

Fourth Estate Audit and Examination Workshop

March 2, 2015

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**Please be seated by 0820 in advance of
Meeting Start Time 0830**

Please silence all devices



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Agenda

- 0830 - 0845 Introduction***
Mr. Mark Easton
- 0845 - 0905 Audit Strategy and FIAR Overview***
Ms. Alaleh Jenkins
- 0905 - 0930 DFAS Initiatives Overview***
Mr. Tony Hullinger
- 0930 - 1015 Audit and Examination Overview***
Ms. Alaleh Jenkins; Ms. Mobola Kadiri
- 1015 - 1035 Break**
20 Minutes
- 1035 - 1110 Communicating with the Auditor**
Mr. Shawn Sparks; Ms. Steven Chad; Mr. Matthew Cox;
Ms. Elizabeth Christian; Mr. James Davila
- 1110 - 1200 Best Practices for an Audit**
Ms. Mobola Kadiri; Ms. Jen Gagnon

* SES participation recommended until 10:15am

- 1200 - 1300 Lunch Break**
60 Minutes
- 1300 - 1430 Fourth Estate Dealbreaker Workstream Update**
Mr. David Eaton; Mr. Noah Sturgeon; Mr. Jim Likes;
Ms. Holly Burch
- 1430 - 1445 FIAR ARC Tool Overview**
Mr. Shawn Sparks; Ms. Kristin Wulff
- 1445 - 1500 Way Ahead**
Ms. Alaleh Jenkins

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Introduction

Mr. Mark Easton,
Deputy Chief Financial Officer

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Audit Strategy and FIAR Overview

Ms. Alaleh Jenkins,
OUSD(C) FIAR Director



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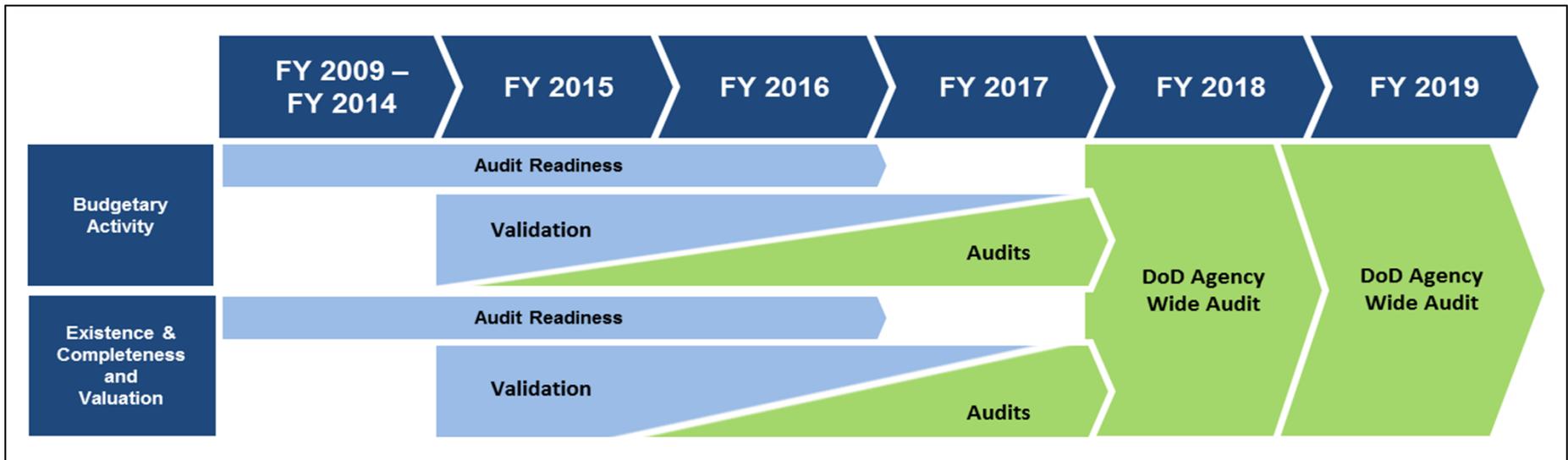
Path to Full Financial Statement Audit

Building the Foundation

- 91% of General Fund current year funds under audit
- Actively applying lessons learned
- Demonstrate the value of moving into audit
- Focused audit readiness efforts on the existence and completeness of assets
- Started examinations on the existence and completeness of assets

The Way Forward

- Initiating validation / audits of current-year budgetary activity in FY 2015, progressing to full budgetary activity in FY 2016
- Shifting audit readiness focus to asset valuation
- Achieving full financial statement audit by FY 2018



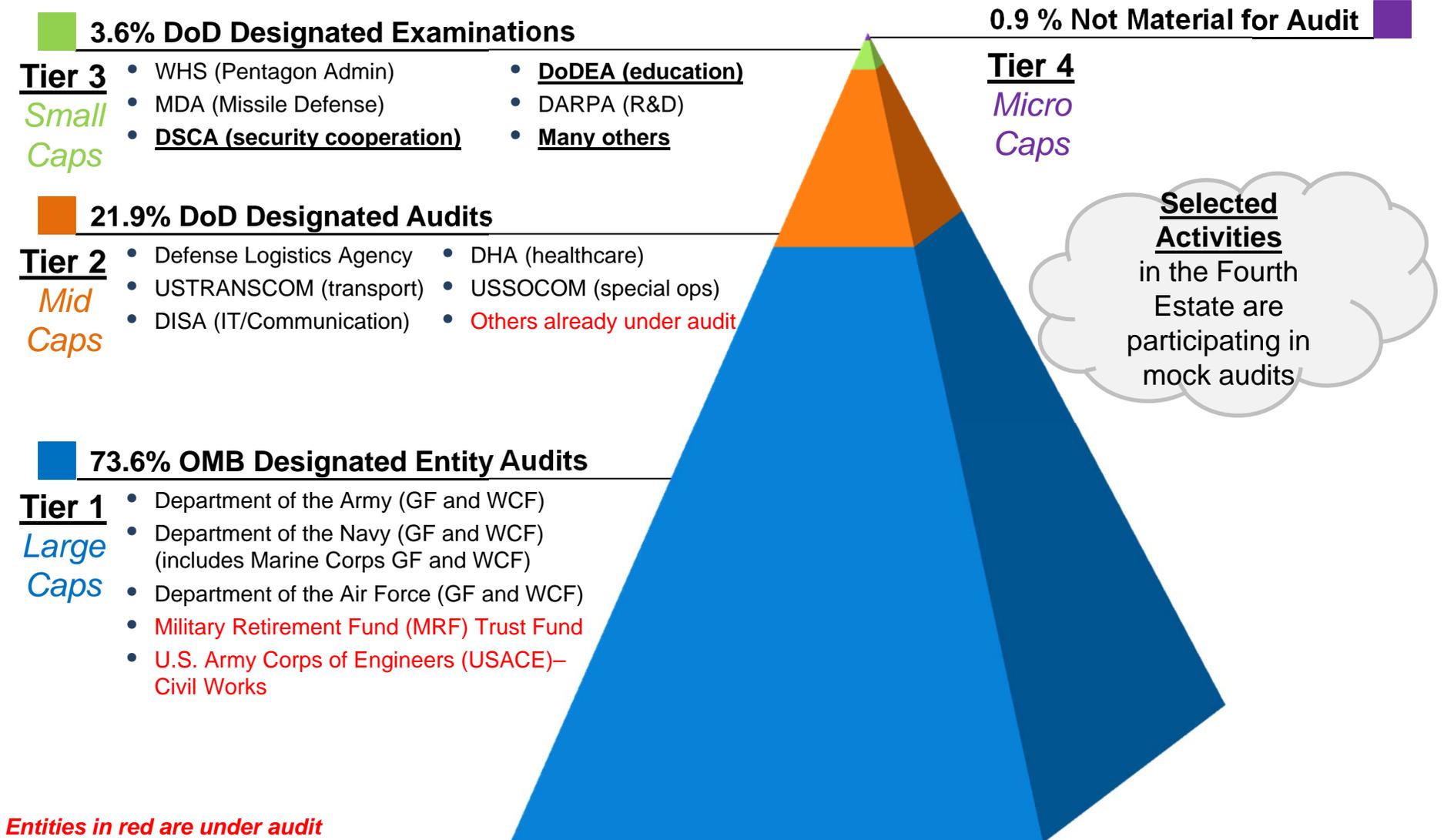
DoD Consolidated Audit Strategy Overview

- **DoD has developed a strategy to move to full financial statement audit by FY 2018 in accordance with the NDAA for FY 2010**
- **The audit strategy builds on audit readiness momentum and demonstrates interim progress toward the FY 2018 target using a phased approach**
 - Propose that audits of select reporting entities' financial statements be accelerated
 - Other reporting entities will undergo progressively more complex examinations
- **The phased approach will allow for continual growth and expansion of DoD's audit infrastructure to support the increasing number of audits**
- **Strategy assigns each of DoD's reporting entities to one of four categories:**
 - Tier 1: Large Caps (OMB Designated Entity Audits)
 - Tier 2: Mid Caps (DoD Designated Audits)
 - Tier 3: Small Caps (DoD Designated Examinations)
 - Tier 4: Micro Caps (Remaining Defense Agencies, Organizations, and Funds (Not Material for Audit))

