increases in **BLACK** from the amounts reported in the November 2012 FIAR Plan Status Report.

**Figure A2-4. Department of the Air Force Audit Readiness Resources (Dollars in Millions)**

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	51	57	(23)	107	(4)	44	1	38	1	44	1	45	1
<i>Review and Remediation</i>	31	33	(26)	91		28		22		28		29	
<i>DFAS Support</i>	11	15	3	7	(4)	7	1	7	1	7	1	7	1
<i>Internal Audit Cost</i>	9	9		9		9		9		9		9	
Validations and Audits	1	2		2		31		31		31		31	
Financial Systems	65	82		63		60		58		51		15	
<b>Total Resources</b>	<b>117</b>	<b>141</b>	<b>(23)</b>	<b>172</b>	<b>(4)</b>	<b>135</b>	<b>1</b>	<b>127</b>	<b>1</b>	<b>126</b>	<b>1</b>	<b>91</b>	<b>1</b>

Note: Amounts reported in the change (Δ) columns indicate decreases in **RED** and increases in **BLACK** from the amounts reported in the November 2012 FIAR Plan Status Report.



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**Figure A2-5. Other Defense Organizations Audit Readiness Resources (Dollars in Millions)**

	FY 2012	FY 2013	▲	FY 2014	▲	FY 2015	▲	FY 2016	▲	FY 2017	▲	FY 2018	▲
Audit Readiness	119	235	(1)	212	(1)	191	(2)	115	(1)	100		96	
<i>Review and Remediation</i>	110	229	2	201	2	182	2	105	2	90	3	86	3
<i>DFAS Support</i>	6	5	(1)	5	(1)	4	(2)	5	(1)	5	(1)	5	(1)
<i>Internal Audit Cost</i>	3	1	(2)	6	(2)	5	(2)	5	(2)	5	(2)	5	(2)
Validations and Audits	5	2	(9)	27	(6)	34	(2)	34	(2)	34	(2)	44	8
Financial Systems	14	43	23	36	22	15	5	15	6	15	6	15	6
<b>Total Resources</b>	<b>138</b>	<b>280</b>	13	<b>275</b>	15	<b>240</b>	2	<b>163</b>	3	<b>148</b>	4	<b>155</b>	14

Note: Amounts reported in the change (Δ) columns indicate decreases in **RED** and increases in **BLACK** from the amounts reported in the November 2012 FIAR Plan Status Report.

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## Appendix 3. FIAR Milestones Defined

The FIAR Methodology (see Appendix 4) and DoD FIAR Guidance prescribe a step-by-step, phased approach (FIAR Phases) to ensure DoD Component audit readiness efforts are effective, efficient, and complete. Standard milestones in the Components’ Financial Improvement Plans (FIPs) represent the FIAR Phases and facilitate reviewing and coordinating FIAR activities across the Department. In addition, standard milestones enable the Department to better monitor and report progress.

With the March 2013 changes to the DoD FIAR Guidance, corresponding modifications were made to the standard milestones used in the Components’ FIPs and reflected in this report. Specifically, previous reports identified Assertion milestones separately from the Corrective Actions milestones. These milestones have been combined, because the Components assert audit readiness when they complete corrective actions. The new milestone is titled: Complete Corrective Actions/Assert. In addition, a new milestone titled Audit Readiness Validated has been added to the milestone tables in this report.

To assist the reader of this report, this appendix defines the standard milestones used in the Military Department, Other Defense Organization, and Service Provider sections. Although the standard milestones within each section (Military Departments, Other Defense Organizations, or Service Providers) are consistent, each section has a different set of standard milestones. The following three subsections identify and define the standard milestones by their respective sections of this report.

### MILITARY DEPARTMENT MILESTONES

The milestones that are defined in this section are used in the Department of the Army, Department of the Navy, and Department of the Air Force sections of this report. Figure A3-1 is an example of a

Military Department milestone table, containing seven milestones. Three milestones are for the FIAR phases of:

- Discovery
- Complete Corrective Actions/Assert
- Audit Readiness Validated

The Discovery phase consists of four essential steps/milestones:

- Process Documentation
- Test Plans
- Conduct Control Testing
- Conduct Balance Testing

Figure A3-1. Example of a Military Department Milestone Table

FIAR Phases	As Planned	Revised
Discovery	06/2012	01/2013
Process Documentation	✓	
Test Plans	05/2012	✓
Conduct Control Testing	06/2012	01/2013
Conduct Balance Testing	06/2012	01/2013
Complete Corrective Actions/Assert	10/2012	06/2013
<b>Audit Readiness Validated</b>		<b>12/2013</b>

The FIAR activity performed in each of the FIAR phases and Discovery steps (milestones) is provided below. During the Discovery phase for existence and completeness of mission critical assets, the “Conduct Balance Testing” milestone is not included, as explained in the definition of that milestone.

The “As Planned” column in the milestone tables identifies the dates the milestones were first reported by the Component in a FIAR Plan Status Report. The “Revised” column identifies the revised dates for milestones. There are many reasons why milestone dates change (e.g.,



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identification of unanticipated problems that require resolution such as lack of sufficient controls, discovery of more complex processes than initially known, and changes in the availability of FIAR resources). When a Component changes the “As Planned” milestone date for the “Complete Corrective Actions/Assert” milestone, the Component provides an explanation for the change in a supporting table.

**Discovery** Reporting entities document business processes and financial environment; define and prioritize processes into assessable units, and assess risks; define financial reporting objectives and control activities; test the design and operational effectiveness of control activities; evaluate the sufficiency and accuracy of key supporting documents (KSDs); identify any weaknesses or deficiencies; and submit annual Internal Controls over Financial Reporting (ICOFR) Statement of Assurance.

**Process Documentation** An element of the Discovery phase, the reporting entity identifies and documents processes, risks, controls, and systems, and defines financial reporting objectives and control activities that impact financial reporting.

**Test Plans** Also an element of the Discovery phase, the reporting entity develops and prioritizes test plans for conducting control testing and balance testing.

**Conduct Control Testing** As an element of Discovery, the reporting entity tests the design and operational effectiveness of control activities, evaluates the sufficiency and accuracy of KSDs, and identifies weaknesses or deficiencies.

**Conduct Balance Testing** During Discovery, the reporting entity also tests balances to the individual transactions within the balances reported at various levels in the financial reporting process to include those reported on financial statements. This step/milestone is not performed during existence and completeness FIAR activity, because asset balances in dollars reflected in the financial statements have not been corrected or validated.

**Complete Corrective Actions/Assert** The reporting entity defines and designs audit readiness environment, to include requirements for

remediating deficiencies in internal controls and supporting documentation; develops concrete corrective action plans (CAPs) to resolve each deficiency identified during the Discovery phase; develops budget estimates of required resources (i.e., funding and staffing) to execute CAPs; executes CAPs and performs procedures to verify that CAPs have successfully remediated the deficiencies; notifies the OUSD(C)/FIAR Directorate that it is ready for an examination of its assessable unit.

The FIAR Directorate evaluates the reporting entity’s documentation to determine the state of audit readiness; provides feedback to the reporting entity on its status of audit readiness; and engages an auditor to perform an examination of the reporting entity’s audit readiness assertion. The auditor identifies deficiencies, if any exist; and the reporting entity evaluates the nature and extent of deficiencies noted and implements corrective actions to remediate deficiencies. The reporting entity performs procedures to verify that corrective actions successfully remediated the auditor identified deficiencies.

**Audit Readiness Validated** The reporting entity submits the auditor’s examination report and additional documentation demonstrating successful remediation of auditor identified deficiencies to the OUSD(C)/FIAR Directorate and DoD OIG. The FIAR Directorate reviews the examination report and additional documentation supporting successful remediation of deficiencies, and determines the reporting entity’s audit readiness state.

