

1. Confirm internal controls and document retention policies/procedures/systems are in place and operating effectively on a go-forward basis.
2. Develop the ability to produce a universe of transactions/balances that supports beginning balances at a detailed level. The completeness of the universe of transactions is demonstrated through reconciliations (e.g., reconciliations between the accounting system and Treasury's records for FBWT beginning balances).
3. Perform discovery testing to confirm the availability of historical documentation through sampling of the universe of transactions.
4. If historical documentation is not available, develop a strategy for addressing beginning balance, and present strategy to the FIAR Directorate for concurrence.

A brief description of the SBR Balances Brought Forward line items is provided below.

Unobligated Balances (Line Item 1000) – This line item is comprised of amounts available for obligation during the current fiscal year brought forward from prior fiscal years. Prior year unobligated balances may be available to enter into new obligations during the current year, and for upward adjustments of obligations that were properly incurred against the account during the unexpired period.³⁰

Unpaid Obligations (Line Item 3000) – This line item is comprised of the amount of obligations already incurred for which payment has not yet been made. For a fixed appropriation account, this balance can be carried forward and retains its fiscal year identity for five fiscal years after the period of availability ends. At the end of the fifth fiscal year, the account is closed and any remaining balance is canceled.

Uncollected Payments, Federal Sources (Line Item 3060) – This line item is comprised of amounts earned but not collected from other Federal Government sources. Specifically, this line item includes two types of amounts, (1) accounts receivable from other Federal Government accounts (amounts owed for fulfilled orders); and (2) unfilled customer orders from other Federal Government accounts not accompanied by an advance (unfulfilled orders).

Standards and Guidance

Additional sources of guidance pertaining to financial management, accounting and record retention policies for SBR Balances Brought Forward are contained in the following table.

Financial Management and Accounting Guidance	Record Retention Policies
<ul style="list-style-type: none"> DoD FMR: Volume 3, Chapter 8; Volume 6B, Chapter 7 Office of Management and Budget (OMB) Circular A-11, <i>Preparation, Submission, and Execution of the Budget</i> U.S. Government Accountability Office (GAO) <i>Principles of Federal Appropriations Law</i> ("Red Book") 	<ul style="list-style-type: none"> National Archives and Records Administration (NARA) General Records Schedule 1.1 DoD FMR: Volume 1, Chapter 9

Balance by Reporting Entity – Unobligated Balances

The following reporting entities comprise the balances brought forward in the Unobligated Balances line item (line item 1000) on the Statement of Budgetary Resources.

Reporting Entities	FY 2015 Balance	% of Total
OMB Designated Audit		
Amy GF	\$ 42,912,596,530	28.5%

³⁰ According to Office of Management and Budget guidance, SBR balances include budgetary resources for accounts during the current period of availability and the five years that they are in an expired status. Unobligated balances of expired budget authority remain available for five years after the account expires to make legitimate adjustments, such as recording previously unrecorded obligations and making upward adjustments to previously recorded obligations. At the end of the fifth year, the expired account is closed and no longer reported on the SBR.