The Resulting DoD Consolidated Financial Statement Audit Starting in FY 2018 Will Likely Be the Largest Financial Statement Audit Ever Performed

Fourth Estate Game Plan Includes Selected “Mock Audits”

Categories as Percentage of Total Budgetary Resources



Tier 1 - OMB Designated Audits

- **Which Reporting Entities are in this Category?**
 - MRF Trust Fund and the Military Services' General Fund & Working Capital Funds
- **Strategy from FY 2015 through FY 2017**
 - These entities have been under audit and receiving audit opinions will continue undergoing audits of their financial statements
- **Role in DoD Consolidated Audit (Starting in FY 2018)**
 - These reporting entities will annually produce individual financial statements that are audited by IPAs

Tier 2 - DoD Designated Audits

- **Which TI-97 Reporting Entities are in this Category?**
 - TI-97 entities that have been identified as material by DoD management based on a combination of quantitative and qualitative factors or that are currently under audit
 - DoD Component Level Accounts, MERHCF, DeCA, DFAS WCF, DLA, TRANSCOM, DISA, Defense Health (including SMAs), SOCOM, DCAA
- **Strategy from FY 2015 through FY 2017**
 - Entities currently under audit and receiving audit opinions (“do no harms”) will continue undergoing audits of their full financial statements
 - Entities not under audit this year will undergo examinations performed by Independent Public Accountants (IPAs) and move to financial statement audits beginning in FY 2016 or FY 2017
- **Role in DoD Consolidated Audit (Starting in FY 2018)**
 - As required by DoD management, these reporting entities will annually produce individual financial statements that are audited by IPAs

Tier 3 - DoD Designated Examinations

- **Which TI-97 Reporting Entities are in this Category?**
 - TI-97 entities that have been Identified as material by DoD management based on a combination of quantitative and qualitative factors
 - WHS, MDA, Other TI-97 Funds Provided to the Army, DSCA, DoDEA, DARPA, CBDP, DTRA, DCMA, JCS
- **Strategy from FY 2015 through FY 2017**
 - Some of these entities will undergo examinations of select financial statements performed by IPAs starting in FY 2015
 - Some entities will undergo mock audits performed by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) in FY 2015 and move to examinations performed by IPAs starting in FY 2016
- **Role in DoD Consolidated Audit (Starting in FY 2018)**
 - These reporting entities will annually produce individual financial statements and undergo examinations performed by IPAs

Tier 4 - Defense Agencies, Organizations, and Funds Not Material

- **Which TI-97 Reporting Entities are in this Category?**

- All remaining TI-97 entities not included in any of the first three categories that—when aggregated—total less than 1% of the DoD's total budgetary resources
- These are the smallest TI-97 entities, such as DTIC, OEA, DSS, DoD OIG, DLSA, and DPAA, along with various small trust funds, such as the DoD Education Benefits Fund

- **Strategy from FY 2015 through FY 2017**

- Entities will continue performing audit readiness activities, with a focus on:
(1) supporting the universe of accounting transaction details, (2) reconciliations between accounting systems and feeder systems, (3) the reconciliation of Fund Balance with Treasury with U.S. Treasury records (4) maintaining key supporting documentation for internal controls and transactions, and (5) working with the Service Providers (DFAS) in resolving issues with (1)-(4) above and preparing for the Consolidated Audit.

- **Role in DoD Consolidated Audit (Starting in FY 2018)**

- Entities will not produce individual financial statements
- When the DoD consolidated financial statement auditor performs any additional audit work needed to issue an opinion on the DoD consolidated financial statements, accounting transactions related to these reporting entities could be sampled and tested

Timelines to Stand-Alone Audits and Examinations

Timeline to Move to Stand-Alone Audit

The five TI-97 reporting entities below will move towards stand-alone financial statement audits.

TI-97 Reporting Entity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Forward
DLA	Examination – SBA (General Funds)	Annual Audits – Full Financial Statements			
Defense Health	Examination – SBA	Annual Audits – Full Financial Statements			
USSOCOM	Examination – SBA	Annual Audits – Full Financial Statements			
DISA	Undergoing Internal Validation	Annual Audits – Full Financial Statements			
USTRANSCOM	Continuing Audit Readiness Activities	Examination – Full Financial Statements	Annual Audits – Full Financial Statements		

The Defense Agencies already under audit are not included in this list. The Defense Agencies already undergoing financial statement audit will continue to receive annual full financial statement audits.

Timeline to Move to Stand-Alone Examination

The 10 TI-97 reporting entities below will move towards stand-alone audit readiness examinations of their financial statements.

TI-97 Reporting Entity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Forward
WHS	Examination – SBA	Annual Examinations – Full Financial Statements			
MDA	Examination – SBA	Annual Examinations – Full Financial Statements			
DSCA	Mock Audit	Annual Examinations – Full Financial Statements			
DoDEA	Mock Audit	Annual Examinations – Full Financial Statements			
Other TI-97 Funds Provided to the Army	Mock Audit	Annual Examinations – Full Financial Statements			
DARPA	Examination – SBA	Annual Examinations – Full Financial Statements			
ChemBio	Examination – SBA	Annual Examinations – Full Financial Statements			
DTRA	Examination – SBA	Annual Examinations – Full Financial Statements			
DCMA	Mock Audit	Annual Examinations – Full Financial Statements			
JCS	Mock Audit	Annual Examinations – Full Financial Statements			

The Defense Agencies already under audit are not included in this list. The Defense Agencies already undergoing financial statement audit will continue to receive annual full financial statement audits.

FIAR Guidance Updates and Milestones

Significant Changes - 2015 FIAR Guidance

- **Expanded core document into six major sections**
 - Priorities and Strategy
 - Expanded priorities to include proprietary information and valuation
 - Internal Control
 - Combined ICOFR and IT Controls
 - Synchronized Guidance with MICP
 - Financial Statement Line Item Tables
 - Audit Infrastructure

- **Focus on Wave 4 – Full Financial Statements Audit**
 - Defined SBR Beginning Balances, Material Line Items and Financial Reporting as assessable units
 - Non-material line items (at consolidated level) included in an appendix
 - Incorporated financial reporting risks, objectives and outcomes into one table for each financial statement line item
 - Separate Wave 4 tables from November 2013 Guidance included in an appendix
 - Expanded list of common challenges for Wave 4
 - Established critical milestone dates for completion of specific assertion tasks in new appendix

- **Other Changes**
 - Emphasis on urgency of effort as Congressionally-mandated deadline approaches
 - Aligns with TI-97 strategy
 - Increased FIAR oversight for ODOs

DoD Designated Audits

Critical Path Audit Readiness Milestones

- **Critical Path Audit Readiness Milestones**
 - Present assertion strategy for critical financial statement line items to FIAR Directorate **(2/20/2015)**:
 - Critical Line Items: **Fund Balance with Treasury; General Property, Plant, and Equipment**, including Real Property, General Equipment, and Internal Use Software; **Inventory and Related Property**, including Inventory and Operating Materials and Supplies; **Environmental and Disposal Liabilities**; and **Other Line Items Material to Reporting Entities**
 - FIAR Directorate obtains DoD OIG/GAO approval on assertion strategy/methodology for critical line items **(3/31/2015)**
 - Implement corrective action plans to address critical line items **(4/30/2015)**
 - Undergo FIAR audit readiness validation **(5/1/2015 – 5/31/2015)**
 - Implement corrective action plans to address deficiencies **(6/30/2015)**
 - Undergo IPA financial statement audit **(10/1/2015 – 11/15/2016)**

DoD Designated Audits – USTRANSCOM

Critical Path Audit Readiness Milestones

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- Present assertion strategy for critical financial statement line items to FIAR Directorate **(2/20/2015)**:
 - Critical Line Items: **Fund Balance with Treasury; General Property, Plant, and Equipment**, including Real Property, General Equipment, and Internal Use Software; **Inventory and Related Property**, including Inventory and Operating Materials and Supplies; **Environmental and Disposal Liabilities**; and **Other Line Items Material to USTRANSCOM**
- FIAR Directorate obtains DoD OIG/GAO approval on assertion strategy/methodology for critical line items **(3/31/2015)**
- Implement corrective action plans to address critical line items **(9/30/2015)**
- Undergo IPA audit readiness examination **(10/1/2015 – 3/31/2016)**
- Implement corrective action plans to address deficiencies **(6/30/2016)**
- Undergo IPA financial statement audit **(10/1/2016 – 11/15/2017)**