## OTHER DEFENSE ORGANIZATION MILESTONES

The Other Defense Organizations (ODOs) follow the same FIAR guidance as the Military Departments and execute the same FIAR phases. However, the milestones in the ODO section of this report differ to simplify the reporting process. Each ODO identifies the assessable units applicable to its operations and provides milestone dates for “Tested,” “Corrected,” and “SBR Assertion.” Each milestone is defined below Figure A3-2, which is an example ODO milestone table.



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Figure A3-2. Example of an ODO Milestone Table

Assessable Units	Tested	Corrected
Appropriations Received	✓	
Fund Balance with Treasury	09/2013	✓
Financial Reporting	09/2013	03/2014
Other Budgetary Activity	07/2013	03/2014
<b>SBR Assertion</b>	<b>12/2013</b>	<b>03/2014</b>

**Tested** is the date the ODO plans to complete the Discovery phase.

**Corrected** identifies the date the ODO plans to complete corrective actions to resolve the deficiencies identified in the Discovery phase.

**SBR Assertion** identifies the date ODO management believes it has corrected all deficiencies, conducted any needed retesting, achieved audit readiness, and submitted an assertion to the OUSD(C).

Although not shown in the above example, if the milestones dates change and impact the SBR Assertion milestone, then “As Planned” and “Revised” columns are included to show the changes in dates from when they were first reported. If the SBR Assertion milestone is changed or missed, the ODO provides additional information that is included in the report explaining why the milestone was changed or missed.

## SERVICE PROVIDER MILESTONES

The Department’s service providers are organizations that provide services to the DoD Components that impact their financial reporting (e.g., Defense Finance and Accounting Service). Service providers report milestones for supporting their customer reporting entities and for FIAR activities that culminate in achieving successful SSAE No. 16 examinations. The milestones leading to asserting audit readiness and audit readiness validation are reported “As Planned” and “Revised,” when the “As Planned” dates have changed. Each of the

milestones is defined after Figure A3-3, which is an example service provider milestone table.

Figure A3-3. Example of a Service Provider Milestone Table

Milestones	As Planned	Revised
Scope and Timeline Defined and Communicated	✓	
Controls Documented	✓	
Controls Tested	✓	
Corrective Actions Completed	03/2013	✓
Reporting Entity Assertion Support	06/2013	01/2013
Assertion	06/2013	01/2013
<b>Audit Readiness Validated</b>		<b>10/2014</b>

**Scope and Timeline Defined and Communicated** Service providers determine the scope of the processes they perform that impact reporting entity financial reporting and develop and communicate/coordinate an audit readiness timeline and plans for conducting an SSAE No. 16 examination.

**Controls Documented** Service providers identify and document controls.

**Controls Tested** Service providers test the design and operational effectiveness of control activities, evaluate the sufficiency and accuracy of KSDs, and identify weaknesses or deficiencies.

**Corrective Actions Completed** Service providers define, design, and implement an audit readiness environment; document and implement solutions to resolve each deficiency identified during control testing; execute corrective action plans to remediate identified deficiencies; and perform procedures to verify that corrective actions were successfully implemented.

**Assertion** Service provider management asserts that corrective actions have been completed and that they believe the process is audit ready.



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**Audit Readiness Validated** The DoD OIG or an IPA performs an SSAE No. 16 examination, validating management's assertion.

If the "Audit Readiness Asserted" milestone is changed or missed, the service provider furnishes additional information that is included in the report explaining why the milestone was changed or missed.



## Appendix 4. FIAR Strategy and Methodology

A clear, comprehensive strategy and methodology for achieving audit readiness is critical to ensuring limited resources are assigned effectively to facilitate measurable and sustainable progress. The FIAR Strategy provides a critical path for the Department, balancing the need to achieve short-term accomplishments with the long-term goal of obtaining an unqualified opinion on the Department’s financial statements.

The FIAR Methodology is comprised of two similar and interrelated methodologies--one methodology for reporting entities and another for service providers. Both methodologies consist of a series of phases, key tasks, and underlying detailed activities that reporting entities and service providers must follow to improve financial information and achieve audit readiness. It also provides an organized structure to manage the FIAR Plan, facilitating oversight of improvement activities and holding people and organizations accountable for progress.

### AUDIT READINESS PRIORITIES

The FIAR priorities were established to focus Component improvements on processes, controls, and systems supporting information most often used to manage the Department, while continuing to work toward financial improvements that facilitate unqualified audit opinions on financial statements. Accordingly, the FIAR Plan places a high priority on:

- Budgetary information (auditable SBR)
- Mission critical assets information

The audit readiness priorities are specifically addressed within the FIAR Strategy.

### FIAR STRATEGY

Each of the Department’s material financial statement line items have unique and complex accounting and auditing challenges that must be overcome before auditability can be achieved. The FIAR Strategy groups and prioritizes the material business processes, which ultimately result in financial activities and information reported in the financial statements, within one of four waves. Each Component or reporting entity then summarizes the steps taken to address each wave. The waves and steps are prioritized based on USD(C)/CFO priorities, known challenges, and the dependencies of financial statements, line items, and business processes on one another.

Figure A4-1. FIAR Strategy



The Department’s FIAR Strategy (Figure A4-1) draws from the strengths of several alternative approaches and groups individual end-to-end processes into one or more waves. Efforts are prioritized within each wave by end-to-end processes that affect corresponding line-items reported on multiple financial statements.

This strategy ensures coverage of all financial statements, while prioritizing and first improving the information most often used by DoD management (FIAR priorities). Successful completion of these four waves will lead to the achievement of interim audit readiness milestones, and ultimately, to a full-scope financial statement audit.

The reporting entities must ensure that appropriate controls are in place and operating effectively for relevant financial reporting processes prior to asserting each wave as audit ready (e.g., controls over the presentation and disclosure of the SBR must be asserted as audit ready at the end of Wave 2).



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The Audit Readiness Strategy “waves” representing significant levels of effort and accomplishments are:

- Wave 1 – Appropriations Received Audit
- Wave 2 – Statement of Budgetary Resources (SBR) Audit
- Wave 3 – Mission Critical Asset Existence and Completeness Audit
- Wave 4 – Full Audit, Except for Existing Asset Valuation

Wave 1, Wave 2, and Wave 3 should be performed concurrently because they focus on both of the USD(C)/CFO priorities: budgetary and mission critical asset information. Once reporting entities have achieved audit readiness for Waves 1, 2 and 3, they will commence Wave 4 audit readiness activities. An explanation of each of the waves follows.

### Wave 1 – Appropriations Received Audit

Wave 1 focuses on the processes and related controls associated with the receipt and distribution (through apportionments, allotments and sub-allotments) of Congressionally appropriated funds. Wave 1 is critically important to the Department’s overall financial improvement efforts, because it is the first step in receiving, recording, and tracking the funds provided to the Department to accomplish its mission. Recognizing the importance of this critical first step, the USD(C)/CFO directed Components to focus on achieving audit readiness for Wave 1. Accordingly, the Military Departments completed FIAR activities, submitted management audit readiness assertions, and an IPA firm audited Appropriations Received, which resulted in unqualified or “clean” opinions for the Army, Navy, and Air Force. The other Defense organizations also completed FIAR activities and asserted audit readiness of Wave 1, Appropriations Received.

Wave 1 financial management benefits include:

- Improved accuracy and reliability of appropriated funds recorded in DoD systems.

- Improved accuracy of prior year funding amounts reported in the Department’s annual submission for the President’s Budget.

