

5.D.1.6 OTHER ASSETS

Other Assets consist of military and civil service employee pay advances, travel advances, and certain contract financing payments. Reporting entities must be able to assert the audit readiness of all business processes and sub-processes involving Other Assets including the recording, monitoring and amortizing of such assets.

Intragovernmental vs. Non-Federal

Reporting entities are required to reconcile Intragovernmental transactions and balances with other federal entities throughout the course of the fiscal year. The suggested test procedures for OA.1 – OA.2 and OA.4 – OA.7 can be leveraged to test both Intragovernmental and Non-Federal Other Assets. The suggested test procedures provided in OA.3 are for Intragovernmental Other Assets only. Specific considerations that apply to the presentation and disclosure assertion for Intragovernmental transactions, including Intragovernmental Other Assets, are covered in the Financial Reporting assessable unit.

Standards and Guidance

Additional sources of guidance pertaining to financial management, accounting and record retention policies for Other Assets are contained in the following table.

Financial Management and Accounting Guidance	Record Retention Policies
<ul style="list-style-type: none"> SFFAS No. 1 (and amendments) DoD FMR: Volume 4, Chapter 7 DCFO Memorandum: <i>Accurate and Reliable DoD Component-level Financial Management Trial Balances</i> 	<ul style="list-style-type: none"> National Archives and Records Administration (NARA) General Records Schedule (GRS) 1.1 DoD FMR: Volume 1, Chapter 9

Balance By Reporting Entity

The following reporting entities comprise the Intragovernmental Other Assets line item.

Reporting Entities	FY 2015 Balance	% of Total
OMB Designated Audit		
Army GF	\$ 228,888,695	11.0%
Air Force GF	168,884,838	8.1%
Navy GF	444,465,954	21.3%
Navy WCF	46,297	0.0%
Air Force WCF	319,714,765	15.3%
Subtotal - OMB Design. Audit	\$ 1,162,000,548	55.7%
DoD Designated Audit		
DLA WCF	\$ 124,925,000	6.0%
DoD Component Level Accounts	797,458,565	38.2%
DISA GF	19,796	0.0%
DFAS WCF	773,354	0.0%
Subtotal - DoD Design. Audit	\$ 923,176,715	44.3%
DoD Designated Examination		
WHS - Office of the SecDef	\$ (451,492)	0.0%
Defense Security Cooperation Agency	152,431	0.0%
DoD Education Activity	39,936	0.0%
Subtotal - DoD Design. Exam	\$ (259,125)	0.0%
DoD Non-material Reporting Entities		
Other Reporting Entities	1,931	0.0%
Total	\$ 2,084,920,070	100.0%

Source: FY 2015 Reporting Entity DDRS-AFS Balance Sheets

The following reporting entities comprise the Non-Federal Other Assets line item.

Reporting Entities	FY 2015 Balance	% of Total
OMB Designated Audit		
Army GF	\$ 2,704,180,353	3.7%
Air Force GF	17,635,028,359	24.0%
Navy GF	48,673,936,876	66.1%
Marine Corp GF	50,097,367	0.1%
Navy WCF	2,543,488,848	3.5%
Air Force WCF	177,548,027	0.2%
Army WCF	97,125,902	0.1%
Marine Corp WCF	1,605,905	0.0%
USACE – Civil Works Program	90,544	0.0%
Subtotal - OMB Design. Audit	\$ 71,883,102,180	97.6%
DoD Designated Audit		
DHA – Comptroller FOD	\$ 177	0.0%
DHA - SMA/Army	32,434,668	0.0%
DHA - SMA/Navy	134,961	0.0%
DHA - SMA/Air Force	266,256	0.0%
DHA - SMA/NCR	1,712	0.0%
DLA WCF	44,125,171	0.1%
DLA GF	2,106,299	0.0%
DoD Component Level Accounts	(84,384,715)	-0.1%
U.S. Special Operations Command	257,654,848	0.3%
DISA WCF	18,971,830	0.0%
DISA GF	172,528	0.0%
TRANSCOM - Air Mobility Command	1,161,896	0.0%
TRANSCOM - Military SDDC	2,870,274	0.0%
TRANSCOM - Military Sealift Command	1,200	0.0%
TRANSCOM - Command Staff	83,668	0.0%
TRANSCOM - Defense Courier Division	(402)	0.0%
TRANSCOM - Component Level	1,902,313	0.0%
DeCA WCF	936,367	0.0%
DFAS WCF	3,706,896	0.0%
Defense Contract Audit Agency	2,525,146	0.0%
Subtotal - DoD Design. Audit	\$ 284,671,093	0.4%
DoD Designated Examination		
Washington Headquarters Services (WHS)	\$ 560	0.0%
WHS - Office of the SecDef	19,957,129	0.0%
WHS - Pnt Res Mtn Rev Fund & PFPA	498	0.0%
WHS - DoD Test Resource Mgmt Ctr	9,362,757	0.0%
WHS - Civilian Military Program	6,907,586	0.0%
Missile Defense Agency	1,276,989,644	1.7%
Defense Security Cooperation Agency	1,854,065	0.0%
DoD Education Activity	12,393,919	0.0%
Other TI-97 Funds - Army	43,684,103	0.1%
Chemical Biological Defense Program	21,873,954	0.0%
Defense Contract Mgmt Agency	(68,798)	0.0%
Defense Threat Reduction Agency	218,395	0.0%
Joint Staff (includes NDU)	37,333	0.0%
Subtotal - DoD Design. Exam	\$ 1,393,211,145	1.9%
DoD Non-material Reporting Entities		
Other Reporting Entities	59,969,774	0.1%
Total	\$ 73,620,954,192	100.0%