DoD Designated Examinations

Critical Path Audit Readiness Milestones

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 - Present assertion strategy for critical financial statement line items to FIAR Directorate **(2/20/2015)**:
 - Critical Line Items: **Fund Balance with Treasury; General Property, Plant, and Equipment**, including Real Property, General Equipment, and Internal Use Software; **Inventory and Related Property**, including Inventory and Operating Materials and Supplies; **Environmental and Disposal Liabilities**; and **Other Line Items Material to Reporting Entities**
 - FIAR Directorate obtains DoD OIG/GAO approval on assertion strategy/methodology for critical line items **(3/31/2015)**
 - Implement corrective action plans to address critical line items **(9/30/2015)**
 - Undergo IPA audit readiness examination **(10/1/2015 – 3/31/2016)**
 - Implement corrective action plans to address deficiencies **(6/30/2017)**
 - Undergo IPA financial statement examination **(10/1/2017 – 6/30/2018)**

DFAS Initiatives Overview

Mr. Tony Hullinger,
Director of Audit Readiness

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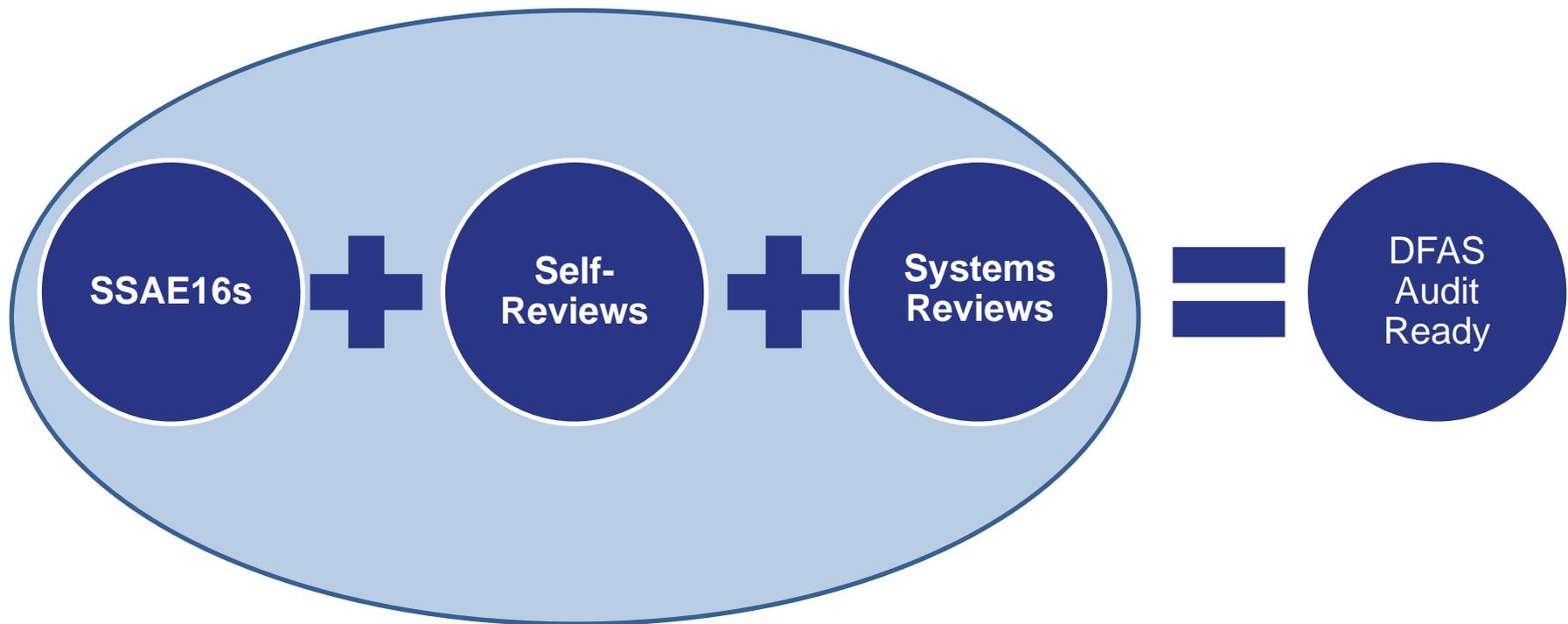
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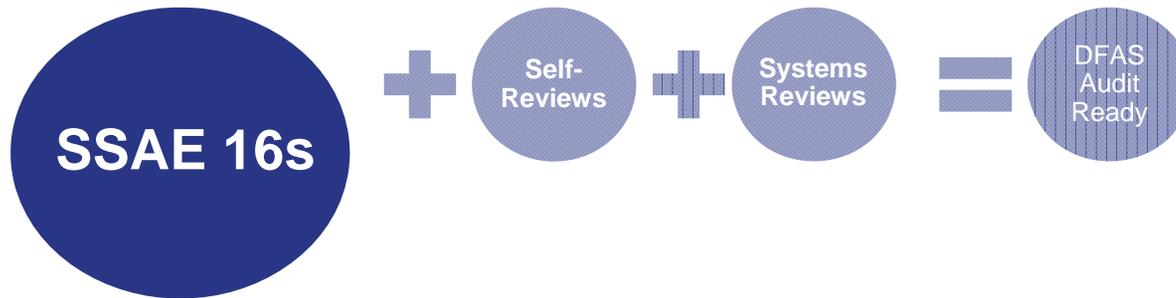
- **DFAS Overarching Audit Readiness Strategy**
- **TI-97 Project and Initiatives**
- **Way Forward**

DFAS Audit Readiness – Strategic Approach

As a service provider, with multiple customers, systems, and processes, this is how DFAS efficiently and effectively supports the Department's audit readiness goals.



SSAE 16s



Current DFAS AT 801s (SSAE 16s)						
		FY 2012 Results	FY 2013 Results	FY 2014 Results	FY 2015 Results	FY 2016 Results
Service Provider	Assessable Unit	IPA Opinion	IPA Opinion	IPA Opinion	IPA Opinion	IPA Opinion
DFAS	Civilian Pay Service	Qualified	Unqualified	Unmodified	Report Due Aug 2015	Report Due Aug 2016
	Military Pay Service	N/A	Qualified	Unmodified	Report Due Aug 2015	Report Due Aug 2016
	Standard Disbursing Service	N/A	Unqualified	Unmodified	Report Due Aug 2015	Report Due Aug 2016
	Contract Pay Service	N/A	N/A	Unmodified	Report Due Aug 2015	Report Due Aug 2016
	Financial Reporting Service	N/A	N/A	Modified, Adverse	Report Due Sept 2015	Report Due Sept 2016
	Fund Balance With Treasury (DCAS and DRRT)	N/A	N/A	N/A	Mock Exam	Report Due Aug 2016

An unmodified opinion or “clean opinion” was previously called an unqualified opinion prior to FY14.

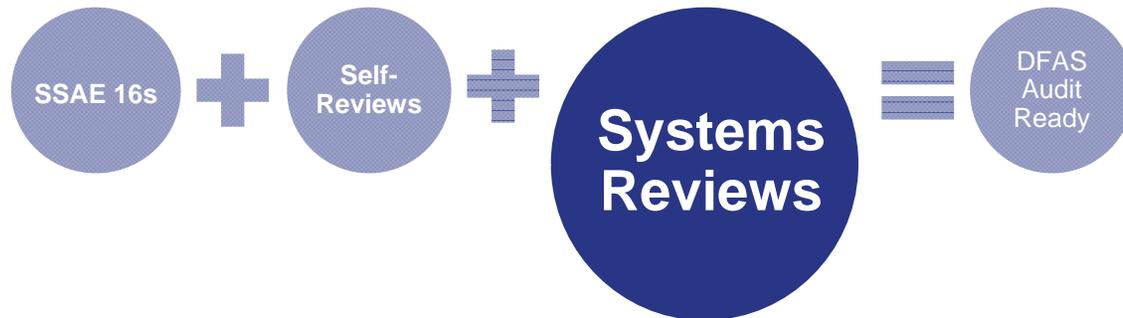
Self-Reviews



- Includes DFAS processes not covered by an SSAE 16
- Requires same audit readiness rigor as an SSAE 16 – controls documented, controls tested, and deficiencies remediated



Systems Reviews



- **Conducted to document and test internal controls for DFAS-owned systems**
- **Utilizing the same methodology as the Independent Public Accountant (IPA) - GAO's FISCAM methodology**