### Wave 2 – Statement of Budgetary Resources Audit

Wave 2 includes processes, internal controls, systems, and supporting documentation that must be audit ready before the SBR can be audited. The financial transactions that are summarized and reported on the SBR also affect other financial statements. The most important financial relationships are found between the SBR and the Balance Sheet. Specifically, because of the strong relationship between the FBWT line item on the Balance Sheet and SBR line items, the Department’s strategy for achieving successful completion of Wave 2 is dependent on achieving an auditable FBWT balance. For example, weaknesses in recording collection and disbursement transactions must be remediated before the FBWT Balance Sheet line item can be audit ready.

Wave 2 financial management benefits include:

- Increased transparency of budgetary transactions, which results in more effective use of limited resources.
- Increased operational efficiencies due to readily available and accurate cost and financial information (e.g., more accurate obligation data for the planning, programming, budgeting, and funds execution processes and fewer unmatched disbursements).
- Improved fiscal stewardship through reduced improper payments.
- Improved budgetary processes and controls, which facilitate compliance with laws and regulations, such as the Anti-deficiency Act.
- Budgetary execution linked to the President’s Budget, which facilitates a standard and consistent financial environment.



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### Wave 3 – Mission Critical Asset Existence and Completeness Audits

Wave 3 focuses primarily on the Existence and Completeness assertions, but also includes the Rights assertion and portions of the Presentation and Disclosure assertion. During execution of Wave 3 audit readiness activities, reporting entities must ensure:

- All assets that are recorded in the Accountable Property Systems of Record (APSR) exist (Existence).
- All assets are recorded in the APSR (Completeness).
- The reporting entity has the right (Rights) to report the assets.
- Assets are consistently categorized, summarized, and reported from period to period (Presentation and Disclosure).

Improving the receipt of goods processes in the Procure-to-Pay process (in Wave 2) will help support and sustain the Existence and Completeness assertions in future periods, especially for those assessable units with a high volume of purchasing activity.

Wave 3 financial management benefits include:

- Increased transparency and visibility of the Department's total assets.
- Improved reliability and accuracy of the logistics supply chain and inventory systems, which ensure that items needed by the warfighter are on-hand and available when needed and not procured unnecessarily.
- Improved ability to acquire, maintain and retire assets in a timely manner.
- Improved management information.
- Better control over assets, preventing misuse, theft, or loss.

### Wave 4 – Full Audit, Except for Existing Asset Valuation

Building on the audit readiness momentum and progress from earlier waves, Wave 4 includes all other areas, including Environmental Liabilities, needed for full financial statement audit except for establishing the value of existing General Property, Plant, and Equipment (PP&E), Inventory, and Operating Materials and Supplies (OM&S).

The Department organized its audit readiness waves to recognize and best leverage the interdependencies between budgetary and proprietary accounting information. As Wave 2 focuses on the SBR and its underlying budgetary accounting records, the proprietary accounting records reported on the Balance Sheet also become audit ready. The following interdependencies will be leveraged to accelerate progress and results in Wave 4:

- Delivered Orders, reported on the SBR, equate to a portion of Accounts Payable reported on the Balance Sheet.
- Spending Authority from Offsetting Collections, reported on the SBR, includes amounts reported in Accounts Receivable – Intragovernmental on the Balance Sheet.
- Unobligated Balances and Unpaid Obligations, reported on the SBR, correlate to FBWT reported on the Balance Sheet.
- Obligations Incurred, reported on the SBR, equates to a substantial portion of Gross Costs reported on Statement of Net Cost.

Wave 4 financial management benefits include:

- Achieving the goal of obtaining an unqualified opinion on all financial statements.
- Providing more reliable and accurate logistics supply chain information on the cost of Inventory and OM&S items.
- Improving the quality of information used by management when making operational decisions about capital investments in Military Equipment and General Equipment.



### FIAR METHODOLOGY

The Department's methodology for achieving improved financial information and auditability has evolved and been refined since the FIAR Plan first was issued in 2005. The current FIAR Methodology is more focused, effective, and consistent across DoD reporting entities and service providers. Regardless of this evolution, much of the methodology remains:

- Integrated with the implementation and requirements set forth by OMB Circular A-123, Appendix A.
- Integrated with the modernization of business and financial systems.
- Comprehensive, focusing improvements on policies, processes, controls, systems, data, audit evidence, and human capital.

The FIAR Methodology, which prescribes a standardized set of steps, must be followed by reporting entities and service providers in sequential order to achieve audit readiness. The methodology incorporates lessons learned from earlier audit readiness initiatives and:

- Identifies and focuses financial improvement activities on the achievement of financial reporting objectives (FROs) through a combination of control activities and Key Supporting Documents (KSDs).
- Includes use of a standard framework for recording and tracking the status and progress of reporting entity audit readiness activities in FIPs.

#### Limiting the Scope of First Year SBR Audits

The scope of first year audits of the SBR in FY 2015 will be limited to audits of schedules containing only current year appropriation activity. This will provide critical insight into whether a Component's current business and financial practices, processes, controls, and systems support auditability. Audits of schedules containing current year

activity will allow Components to assess progress and identify audit issues in a way that a disclaimer on full financial statements does not. While a disclaimer also involves detailed comments on issues, the auditor cannot provide a clear indication of how much progress has been made or how close an entity is to an opinion.

Upon successful audits of current year appropriation activity, the Components will then commence audits of the complete SBR. Although the full scope SBR audit may result in a disclaimer, Congress and the public can have confidence that significant progress has been made while the Components either address prior year activity or the activity becomes immaterial over time.

#### Reporting Entity FIAR Methodology Phases and Key Tasks

Before publication of the FIAR Plan in 2005, the Department developed "Business Rules" that required reporting entities to execute a phased approach to achieve auditability. The Business Rules also established a process for the OUSD(C) and the DoD OIG to monitor and evaluate the audit readiness status of a reporting entity before a financial statement audit was initiated. This process reduced the risk of an unsuccessful audit.

The Business Rules have since been refined and currently are referred to as "phases" within the FIAR Methodology. The methodology provides a step-by-step approach to achieve improved financial information and audit readiness. Figure A3-2 provides a graphical depiction of the phases and the key tasks within each phase.

The phases and key tasks, listed below, can be applied uniformly regardless of the size, materiality, or scope of an assessable unit:

1. **Discovery:** Reporting entity documents business processes and its financial environment; defines and prioritizes its processes into assessable units, and clearly defines the scope of its assertion and its strategy for achieving audit readiness; identifies risks and financial reporting objectives and control activities, and tests the design and operational effectiveness of control activities; evaluates the sufficiency and accuracy of documentation to support financial transactions,



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account balances, and financial statement line items; identifies and classifies any weaknesses and deficiencies in control activities and/or supporting documentation; submits required work products to the OUSD(C) for review in accordance with its Financial Improvement Plan (FIP) milestone dates; the OUSD(C) reviews work products and provides feedback and recommendations to the reporting entity on an ongoing basis

2. Corrective Action: Reporting entity defines and designs audit readiness environment to include requirements for remediating deficiencies in internal controls and supporting documentation; develops concrete corrective action plans (CAPs) to resolve each deficiency identified during the Discovery phase; develops budget estimates of required resources (i.e., funding and staffing) to execute CAPs; executes CAPs and performs procedures to verify that CAPs have successfully remediated the deficiencies; and notifies the OUSD(C) that it is ready for an examination of its assessable unit.