Source: FY 2015 Reporting Entity DDRS-AFS Balance Sheets

Line Item Audit Readiness Considerations

The following table presents financial reporting risks, Outcomes Demonstrating Audit Readiness and KSDs specific to Other Assets. 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 Other Assets, and assess the availability of KSDs that support the controls and amounts recorded.

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Other Assets			
<p>OA.1</p>	<p>Recorded Other Assets may not exist at a given date, do not pertain to the reporting entity, or may be improperly classified and summarized (E) (Wave 4, ROMM #9, #19, #20, #21, and #22)</p>	<p>Recorded Other Assets represent amounts actually received by the reporting entity and are properly classified (Wave 4, FRO #9)</p>	<p>Contracts, contract modifications, invoices, billing statements, advance payment pool agreements</p>
<p>Select a sample of recorded prepayments and determine whether source documentation indicates the obligation that corresponds to the prepayment is expected to be fulfilled in a future period.</p> <p>Select a sample of recorded advances and determine whether:</p> <ul style="list-style-type: none"> • each advance has been approved by an appropriate official • sufficient documentation exists to verify the terms of the advance • the purpose for and collectability of each advance is reasonable. <p>Select a sample of recorded contract financing payments and determine whether:</p> <ul style="list-style-type: none"> • financing payments are being made in accordance with the terms of the contract • the obligation that corresponds to the contract financing payment is expected to be fulfilled in future periods. <p>Select a sample of recorded Other Assets not covered by the preceding tests and determine whether:</p> <ul style="list-style-type: none"> • Source documentation indicates that the transaction that gave rise to the Other Asset actually occurred and pertains to the reporting entity • Source documentation indicates the obligation that corresponds to the Other Asset is expected to be fulfilled in a future period. <p>Verify that subledgers for Other Assets reconcile to general ledger (G/L) accounts and G/L accounts agree to the financial statements of the reporting entity</p>			

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Other Assets			
OA.2	Valid Other Assets may be omitted from the balance sheet or may be improperly classified and summarized (C) (Wave 4, ROMM #32, #42, #43 and #44)	All Other Assets are recorded in the proper accounting period and are accurately classified and summarized (Wave 4, FRO #10)	Contracts, contract modifications, invoices, billing statements, advance payment pool agreements
OA.3	Other Assets may not be properly classified as either Intragovernmental or Non-Federal (E, C)	Recorded Other Assets are properly classified as either Intragovernmental or Non-Federal (Wave 4, FRO #78)	Contracts, contract modifications, invoices, billing statements, advance payment pool agreements
OA.4	Other Assets included in the financial statements may be recorded at incorrect amounts, or are valued on an inappropriate basis (V) (Wave 4, ROMM #53, #64, #65, and #66)	Other Assets are recorded at correct amounts and valued on an appropriate valuation basis (Wave 4, FRO #10)	<p>Contracts, contract modifications, invoices, billing statements, advance payment pool agreements</p> <p>Select a sample of recorded prepayments and determine whether the amount of the prepayment per the general ledger agrees to source documentation (e.g., contract, invoice, etc.) and the corresponding disbursement.</p> <p>Select a sample of recorded advances and determine whether the advance amount per the general ledger agree to advance agreements and the actual amount disbursed.</p> <p>Select a sample of recorded contract financing payments and determine whether the amount of the payment per the general ledger agrees to source documentation (e.g., contract, invoice, billing statement, etc.) and the corresponding disbursement.</p> <p>Select a sample of recorded Other Assets not covered by the preceding tests and determine whether the amount of the Other Asset per the general ledger agrees to source documentation (e.g., contract, invoice, etc.) and corresponding disbursements.</p>