TI-97 Project and Initiatives

Purpose

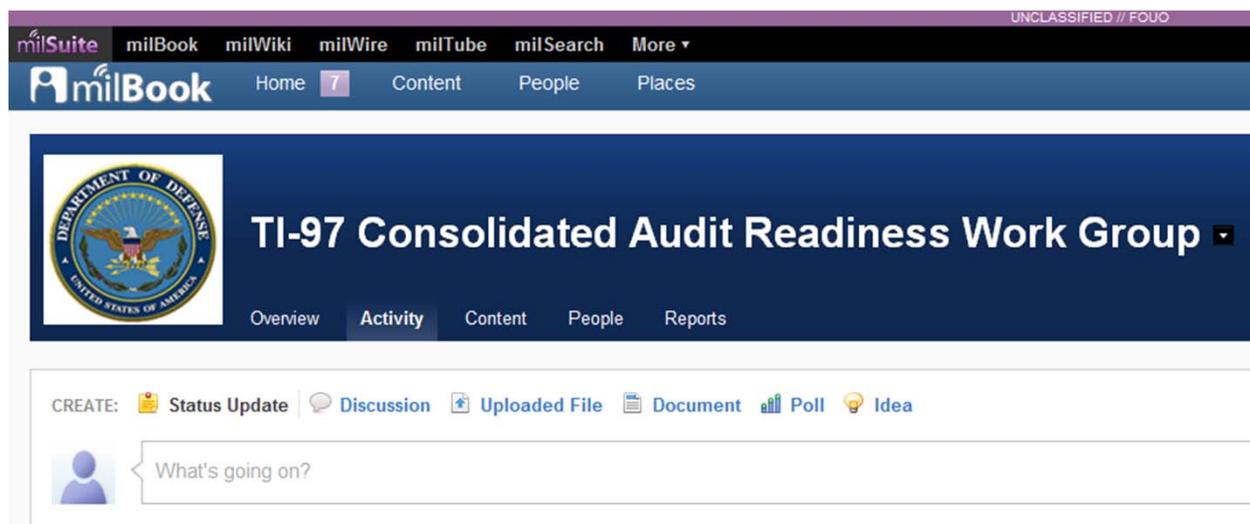
- The TI-97 Audit Readiness Project is a partnership between the Office of the Under Secretary of Defense (Comptroller), the Defense Finance and Accounting Service, and other DoD Component executives to create awareness, oversight and accountability of key deliverables.

Workstreams

- Program Integration
- Universe of Transactions
- Reconciliations
 - Early Success: Defense Agency Initiative (DAI) Recon Project
- FBWT
 - Department 97 Reconciliation and Reporting Tool (DRRT) Initiative
- Systems Readiness
- Journal Vouchers
- Acquisitions
- Sensitive Activities
- Reimbursable Work Orders

Audit Readiness - One Team, One Mission!

- **Communicate, communicate, communicate!**
 - FIAR ODO Subcommittee
 - Audit CONOPs
 - TI-97 Executive Steering Committee
 - TI-97 Working Group meetings
 - Community of Practice



The screenshot displays the milBook website interface. At the top, there is a navigation bar with links for milSuite, milBook, milWiki, milWire, milTube, milSearch, and More. Below this is a secondary navigation bar with Home, Content, People, and Places. The main content area features the Department of Defense seal on the left and the title "TI-97 Consolidated Audit Readiness Work Group" on the right. Below the title are tabs for Overview, Activity, Content, People, and Reports. A "CREATE:" section offers options for Status Update, Discussion, Uploaded File, Document, Poll, and Idea. At the bottom, there is a user profile icon and a text input field with the placeholder text "What's going on?".

Audit Steadiness – Way Forward

*The Future
"Audit Steadiness"*

People:

- Shared responsibility/accountability (Leadership and workforce)

Processes:

- Integrated practices/controls in to day-to-day activities
- Clearly defined roles and responsibilities
- Repeatable, sustainable, and auditable processes

Systems:

- Systems validated as compliant

***Institutionalized Approach**

*GAO Committee of Sponsoring Organizations model



Effective Business Management

+

Effective Internal Controls

+

Sufficient, Accessible and Current Documentation

=

Audit Steadiness

Audit and Examination Overview

Ms. Alaleh Jenkins,
OUSD(C) FIAR Director

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Audit/Examination Overview and Key Differences

Definition of a financial external audit or exam.

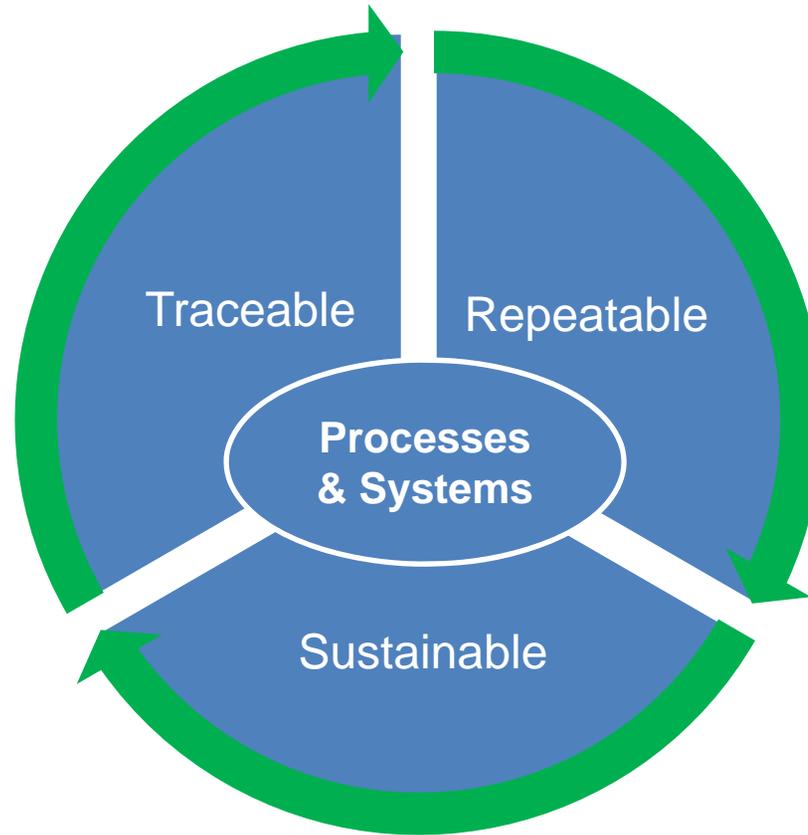
- An independent, systematic, objective, unbiased assessment of a subject matter (exam) or financial statements (audit).
- The Auditor expresses an opinion or reaches a conclusion about what was audited or examined.

What is the difference?

	Examination	Audit
Purpose:	Express an opinion on whether the subject matter is presented fairly, in all material respects, based on criteria.	Provide reasonable assurance about whether a reporting entity's financial statements are in conformity with Accounting Standards (Generally Accepted Accounting Principles (GAAP)).
Scope:	Subject Matter	Financial Statements
Sample Size:	Smaller (Up To 55)	Larger (Could be 1000s)
Opinion:	In conformity with identified Standards/Benchmarks (FIAR Guidance)	<p>Unmodified: No material or pervasive errors noted.</p> <p>Modified (Qualified, Adverse, Disclaimer):</p> <ul style="list-style-type: none"> • Qualified: Material but not pervasive errors and inability to obtain audit evidence. • Adverse: Misstatements are material and pervasive. • Disclaimer: Inability to obtain evidence could lead to errors that are material and pervasive.

What does it mean to be ready for an Audit?

Traceable: The ability to obtain readily available supporting documentation as evidence of financial events. (ex. Event: Obligation, Documentation: Contract)



Repeatable: The ability to perform the process/control again and again (ex. Reconciliations each quarter)

Sustainable: The ability to maintain repeatable processes over an extended length of time. The audit will be annual exercise.

Can the DoD balance its checkbook?

Why is a Financial Audit/Examination Important to the DoD?

“It’s the Law” – CFO Act of 1990



Audit/Exam

Transparency: Visibility of how DoD accounts for their funding.