3. Assertion/Evaluation: The OUSD(C) evaluates documentation to determine audit readiness state; provides feedback to the Reporting entity on its status of audit readiness; engages an auditor to perform an examination of the reporting entity's audit readiness assertion; auditor

identifies deficiencies, if any. Reporting entity evaluates the nature and extent of deficiencies noted and implements corrective actions to remediate deficiencies; and performs procedures to verify that corrective actions remediated auditor identified deficiencies

4. Validation: Reporting entity submits examination report and additional documentation demonstrating successful remediation of auditor identified deficiencies to the OUSD(C) and DoD OIG; OUSD(C) reviews examination report and additional documentation supporting remediation of deficiencies, and determines reporting entity's audit readiness state.

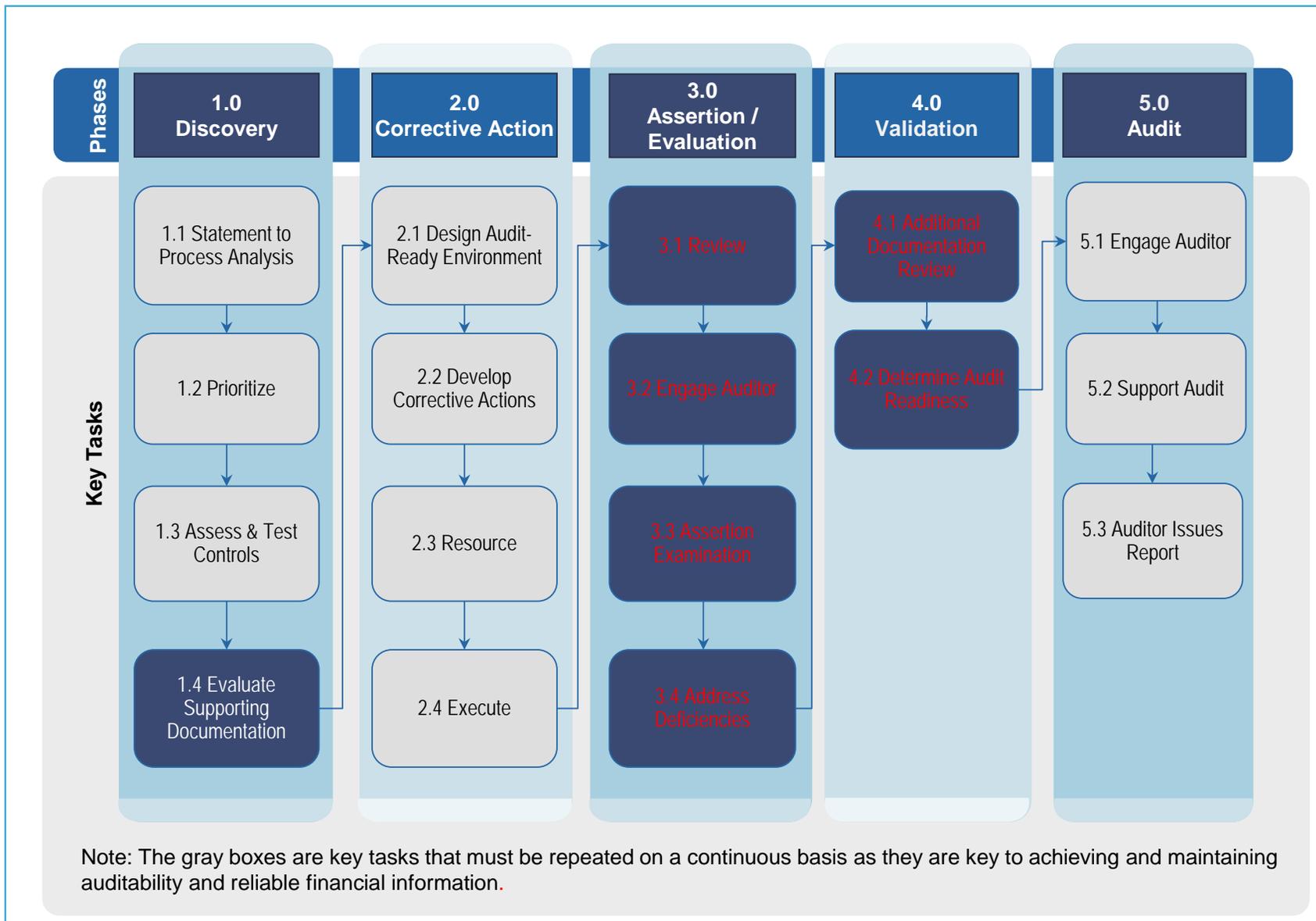
5. Audit: Reporting entity engages an auditor; supports specified elements audit (Wave 3) or full scope financial statement audits; and an IPA issues audit opinion.

Detailed information explaining the FIAR Methodology to include a description of the phases and key tasks, can be found in the DoD FIAR Guidance document issued by the OUSD(C). The DoD FIAR Guidance can be found on the Department's FIAR website at: [http://comptroller.defense.gov/fiar/documents/FIAR\\_Guidance.pdf](http://comptroller.defense.gov/fiar/documents/FIAR_Guidance.pdf).



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Figure A4-2. Reporting Entity FIAR Methodology Phases and Key Tasks





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### Service Provider FIAR Methodology Phases and Key Tasks

The Department developed an audit readiness methodology to implement the FIAR Strategy for service providers. This methodology, summarized in Figure A3-4, illustrates the phases, key tasks and resulting work products the service providers must complete to demonstrate SSAE No. 16 examination readiness. The service provider methodology aligns with the Reporting Entity FIAR Methodology (Figure A4-2) used by the reporting entities to demonstrate audit readiness

Service providers who elect to forego obtaining an SSAE No. 16 examination must coordinate with the reporting entity to determine how they will support the reporting entity's audit readiness efforts. Service providers are responsible for executing the key tasks and activities in the Discovery and Corrective Action phases of the FIAR Methodology for their processes, systems and controls that affect the reporting entity's financial reporting objectives. Specifically, service providers must achieve the key financial reporting objectives by implementing a combination of control activities and supporting documentation, which will ultimately be audited as part of the reporting entity's financial statement audit.

Figure A4-3 illustrates the service provider work products required by an SSAE No. 16 examination, as well as depicting how service provider work products align to support customer reporting entity work products. The service providers' work products will be incorporated into customer reporting entity assertion documents.

Consistent with the FIAR Strategy, the Department is focusing service provider audit readiness resources on the services that support Wave 2. Section V of this report identifies the service providers and their audit readiness plans.