Reporting Entities	FY 2015 Balance	% of Total
Air Force GF	25,747,448,595	17.1%
Navy GF	32,260,381,199	21.4%
Marine Corp GF	2,985,237,022	2.0%
Navy WCF	2,977,317,332	2.0%
Air Force WCF	993,355,639	0.7%
Amy WCF	2,783,612,763	1.8%
Marine Corp WCF	288,612,091	0.2%
USACE – Civil Works Program	10,987,389,892	7.3%
Subtotal - OMB Design. Audit	\$ 121,935,951,062	80.9%
DoD Designated Audit		
DHA - Contract Resource Mgmt	\$ 114,367,691	0.1%
DHA - Comptroller FOD	1,712,586,917	1.1%
DHA - USUHS	128,290,853	0.1%
DHA - SMA/Army	3,413,255,128	2.3%
DHA - SMA/Navy	328,186,879	0.2%
DHA - SMA/Air Force	505,323,739	0.3%
DHA - SMA/NCR	41,110,587	0.0%
DLA WCF	122,742,469	0.1%
DLA GF	522,922,502	0.3%
DLA Strategic Materials	201,689,082	0.1%
DoD Component Level Accounts	3,769,340,506	2.5%
U.S. Special Operations Command	1,849,936,375	1.2%
DISA WCF	339,106,055	0.2%
DISA GF	325,593,347	0.2%
TRANSCOM - Air Mobility Command	745,130,502	0.5%
TRANSCOM - Military SDDC	40,229,159	0.0%
TRANSCOM - Military Sealift Command	345,966,708	0.2%
TRANSCOM - Command Staff	28,345,353	0.0%
TRANSCOM - Defense Courier Division	10,883,628	0.0%
DeCA WCF	213,182,102	0.1%
DeCA GF	75,762,847	0.1%
DFAS WCF	17,337,486	0.0%
Defense Contract Audit Agency	24,240,258	0.0%
Subtotal - DoD Design. Audit	\$ 14,875,530,171	9.9%
DoD Designated Examination		
Washington Headquarters Services (WHS)	\$ 199,034,373	0.1%
WHS - Office of the SecDef	2,852,385,837	1.9%
WHS - Pnt Res Mtn Rev Fund & PFPA	22,395,617	0.0%
WHS - Building Maintenance Fund	49,136,373	0.0%
WHS - DoD Test Resource Mgmt Ctr	4,532,776	0.0%
WHS - Civilian Military Program	25,177,745	0.0%
WHS - U.S. Court of Appeals, A.F.	1,775,590	0.0%
WHS - Defense Legal Services Agency	31,797,627	0.0%
Missile Defense Agency	570,528,064	0.4%
Defense Security Cooperation Agency	2,823,368,491	1.9%
DoD Education Activity	942,316,019	0.6%
DARPA	582,795,191	0.4%
Other TI-97 Funds – Army	1,067,215,157	0.7%
Chemical Biological Defense Program	251,584,701	0.2%
Defense Contract Mgmt Agency	117,250,752	0.1%
Defense Threat Reduction Agency	294,562,678	0.2%
Joint Staff (includes NDU)	227,174,918	0.2%
Subtotal - DoD Design. Exam	\$ 10,063,031,909	6.7%
DoD Non-material Reporting Entities		
Other Reporting Entities	3,888,333,037	2.6%
Total	\$ 150,762,846,179	100.0%

Source: FY 2015 Reporting Entity DDRS-AFS Statements of Budgetary Resources

Line Item Audit Readiness Considerations – Unobligated Balances

The following table presents financial reporting risks, Outcomes Demonstrating Audit Readiness and KSDs specific to SBR Balances Brought Forward for Unobligated Balances (SBR line item 1000). In order

to assert audit readiness for this line item, reporting entities must demonstrate that effective controls are in place to achieve the Outcomes Demonstrating Audit Readiness relative to the risk associated with the assertion (as noted in the table). The suggested test procedures can be used to test key controls operating within the business processes affecting the SBR Balances Brought Forward for Unobligated Balances and to assess the availability of KSDs that support the controls and amounts recorded.