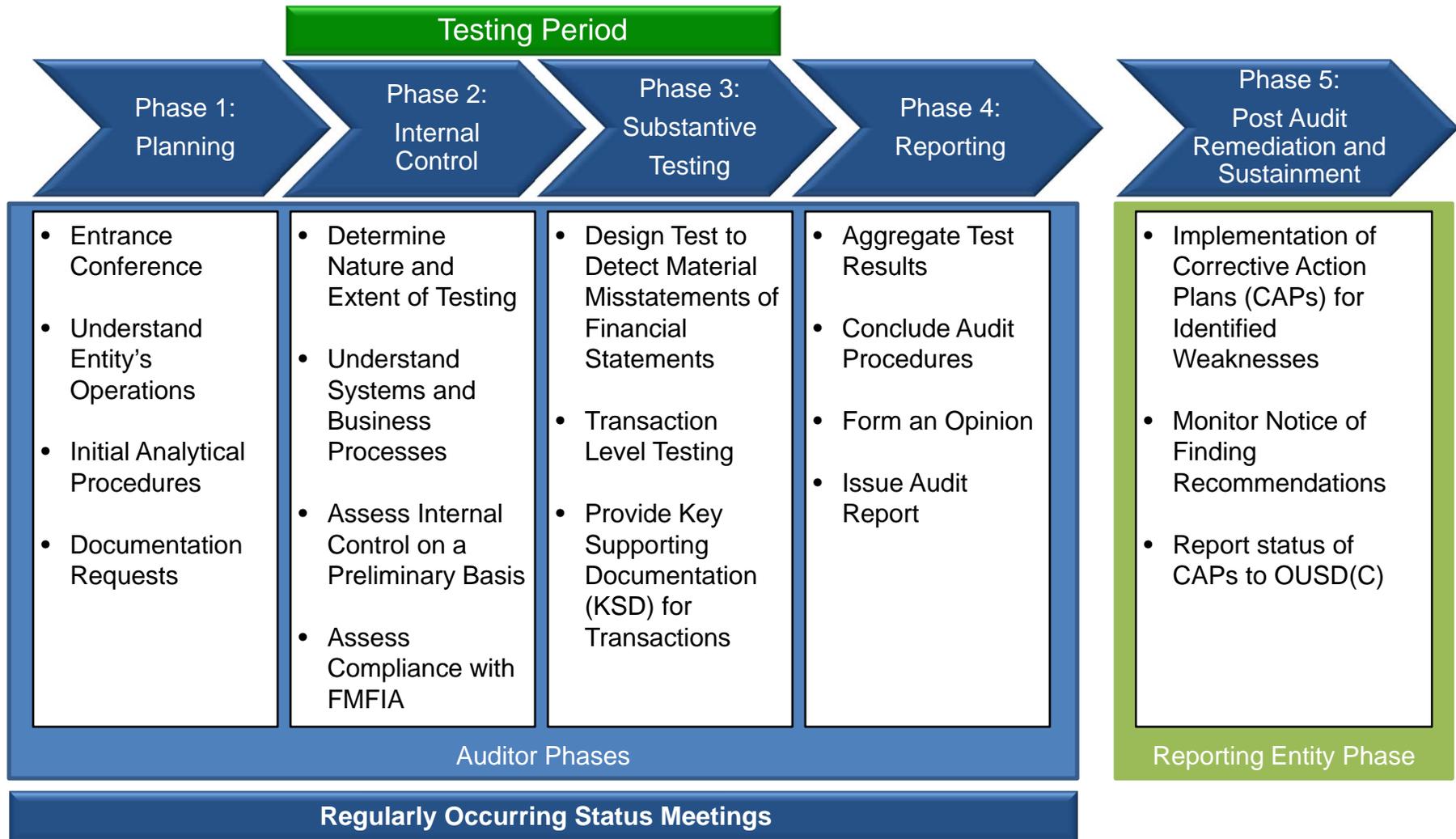
Accuracy: DoD transactions are recorded correctly and free from error.

Reliability: DoD’s processes and systems can be trusted and are dependable.

Accessibility: Proof of how DoD spends funding is obtainable in a timely fashion.

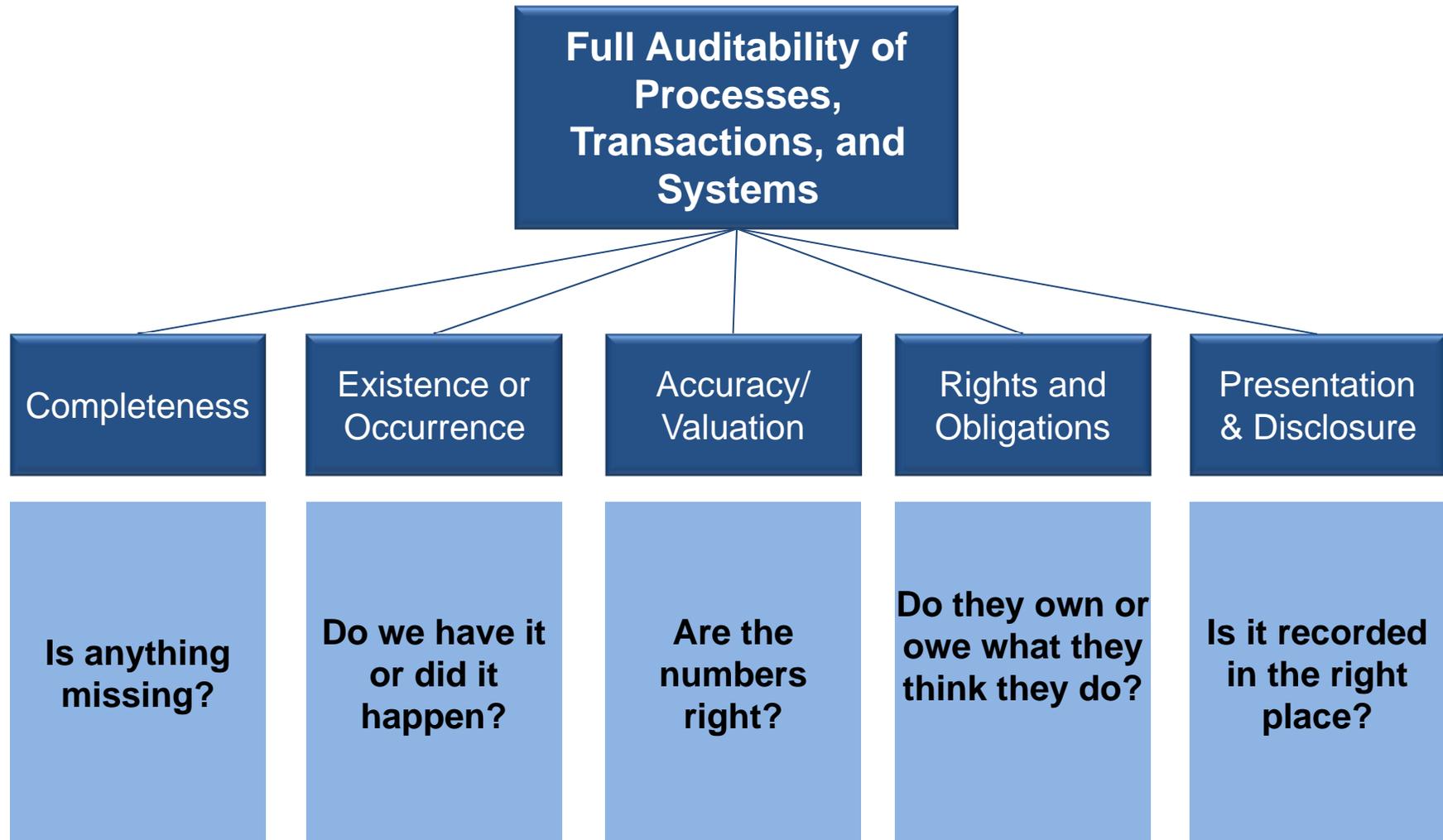
Can the DoD prove they can balance their checkbook?