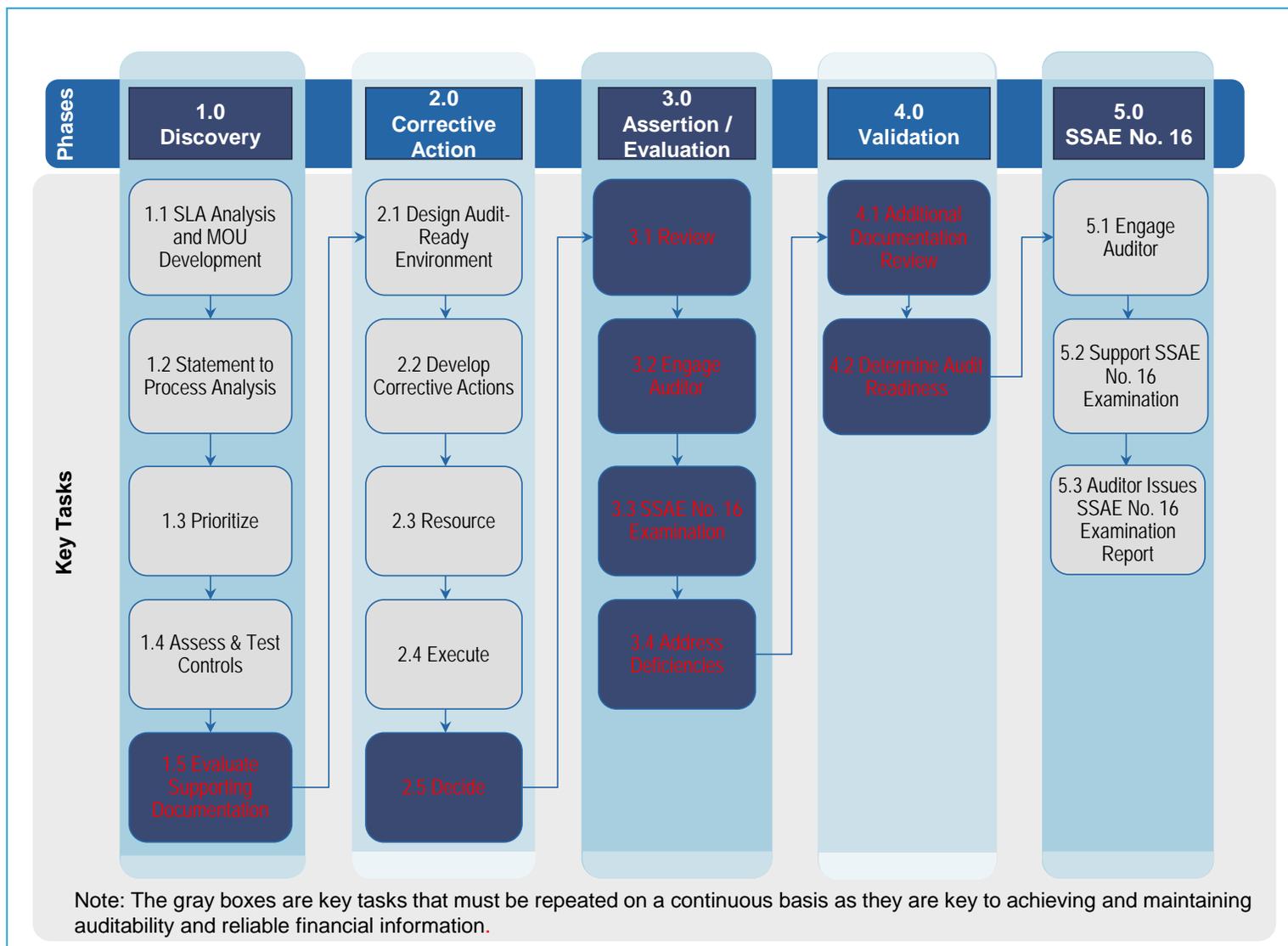
Figure A4-3 Service Provider Work Products – SSAE 16

Service Provider and Reporting Entity Work Products Description and Management's Assertion	
Service Provider Work Products	Reporting Entity Work Products
<b>SSAE No. 16 - Section II</b>	
• Written Assertion by Management	
<b>SSAE No. 16 - Section III</b>	
• Management's Description of the Service Organization's Structure	
• Organization Chart	• Organization Chart
• Updated SLA (1.1.1)*	
• MOU (1.1.2)*	
• Statement to process analysis (1.2.1)*	• Statement to process analysis (1.1.1)
• Quantitative drill down – Level 1 (1.2.2(a))*	• Quantitative drill down – Level 1 (1.1.2(a))
• Quantitative drill down – Level 2 (1.2.2(b))*	• Quantitative drill down – Level 2 (1.1.2(b))
• Systems inventory list, listing of system users and their access privileges (1.3.3)*	• Systems inventory list, listing of system users, and their access privileges (1.2.3)
• Assessable unit strategy and prioritization document (1.3.4)*	• Assessable unit strategy and prioritization document (1.2.4)
• Updated reporting entity or service provider FIP, as defined by the MOU (1.4.1)*	
• Process narratives and flowcharts (1.4.2)*	• Process and systems documentation to include narratives, flowcharts, risk assessments, control worksheets, system certification/accreditations, system and end user locations, system documentation location, and descriptions of hardware/software interfaces (1.3.2)
*Although these documents are not included in the SSAE No. 16 report, they are required work products and will be used to support the SSAE No. 16 report.	



# FIAR Plan Status Report

Figure A4-4 Service Provider FIAR Methodology Phases and Key Tasks





## Appendix 5. FIAR Governance

The Department engages stakeholder through a defined governance process and structure. Figure A5-1 shows the FIAR governance structure, the participants, and their roles.

The Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) establishes the vision, goals, and priorities of the FIAR Plan, which are coordinated with stakeholders within the Department (e.g., Military Departments), as well as outside the Department (Office of Management and Budget and Congress). The Deputy Secretary of Defense/Chief Management Officer (CMO) approves the vision, goals, and priorities.

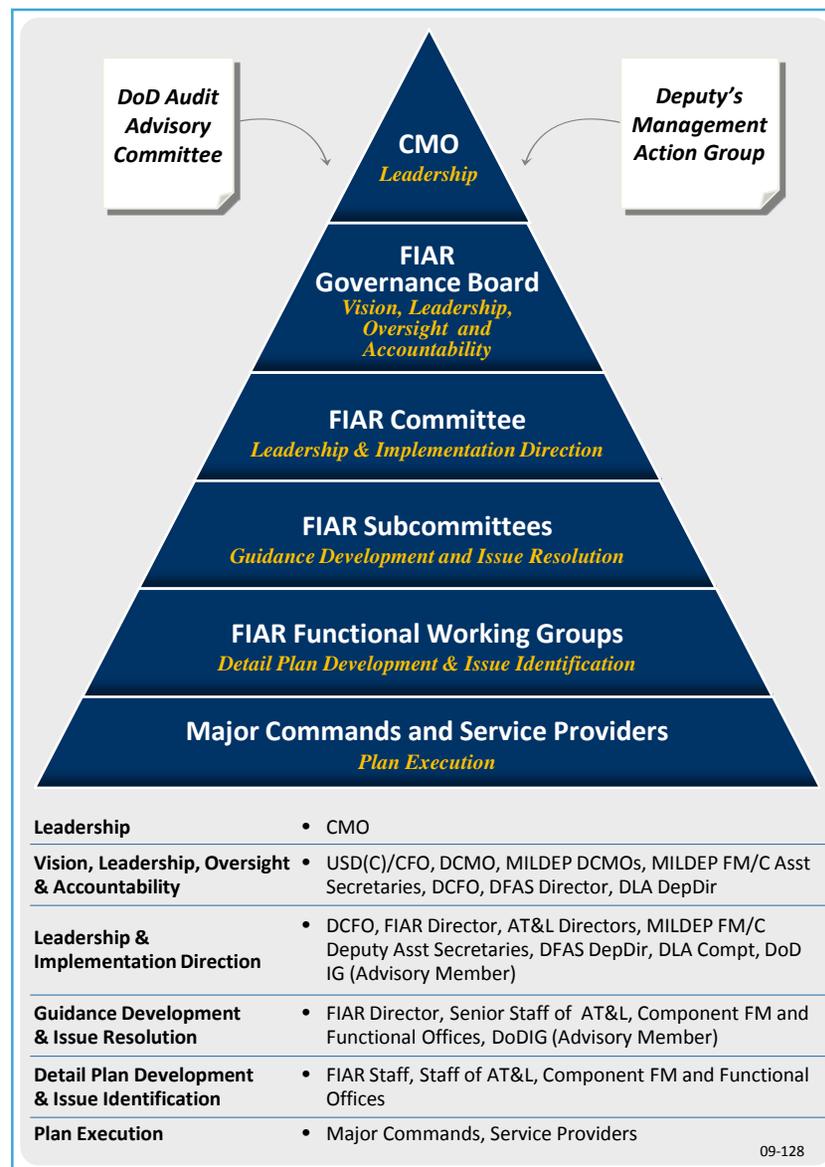
### DEPUTY'S MANAGEMENT ACTION GROUP

In October 2011, the Deputy Secretary of Defense established the Deputy's Management Action Group (DMAG) as a mechanism for executing a common management approach across disparate Department topics and processes. In addition to other functions, the DMAG reviews DoD Component FIAR plans and monitors their progress. The DMAG is chaired by the Deputy Secretary of Defense/Chief Management Officer and is comprised of the Department's key senior leaders.