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Unobligated Balance, Brought Forward			
UB.1	Recorded Unobligated Balances, Brought Forward may not exist at a given date, do not pertain to the reporting entity, or may be improperly classified and summarized (Wave 2 – SBR, ROMM #1) (E)	Recorded Unobligated Balances, Brought Forward from prior periods represent events that actually occurred and are properly summarized and classified in the financial statements (Wave 2 – SBR, FRO #9)	Comparative financial statements SF 133 Appropriation Warrant Funding Authorization Document Trace the current year Unobligated Balance, Brought Forward to the prior year Unobligated Balance, End of Year and determine if amounts agree Determine whether amounts contained in prior year Total Unobligated Balance, End of Year have been canceled or rescinded Compare Unobligated Balance, Brought Forward to the final SF 133 from the prior year
UB.2	Valid Unobligated Balances, Brought Forward are not recorded or are improperly summarized (Wave 2 – SBR, ROMM #14) (C)	All valid Unobligated Balances, Brought Forward are recorded and are properly summarized (Wave 2 – SBR, FRO #10)	Appropriations Act Supporting documentation evidencing the beginning balances of FBWT Appropriation Warrant Funding Authorization Document
UB.3	Unobligated Balances, Brought Forward are recorded at incorrect amounts, or valued on an inappropriate basis, or measured improperly summarized (Wave 2 – SBR, ROMM #27) (V)	Unobligated Balances, Brought Forward are valued on an appropriate basis and are properly classified and described in the financial statements (Wave 2 – SBR, FRO #10)	Comparative financial statements SF 133 Appropriation Warrant Funding Authorization Document Account Reconciliations See Suggested Test Procedures for UB.1
UB.4	The reporting entity does not have rights to recorded Unobligated Balances, Brought Forward summarized (Wave 2 – SBR, ROMM #43) (R)	The reporting entity has rights to recorded Unobligated Balances, Brought Forward (Wave 2 – SBR, FRO #9)	Appropriation Warrant Funding Authorization Document Determine whether any Unobligated Balances, Brought Forward have expired, been canceled or rescinded

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

Balance by Reporting Entity – Unpaid Obligations

The following reporting entities comprise the balance brought forward in the Unpaid Obligations line item (line item 3000) on the Statement of Budgetary Resources.

Reporting Entities	FY 2015 Balance	% of Total
OMB Designated Audit		
Army GF	\$ 111,937,127,892	26.0%
Air Force GF	78,988,540,289	18.3%
Navy GF	101,021,507,728	23.4%
Marine Corp GF	9,644,423,172	2.2%
Navy WCF	12,305,935,185	2.9%
Air Force WCF	6,605,017,342	1.5%
Army WCF	7,143,398,060	1.7%
Marine Corp WCF	268,897,848	0.1%
Military Retirement Fund	4,540,647,484	1.1%
USACE – Civil Works Program	8,041,864,339	1.9%
Subtotal - OMB Design. Audit	\$ 340,497,359,340	79.0%
DoD Designated Audit		
DHA - Contract Resource Mgmt	\$ 1,376,397,615	0.3%
DHA – Comptroller FOD	1,215,895,456	0.3%
DHA - USUHS	381,946,043	0.1%
DHA - SMA/Army	6,628,488,998	1.5%
DHA - SMA/Navy	2,223,083,342	0.5%
DHA - SMA/Air Force	1,828,444,419	0.4%
DHA - SMA/NCR	672,870,431	0.2%
MERHCF	941,208,085	0.2%
DLA WCF	22,552,926,861	5.2%
DLA GF	909,812,056	0.2%
DLA Strategic Materials	27,564,926	0.0%
DoD Component Level Accounts	11,385,073,518	2.6%
U.S. Special Operations Command	6,372,938,178	1.5%
DISA WCF	3,422,382,069	0.8%
DISA GF	1,243,246,264	0.3%
TRANSCOM - Air Mobility Command	1,113,469,269	0.3%
TRANSCOM - Military SDDC	444,201,161	0.1%
TRANSCOM - Military Sealift Command	296,756,284	0.1%
TRANSCOM - Command Staff	78,692,143	0.0%
TRANSCOM - Defense Courier Division	2,446,276	0.0%
DeCA WCF	620,199,126	0.1%
DeCA GF	304,984,722	0.1%
DFAS WCF	213,594,237	0.0%
Defense Contract Audit Agency	81,154,689	0.0%
Subtotal - DoD Design. Audit	\$ 64,337,776,167	14.9%
DoD Designated Examination		
Washington Headquarters Services (WHS)	\$ 539,583,269	0.1%
WHS - Office of the SecDef	4,820,758,967	1.1%
WHS - Pnt Res Mtn Rev Fund & PFPA	352,038,496	0.1%
WHS - Building Maintenance Fund	120,140,384	0.0%