Annual Phases of an Audit/Examination

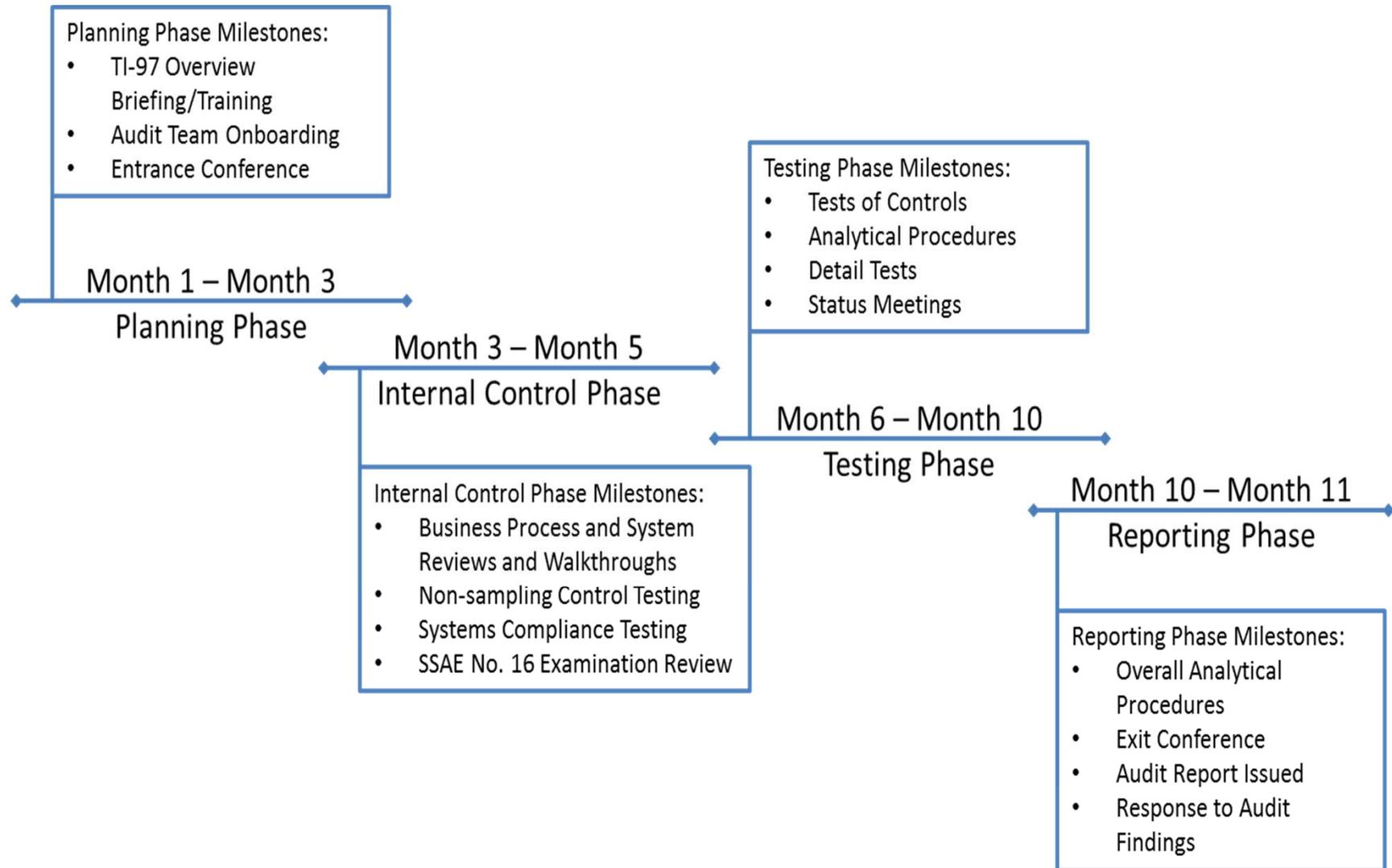


Audits are not a one time exercise. Audits will be an ongoing and a continuous effort.

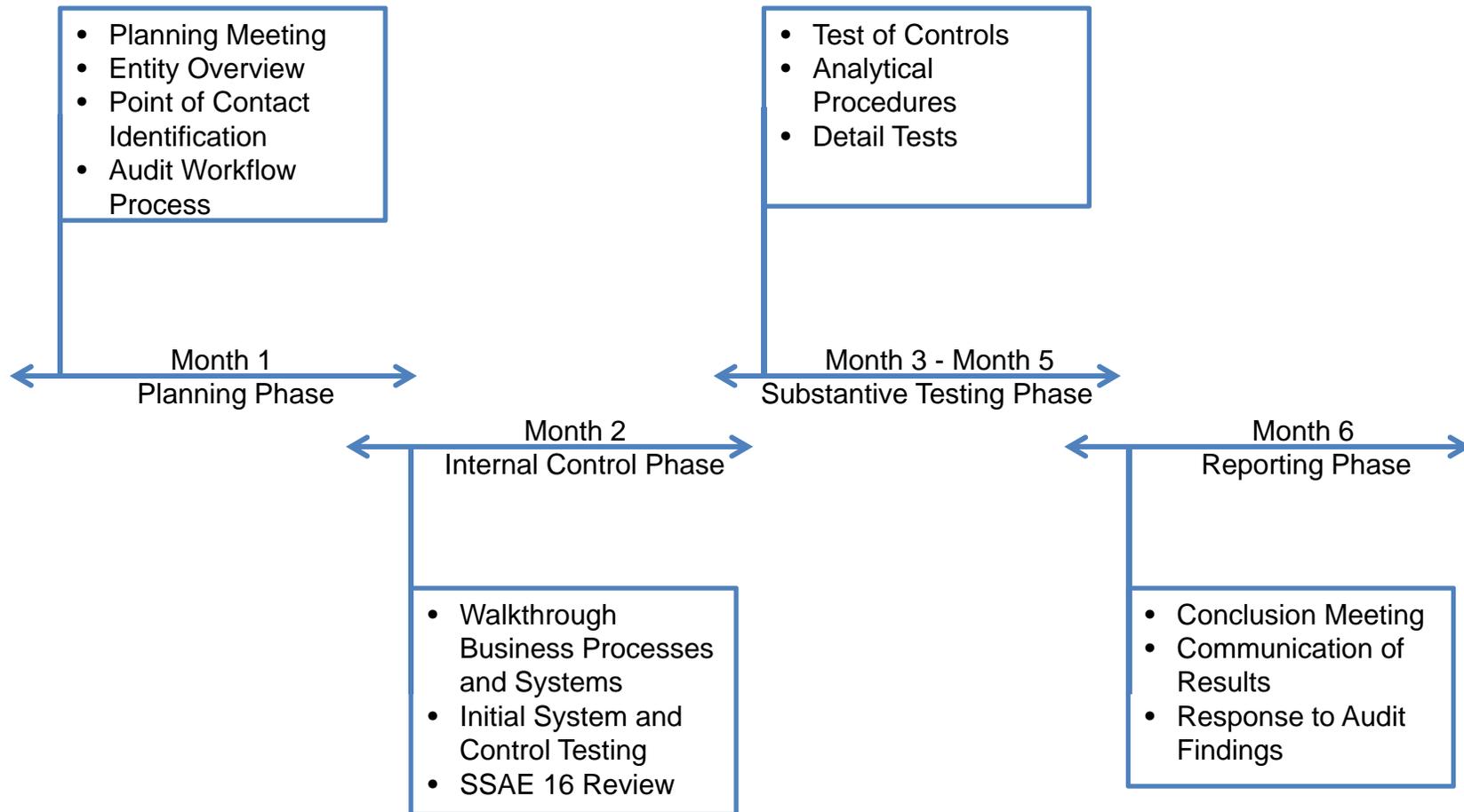
What is an Auditor looking for?



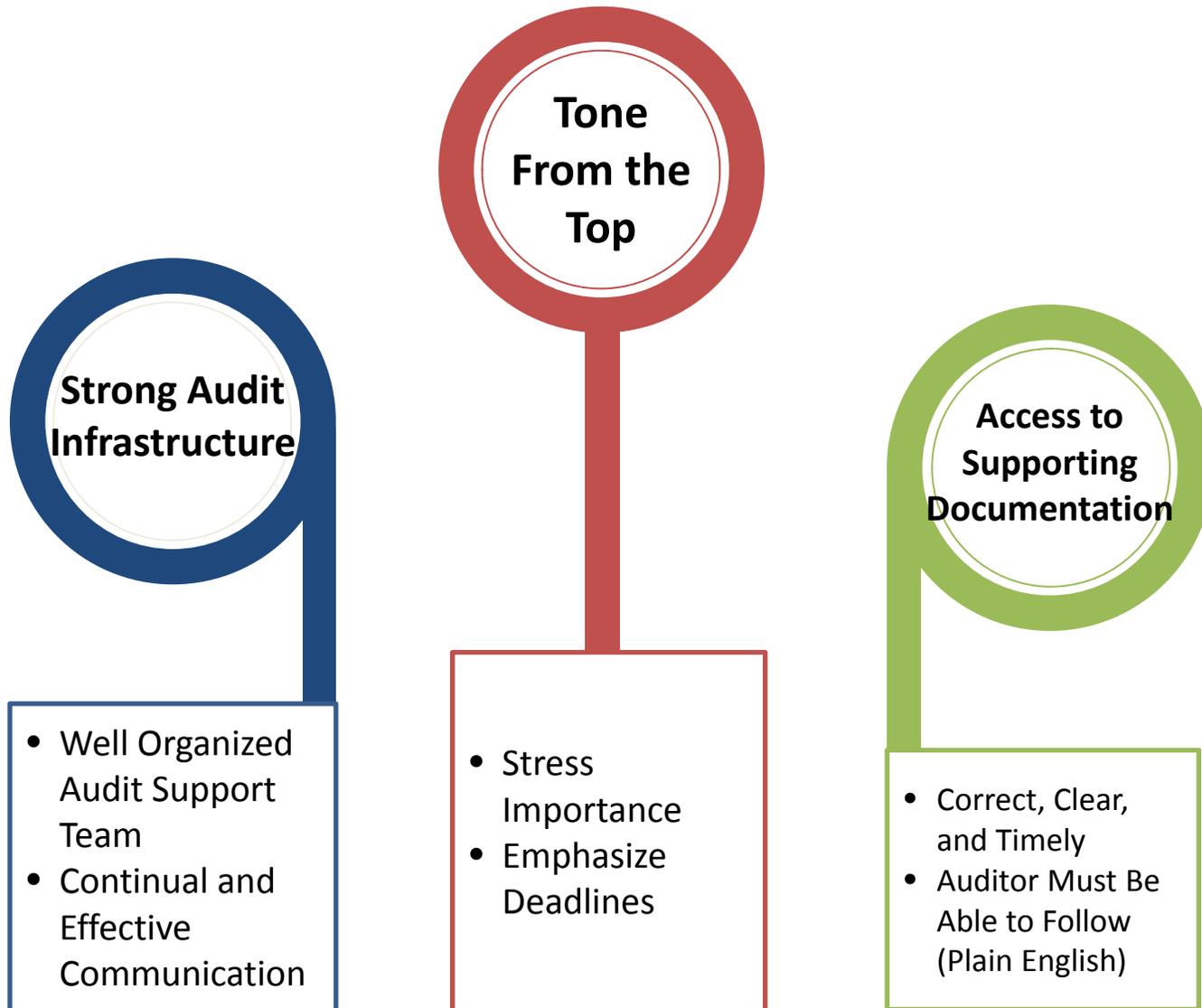
Notional Audit Timeline



Notional Examination Timeline



Critical Success Factors



Setting Expectations

Be Prepared

- Auditor will interview personnel and observe operations
- Auditor will test account balances and trace to source
- All organizations, locations, processes, and systems may be subject to audit
- Assign point personnel for supporting documentation
- Expect large sample sizes for testing