To date, the Components' near-term goals and progress in achieving them have been the subject of two DMAG meetings. At these meetings, the USD(C)/CFO presents the FIAR near-term and long-term goals, and the senior representatives from the Components are held accountable for accomplishing them.

The DMAG involvement in FIAR governance process helps ensure progress is made in achieving the FIAR goals of General Funds SBR audit readiness in 2014 and full audit readiness in 2017.

Figure A5-1. FIAR Governance





### FIAR GOVERNANCE BOARD

Co-chaired by the USD(C)/CFO and DoD Deputy CMO (DCMO), the FIAR Governance Board engages the Department's most senior leaders from the functional and financial communities. The Board comprises the Military Department DCMOs and Financial Management and Comptrollers and senior representatives from the Principal Staff Assistants (PSAs) of the Secretary of Defense and various Defense Agencies. The DCMOs have cross-community (functional and financial) responsibilities and authority to transform business, budget, finance, and accounting operations, and to eliminate or replace business and financial management systems.

The FIAR Governance Board meets quarterly and reviews Component progress. Accountability for progress begins at the top and is a key role of the Board. The Board's governance role also provides the Department with a visible leadership commitment, which is critical to achieving the FIAR goals.

### FIAR COMMITTEE AND SUBCOMMITTEE

The Department also looks to the FIAR Committee, which meets monthly, to oversee the management of the FIAR Plan. The FIAR Committee leads the implementation of the FIAR Plan priorities. Chaired by the Deputy Chief Financial Officer (DCFO), the Committee comprises executive-level representatives of the PSAs, Military Departments, Defense Logistics Agency (DLA), Defense Finance and Accounting Service (DFAS), and other Defense Agencies and organizations. The Deputy Inspector General for Auditing acts as an adviser to the FIAR Committee. An active FIAR Subcommittee of senior accountants, financial managers, management analysts, and auditors support the FIAR Committee. The Subcommittee assists the OUSD(C) in developing detailed guidance and solutions to issues. This collaborative management structure ensures the FIAR Plan is comprehensive with regard to DoD-wide organizations, issues, and solutions.

### FIAR DIRECTORATE AND FUNCTIONAL WORKING GROUPS

To provide day-to-day management of the FIAR Plan and ensure that DoD-wide financial improvement efforts are integrated with functional community improvement activities, the OUSD(C) established the FIAR Directorate, a program management office. The FIAR Directorate:

- Recommends strategic direction to the USD(C)/CFO and DCFO.
- Assists the DoD Components by evaluating Financial Improvement Plans (FIPs), products, and deliverables, as well as providing subject matter experts to assist in Component FIAR activities.
- Develops and issues detailed financial improvement and audit preparation methodologies and guidance.
- Organizes and convenes cross-Component financial and functional working groups to address issues and develop solutions.
- Embeds teams of experienced financial, accounting, and auditing personnel to develop, improve, and execute FIPs and provide training to the Components.
- Publishes the semi-annual FIAR Plan Status Report.
- Maintains the FIAR Planning Tool, which is used by the Components to manage their FIPs.
- Performs detailed monthly reviews of the Component FIPs supported by the OUSD(AT&L) and provides feedback to the Components, as needed.
- Develops metrics for monitoring and reporting progress.



## MAJOR COMMANDS AND SERVICE PROVIDERS

Component FIPs are executed at the Components' major commands and service providers, such as the Army Materiel Command and DFAS. The major commands and service providers perform the evaluation and discovery work, test and strengthen internal controls, and correct deficiencies. It is within the major commands where business events occur that trigger financial transactions, and where the functional community engages with the financial community to achieve the vision, goals, and priorities of the FIAR Plan.

## DOD AUDIT ADVISORY COMMITTEE

The DoD Audit Advisory Committee, established under the provisions of the Federal Advisory Committee Act of 1972, provides the Secretary of Defense, through the USD(C)/CFO, independent advice and recommendations on DoD financial management, including financial reporting processes, internal controls, audit processes, and processes for monitoring compliance with relevant laws and regulations. The Committee comprises five distinguished members of the audit, accounting, and financial communities. The members are not DoD employees.



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## Appendix 6. Commonly Used Acronyms

Acronym	Definition
AAA	Army Audit Agency
ABSS	Automated Business Services System
ACAT	Acquisition Categories
ACES-RP	Automated Civil Engineers System-Real Property
ACP	Army Cost Position
ACPS	Automated Contract Preparation System
ADIS	Acquisition Due-In System
ADM	Acquisition Decision Milestone
ADNI/CFO	Assistant Director of National Intelligence and Chief Financial Officer
ADS	Automated Disbursing System
AFAA	Air Force Audit Agency
AF/A4I	Air Force/Directorate of Transformation
AF/A4IS	Air Force/Logistics, Installations, and Mission Support
AF/A4LX	Air Force/Logistics Operations, Plans, and Programs Division
AF/A4L	Air Force/Directorate of Logistics

Acronym	Definition
AF/A4LE	Air Force/Material Support Division
AF/A4LM	Air Force/Integrated Life Cycle Management (ILCM) Policy Division
AF/A4LW	Air Force/Nuclear Weapons, Missiles, and Munitions Division
AFB	Air Force Base
AFEMS	Air Force Equipment Management System
AFM	Automated Funds Management
AFMC	Air Force Materiel Command
AFSPC	Air Force Space Command
AFPC	Air Force Personnel Center
AFS	Audited Financial Statements
AIRRS	Aircraft Inventory Readiness Reporting System
AKO	Army Knowledge Online
ALC	Agency Location Code
ALMS	Army Learning Management System
AMC	Air Mobility Command



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Acronym	Definition
AMCOM	Aviation and Missile Command
ANG	Air National Guard
APN	Aircraft Procurement Navy
APPN	Appropriation
APSR	Accountable Property System of Record
APVM	Accounting Pre-Validation Module
ARMS	Automated Records Management System
ARNG	Army National Guard
AROWS	Air Force Reserve Order Writing System
ASC	Army Sustainment Command
ASN(FM&C)	Assistant Secretary of the Navy (Financial Management and Comptroller)
ASN(RD&A)	Assistant Secretary of the Navy (Research, Development, and Acquisition)
ATAAPS	Automated Time Attendance and Production System
ATEC	Army Test and Evaluation Command
AWCF-CIP	Army Working Capital Fund (AWCF) Capital Investment Program
AWCF-OPS	Army Working Capital Fund (AWCF)-Operations

Acronym	Definition
AWP	Assertion Work Products
BAM	Business Activity Monitoring
BE	Budget Execution
BCL	Business Capability Lifecycle
BEA	Business Enterprise Architecture
BPR	Business Process Reengineering
BPS	Business Process Standardization
BRAC	Base Realignment and Closure
BRM	Budget Resource Management
BSO	Budget Submitting Office
BUPERS	Bureau of Naval Personnel
CAP	Corrective Action Plan
CAS	Combat Ammunition System
CBDP	Chemical Biological Defense Program
CBSS	Craft and Boat Support System
CCARS	Comprehensive Cost and Requirement System
CCCPMD	Consolidated Credit Card Program Management Division