Financial Reporting Risks	Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Other Assets			
OA.5	The reporting entity may not have rights to recorded Other Assets due to liens, pledges, or other restrictions (R) (Wave 4, ROMM #71)	The reporting entity has the rights to the recorded Other Assets at a given date (Wave 4, FRO #11)	<p>Contracts, contract modifications, invoices, billing statements, advance payment pool agreements</p> <p>Select a sample of recorded prepayments and determine whether source documentation indicates that the reporting entity has valid ownership of the assets being obtained via the prepayments.</p> <p>Select a sample of recorded advances and determine whether source documentation indicates that the reporting entity has valid ownership of the assets being obtained via the advances.</p> <p>Select a sample of recorded contract financing payments and determine whether source documentation indicates that the reporting entity has valid ownership of the assets being obtained via the contract financing payment.</p> <p>Select a sample of recorded Other Assets not covered by the preceding tests and determine whether source documentation indicates that the reporting entity has valid ownership of the assets being obtained.</p>
OA.6	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
OA.7	Budgetary and proprietary interdependencies may not be properly maintained as indicated by tie-point reconciliation variances	Budgetary and proprietary interdependencies are properly maintained and reflected in tie-point reconciliations	<p>Tie-point reconciliations</p> <p>Review all tie-point reconciliation variances related to Other Assets and:</p> <ul style="list-style-type: none"> • Determine the root cause of the variance • Execute appropriate corrective actions to resolve the variance • Document executed corrective actions <p>Tie-point reconciliations related to Other Assets should include:</p> <ul style="list-style-type: none"> • 48X2 = 14XX (i.e., Budgetary Undelivered Orders Prepaid = Proprietary Advances to Vendors)

Footnote Disclosures

Reporting entities are responsible for ensuring the completeness and accuracy of data provided to OUSD(C) for the preparation of the **Other Assets** footnote disclosures included in **Note 6** of the FY 2014 DoD Agency Financial Report. OMB Circular A-136, *Financial Reporting Requirements*, specifies fundamental requirements for Other Asset footnote disclosures that reporting entities must consider in carrying out audit readiness activities. The Financial Reporting assessable unit in the FIAR Guidance provides further details with respect to audit readiness outcomes that address the presentation and disclosure assertion for the financial statement line items.

5.D.1.7 ACCOUNTS PAYABLE

Accounts Payable represents amounts owed for goods and services received from other entities, progress in contract performance made by other entities and rents due to other entities. Reporting entities must be able to assert the audit readiness of all business processes and sub-processes including the recording of Accounts Payable due to vendors and federal entities and recording accruals for purchased or contracted goods or services.

Intragovernmental vs. Non-Federal

Reporting entities are required to reconcile Intragovernmental transactions and balances with their federal trading partners throughout the course of the fiscal year. The suggested test procedures for AP.1 – AP.2 and AP.4 – AP.7 can be leveraged to test both Intragovernmental and Non-Federal Accounts Payable. The suggested test procedures provided in AP.3 are for Intragovernmental Accounts Payable only. Specific considerations that apply to the -presentation and disclosure assertion for Intragovernmental transactions, including Intragovernmental Accounts Payable, are covered in the Financial Reporting assessable unit.

Standards and Guidance

Additional sources of guidance pertaining to financial management, accounting and record retention policies for Accounts Payable are contained in the following table.

Financial Management and Accounting Guidance	Record Retention Policies
<ul style="list-style-type: none"> SFFAS No. 1, 4, 5, 30 (and amendments) DoD FMR: Volume 4, Chapter 9 DCFO Memorandum: <i>Accurate and Reliable DoD Component-level Financial Management Trial Balances</i> 	<ul style="list-style-type: none"> National Archives and Records Administration (NARA) General Records Schedule (GRS) 1.1 DoD FMR: Volume 1, Chapter 9

Balance By Reporting Entity

The following reporting entities comprise the Intragovernmental Accounts Payable line item.

Reporting Entities	FY 2015 Balance	% of Total
OMB Designated Audit		
Army GF	\$ 1,744,842,564	22.6%
Air Force GF	2,012,405,379	26.0%
Navy GF	1,246,554,581	16.1%
Marine Corp GF	159,502,760	2.1%
Navy WCF	310,398,822	4.0%
Air Force WCF	176,829,308	2.3%
Army WCF	105,766,207	1.4%
Marine Corp WCF	13,431,893	0.2%
USACE – Civil Works Program	53,761,462	0.7%
Subtotal - OMB Design. Audit	\$ 5,823,492,977	75.4%