Own Your Information

- Provide correct audit evidence in a timely manner
- Be able to respond to an auditor's questions

Communicate

- Continually communicate with audit liaisons and your organizations
- Don't assume auditors know your business – clear communication is key
- Embrace feedback

Audit and Examination Roles and Responsibilities

Ms. Mobola Kadiri,
OUSD(C) FIAR Assistant Director

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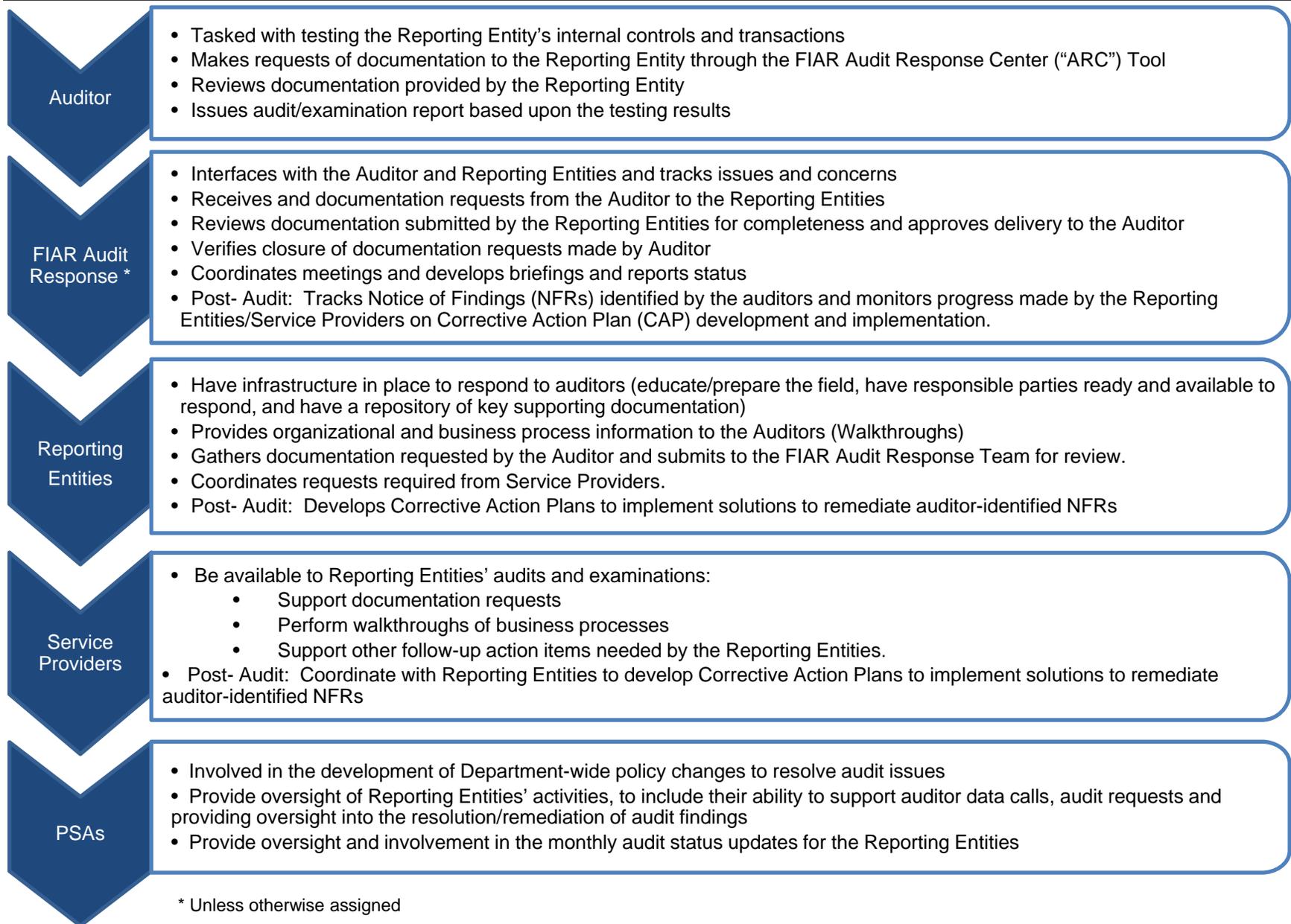
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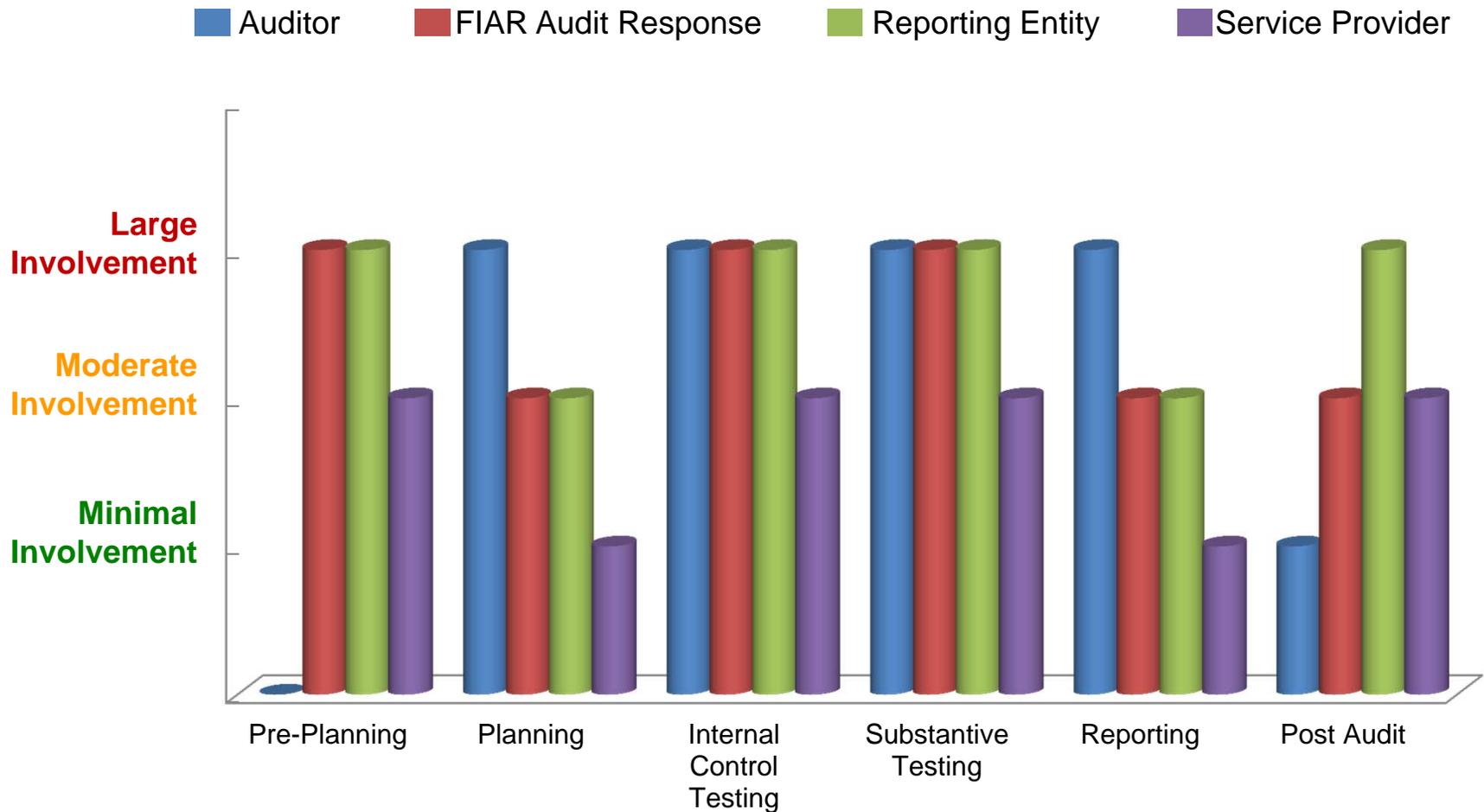
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Audit/Examination Roles and Responsibilities



What will be your Level of Involvement?