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Acronym	Definition
CCSS	Commodity Command Standard System
CCSS NAMI	Commodity Command Standard System Non-Army Managed Items
CDS	Centralized Disbursing System
CECOM	Communications Electronics Command
CEDMS	Corporate Electronic Document Management System
CEFT	Corporate Electronic Funds Transfer
CEMS	Comprehensive Engine Management System
CFEMS	Corps of Engineers Financial Management System
CFO	Chief Financial Officer
CHRA	Civilian Human Resource Agency
CIG	Consolidated Intelligence Guidance
CIO	Chief Information Officer
CIP	Construction in Progress
CM	Cost Management
CMCP	Change Management and Communications Plan
CMO	Chief Management Officer
CMOS	Cargo Movement Operations System

Acronym	Definition
CMR	Cash Management Report
CNIC	Commander Navy Installations Command
COCOMS	Combatant Commands
CONOPS	Concept of Operations
CONUS	Continental United States
COTS	Commercial Off-the-Shelf
CPAB	Civilian Pay Accounting Bridge
CPAIS	Civilian Pay Accounting Interface System
CR	Closeout Review
CSDP	Command Supply Discipline Program
CVP	Contract/Vendor Pay
CWA	Contracts Web Application
CY	Calendar Year
DAAS	Defense Automatic Addressing System
DAI	Defense Agencies Initiative
DARPA	Defense Advanced Research Projects Agency
DASN-FO	Deputy Assistant Secretary of the Navy – Financial Operations



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Acronym	Definition
DBC	Defense Business Council
DCAA	Defense Contract Audit Agency
DCAS	Defense Cash Accountability System
DCM	Data Collection Module
DCMA	Defense Contract Management Agency
DCMO	Deputy Chief Management Officer
DCMS	Departmental Cash Management System
DCPAS	Defense Civilian Personnel Advisory Service
DCPS	Defense Civilian Payroll System
DCPDS	Defense Civilian Personnel Data System
DD	Department of Defense
DDRS-AFS	Defense Departmental Reporting System – Audited Financial Statements
DDRS-B	Defense Departmental Reporting System – Budgetary
DDS	Deployable Disbursing System
DEAMS	Defense Enterprise Accounting and Management System
DECKPLATE	Decision Knowledge Programming for Logistics Analysis and Technical Evaluation
DFAS	Defense Finance and Accounting Service

Acronym	Definition
DFAS AM&C	DFAS Accounts Maintenance and Control
DFAS-CL	Defense Finance and Accounting Service - Cleveland
DHP	Defense Health Program
DIA	Defense Intelligence Agency
DIFMS	Defense Industrial Financial Management System
DISA	Defense Information Systems Agency
DJMS	Defense Joint Military Pay System
DJMS-AC	Defense Joint Military Pay System – Active Component
DJMS-RC	Defense Joint Military Pay System – Reserve Component
DLA	Defense Logistics Agency
DMAG	Deputy’s Management Action Group
DMAP-TAAS	Data Management and Analysis Plan – Textile Aircraft Arresting Systems
DMO	Defense Military Pay Office
DNI	Director for National Intelligence
DoD	Department of Defense
DoD OIG	Department of Defense, Office of the Inspector General
DON	Department of the Navy



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Acronym	Definition
DONCADS	Department of the Navy Civilian Authoritative Data Source
DON-CIO	Department of the Navy, Chief Information Officer
DON-FMB	Department of the Navy, Office of Budget
DON-FMO	Department of the Navy, Office of Financial Operations
DPAS	Defense Property Accountability System
DPS	Defense Personal Property System
DRRT	Development of the Defense Reconciliation and Reporting Tool
DSCA	Defense Security Cooperation Agency
DSBMC	Defense Business Systems Management Committee
DSS	Distribution Standard System
DSSN	Disbursing Station Symbol Number
DTIC	Defense Technical Information Center
DTRA	Defense Threat Reduction Agency
DTS	Defense Travel System
DUSN DCMO	Deputy Under Secretary of the Navy/Deputy Chief Management Officer
EBAS	Enterprise Business Accountability System

Acronym	Definition
EBIS	Employee Benefits Information System
EBS	Enterprise Business System
ECD	Estimated Completion Date
EDA	Electronic Document Access
EDM	Electronic Document Management
EEBP	Enterprise External Business Portal
EFD	Enterprise Fund Distribution
EFT	Electronic Funds Transfer
ERP	Enterprise Resource Planning System
ESG	Executive Steering Group
EXMIS	Expeditionary Management Information System
FACTS II	Federal Agencies' Centralized Trial-Balance System II
FAMIS	Financial Accounting Management information System
FAS	Fuels Automated System
FASTDATA	Fund Administration and Standardized Document Automation
FBWT	Fund Balance with Treasury
FBWTM	Fund Balance with Treasury Management



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Acronym	Definition
FD	Full Deployment
FDD	Full Deployment Decision
FES	FAS Enterprise Server
FFMIA	Federal Financial Management Improvement Act of 1996
FIABS	Financial Inventory Accounting and Billing System
FIAR	Financial Improvement and Audit Readiness
FIP	Financial Improvement Plan
FIS	Facilities Information System
FISCAM	Federal Information System Controls Audit Manual
FLC	Fleet Logistics Center
FMB	Office of Budget
FMD	Fleet Maintenance System
FMO	Office of Financial Operations
FMS-NSMA	Financial Management System – Navy Systems Management Activity
FORSCOM	U.S. Army Forces Command
FOT&E	Follow-On Test and Evaluation
FPPS	Future Pay and Personnel System

Acronym	Definition
FRD	Funds Receipt and Distribution
FSCR	Financial Statement Compilation and Reporting
FY	Fiscal Year
FYDP	Future Years Defense Program
GAAP	Generally Accepted Accounting Principles
GAFS	General Accounting and Finance System
GAO	Government Accountability Office
GCSS-A	Global Combat Support System-Army
GCSS-MC	Global Combat Support System-Marine Corps
GE	General Equipment
GEO-F	GEOINT-Financials
GEX	Global Exchange
GF	General Fund
GFE	Government Furnished Equipment
GFEBs	General Fund Enterprise Business System
GFP	Government Furnished Property
GL	General Ledger



## FIAR Plan Status Report

Acronym	Definition
GMD	Ground-Based Midcourse Defense
GLM	General Ledger Module
GMRA	Government Management Reform Act of 1994
GPC	Government Purchase Card
GPP&E	General Property, Plant, and Equipment
GRC	Governance, Risk, and Compliance
GWA	Government Wide Accounting
HAF-A1	Headquarters Air Force, Office of the Deputy Chief of Staff, Manpower, Personnel and Services
HAF/A7C	Headquarters Air Force – Civil Engineer of the Air Force
IAPS	Integrated Accounts Payable System
IC	Intelligence Community
ICOFR	Internal Control Over Financial Reporting
ILSMIS	Industrial Logistics Support Management Information System
ILS-S	Integrated Logistics System – Supply
IMCOM	Installation Management Command
IMDB	Integrated Missile Data Base
INFADS	Internet Naval Facilities Assets Data Store

Acronym	Definition
IO	Industrial Operations
IOC	Initial Operating Capability
IPA	Independent Public Accountant (or Accounting Firm)
IPAC	Intra-Governmental Payment and Collection
IPPS-A	Integrated Personnel Pay System – Army
IT	Information Technology
IUID	Item Unique Identification
IWIMS	Interim Work Information Management System
JM&L	Joint Munitions and Lethality Life Cycle Management Command
JOCAS II	Job Order Cost Accounting System
JPEO	Joint Program Executive Office
JSTO	Joint Science and Technology Office
KCO	Key Control Objective
KSD	Key Supporting Documentation
LES	Leave and Earnings Statement
LFD	Limited Fielding Decision
LMP	Logistics Modernization Program



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Acronym	Definition
LMS	Learning Management System
MAGTF	Marine Air Ground Task Forces
MAFR	Merged Accountability and Fund Reporting
MAJCOM	Major Command
MARCORSYSCOM	Marine Corps System Command
MCAP	Multi-Year Corrective Action Plan
MDA	Missile Defense Agency
MDAP	Major Defense Acquisition Program
ME	Military Equipment
MEDCOM	U.S. Army Medical Command
MERHCF	Medicare-Eligible Retiree Health Care Fund
MEV	Military Equipment Valuation
MILCON	Military Construction
MILPDS	Military Personnel Data System
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MIPR	Military Interdepartmental Purchase Request
MOCAS	Mechanization of Contract Administration Services

Acronym	Definition
MOU	Memorandum of Understanding
MSC	Military Sealift Command
NALCOMIS	Naval Aviation Logistics Command Management Information System
NAVAIR	Naval Air Systems Command
NAVAUDSVC	Naval Audit Service
NAVFAC	Naval Facilities Engineering Command
NAVSEA	Naval Sea Systems Command
NAVSUP BSC	Naval Supply Systems Command Business Systems Center
NDAA	National Defense Authorization Act
NES	Navy Enlisted System
NexGen	Next Generation
NFR	Notice of Findings and Recommendations
NGA	National Geospatial Intelligence Agency
NROWS	Navy Reserve Order Writing System
NSA	National Security Agency
NSIPS	Navy Standard Integrated Personnel System
NSMA	Navy Systems Management Activity



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Acronym	Definition
NVR	Naval Vessel Register
NWCF	Navy Working Capital Fund
OACSIM	Office of the Assistant Chief of Staff for Installation Management
OA&L	Other Assets and Liabilities
OASA(FM&C)	Office of the Assistant Secretary of the Army (Financial Management and Comptroller)
OASIS/EASIS	Officer Assignment Information System
OCHR	Office of Civilian Human Resources
OCONUS	Outside the Continental United States
OCIO-DoD	Office of the Chief Information Officer, Department of Defense
ODCMO	Office of the Deputy Chief Management Officer
ODNI	Office of the Director for National Intelligence
ODO	Other Defense Organization
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
OIS	Ordnance Information System
OMA	Operations and Maintenance Army

Acronym	Definition
OM&S	Operating Materials and Supplies
OMB	Office of Management and Budget
ONR	Office of Naval Research
OPINS	Officer Personnel Information System
OSD	Office of the Secretary of Defense
OUSD	Office of the Under Secretary of Defense
OUSD(AT&L)	Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics)
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
OUSD(P&R)	Office of the Under Secretary of Defense (Personnel and Readiness)
PACAF	Pacific Command Air Forces
PACAF/FM	Commander of Pacific Air Forces – Financial Management
PACFLT	Pacific Fleet
PARIS	Personnel Automated Record Information System
PAY-M	Pay Management
PBAS	Program Budget Allocation System
PBIS	Program Budget Information System
PBUSE	Property Book Unit Supply Enhanced



## FIAR Plan Status Report

Acronym	Definition
PCS	Permanent Change of Station
PEO-EIS	Program Executive Office Enterprise Information Systems
PMO	Program Management Office
PoAM	Plan of Action and Milestones
POEMS	Permanent Change of Station Obligation and Expenditure Management System
PP&E	Property, Plant, and Equipment
PPVM	Payment Pre-Validation Module
PROPM	Property Management
PSA	Principal Staff Assistant
RDECOM	Research, Development, and Engineering Command
RDT&E	Research, Development, Test, and Evaluation
REC-M	Receivables Management
REMIS	Reliability and Maintainability Information System
RESFOR	Naval Reserve Force
RFP	Request for Proposal
RHS	Reserve Headquarters Support
RIMS-FM	Reserve Integrated Management System Financial Management

Acronym	Definition
RSUPPLY	Relational Supply
RTS	Reserve Travel System
RWO	Reimbursable Work Orders
SABRS	Standard Accounting, Budgeting and Reporting System
SAF-AQ	Office of the Assistant Secretary of the Air Force for Acquisition
SAF-FM	Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller)
SAF-FMB	Secretary of the Air Force, Financial Management – Budget
SAF-FMP	Office of the Deputy Assistant Secretary of the Air Force for Financial Operations
SALTS	Streamlined Automated Logistics Transmission System
SAMS	Standard Army Maintenance System
SARSS	Standard Army Retail Supply System
SAS	Statement of Auditing Standard
SBA	Statement of Budgetary Activity
SBHD	Subhead
SBIRS	Space Based Infrared Radar System
SBR	Statement of Budgetary Resources



## FIAR Plan Status Report

Acronym	Definition
SCOA	Standard Chart of Accounts
SCS	Stock Control System
SDI	Standard Disbursing Initiative
SDS	Standard Depot System
SECAF	Secretary of the Air Force
SES	Senior Executive Service
SFIS	Standard Financial Information Structure
SLDCADA	Standard Labor Data Collection and Distribution Application
SLOA	Standard Line of Accounting
SMA	Supply Management Activity
SMAS	Standard Materiel Accounting System
SMP	Strategic Management Plan
SOC	Service Organization Controls
SOD	Segregation of Duties
SPAWAR	Space and Naval Warfare Systems Command
SPS	Standard Procurement System
SRD	Standard Finance System-Redesign

Acronym	Definition
SSAE	Statement on Standards for Attestation Engagements
SSP	Shared Service Provider
STANFINS	Standard Financial System
STARS	Standardized Accounting and Reporting System
STARS-FL	Standard Accounting and Reporting System – Field Level Accounting
STARS-HCM	Standard Accounting and Reporting System – Headquarters Claimant Module
STORES	Subsistence Total Order and Receipt Electronic System
SUPDESK	Supervisor’s Desk
SYSCOMS	Systems Commands
TACOM	Tank-Automotive and Armaments Command
TAFS	Treasury Account Fund Symbol
TAS	Treasury Account Symbols
TDY	Temporary Duty
TFM	Treasury Financial Manual
THAAD	Terminal High Altitude Area Defense
TI	Treasury Index
TIP	Transportation Incentive Program



## FIAR Plan Status Report

Acronym	Definition
TOA	Total Obligation Authority
TOW	Tube-launched, Optically-tracked, Wire Command-link Guided Missile System
TRADOC	Training and Doctrine Command
TSEAS	Telecommunication Services and Enterprise Acquisition Services
TWCF	Transportation Working Capital Fund
ULLS-AE	Unit Level Logistics System-Aviation Enhanced
USARC	United States Army Reserve Command
USD	Under Secretary of Defense
USD(AT&L)	Under Secretary of Defense (Acquisition, Technology, and Logistics)
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer
USD(P)	Office of the Under Secretary of Defense (Policy)
USD(P&R)	Under Secretary of Defense (Personnel and Readiness)
USFF	United States Fleet Forces Command
USMC	United States Marine Corps
USSGL	U.S. Standard General Ledger
USSOCOM	U.S. Special Operations Command

Acronym	Definition
USTRANSCOM	U.S. Transportation Command
USUHS	Uniformed Services University of the Health Sciences
WAAS	Washington Headquarters Services Allotment Accounting Services
WARCOM	Navy Special Warfare Command
WAWF	Wide Area Workflow
WCF	Working Capital Fund



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