*Note: Service Provider involvement will be in conjunction with the Reporting Entity.

What will be your Role During Pre-Planning?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
Tasks		<ul style="list-style-type: none"> • Identify Internal Points of Contacts (POCs) • Set the Tone for the Audit • Establish Workflow for Audit Requests • Establish Quality Assurance Procedures • Develop and Conduct Training for Audit Support Personnel 	<ul style="list-style-type: none"> • Identify Internal Points of Contact (POCs) • Set the Tone for the Audit and Include Service Providers • Establish Transaction Data Warehouse • Gather Organizational Overview for Auditor • Establish Key Supporting Documentation Repositories 	<ul style="list-style-type: none"> • Prepare Organization in Accordance with Agreement with Reporting Entities (as defined in MOU) • Identify Internal Points of Contact (POCs) • Set the Tone for the Audit • Gather Organizational Overview, Business Process and Systems Documentation
		LARGE	LARGE	MODERATE
Level of Involvement				

What will be your Role During the Planning Phase?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
Tasks	<ul style="list-style-type: none"> • Initiate Entrance Conference to Outline Audit Workflow Process • Understand Reporting Entity's Operations, including Business Processes, Controls and Systems • Prepare PBC list • Identify KSD for the Controls 	<ul style="list-style-type: none"> • Coordinate and Attend the Entrance Conference • Serve as the Communication Channel between the Auditor and Reporting Entity • Attend Organizational Overview Walkthroughs • Track, Monitor and Review PBC Requests and Submissions 	<ul style="list-style-type: none"> • Participate in the Entrance Conference • Provide Walkthroughs of High-Level Entity Information • Provide Documentation for PBC Requests 	<ul style="list-style-type: none"> • Participate in the Entrance Conference • Provide Walkthroughs of High-Level Entity Information • Provide Documentation for PBC Requests
	LARGE	MODERATE	MODERATE	MINIMAL
Level of Involvement				

What will be your Role During the Internal Control Testing Phase?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
T a s k s	<ul style="list-style-type: none"> • Perform Test of Design and Test of Operating Effectiveness (observation, reperformance, etc.) • Documentation Requests and Follow-up Questions 	<ul style="list-style-type: none"> • Serve as a Communication Channel for Requested Documentation • Facilitate Business Process and Systems Walkthroughs • Review Internal Control Sample Submissions • Track, Monitor and Review PBC Requests and Submissions 	<ul style="list-style-type: none"> • Provide Business Process and Systems Walkthroughs • Gather Responses to Internal Control Sample Requests from the Auditor • Provide Follow-Up Responses to Auditor Questions 	<ul style="list-style-type: none"> • Compile Non SSAE16 Processes and System Documentation • Coordinate System Compliance Testing • Provide Responses to Requests
	LARGE	LARGE	LARGE	MODERATE
Level of Involvement				

What will be your Role During the Substantive Testing Phase?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
Tasks	<ul style="list-style-type: none"> Analyze Data from Reporting Entity to Determine Sample Selection Request Key Supporting Documentation for Sample Selected Perform Test of Controls and Transactions 	<ul style="list-style-type: none"> Serve as the Communication Channel between Auditor and Reporting Entity, Distributing KSDs Provide Clarification Regarding PBCs Requests Track, Monitor and Review PBC Requests and Submissions 	<ul style="list-style-type: none"> Provide Documentation (KSDs) for Sample Selections Provide Responses to Auditor Follow-up questions on Sample Requests 	<ul style="list-style-type: none"> Provide Response Support for Analytical tests, Tests of controls and Substantive Detail Tests
	LARGE	LARGE	LARGE	MODERATE
Level of Involvement				

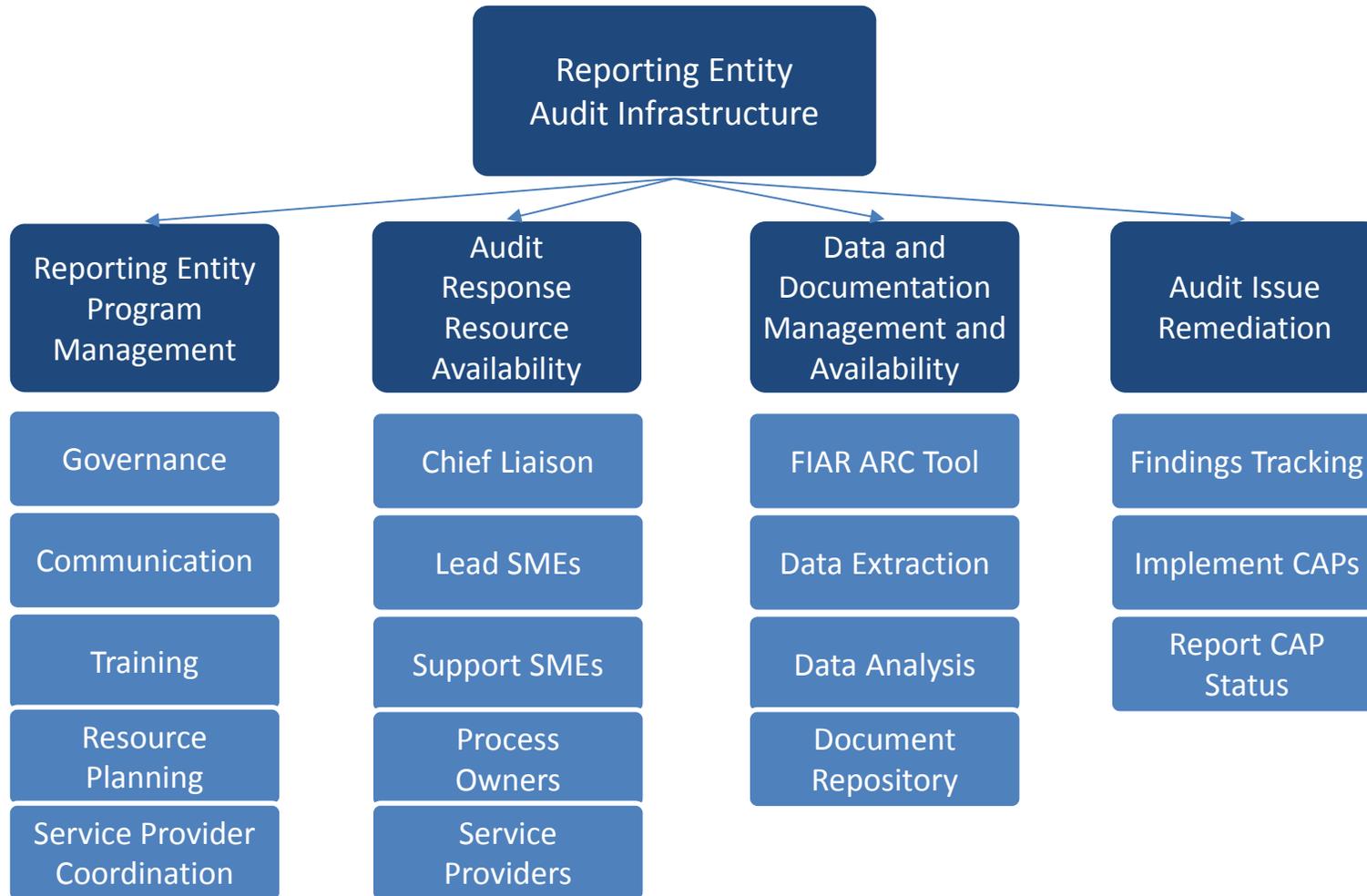
What will be your Role During the Reporting Phase?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
T a s k s	<ul style="list-style-type: none"> Finalize audit results and working papers Communicate through FIAR Audit Response final requests/follow-up items Communicate audit results and Notice of Findings and Recommendations(NFRs) to Reporting Entity through FIAR Audit Response 	<ul style="list-style-type: none"> Disseminate all required documentation between the Auditor and the Reporting Entity Schedule Follow-Up Meetings, as Required Communicate Audit Results from Auditor to Reporting Entity Coordinate Exit Conference 	<ul style="list-style-type: none"> Fulfill all Follow-Up Requests from the Auditor through the FIAR Audit Response team via FIAR ARC Tool Attend Auditor Exit Conference Respond to NFRs 	<ul style="list-style-type: none"> Provide Response Support to Auditor Follow-Up Questions and NFRs
	LARGE	MODERATE	MODERATE	MINIMAL
Level of Involvement				

What will be your Role During the Remediation Phase?

	Auditor	FIAR Audit Response	Reporting Entity	Service Provider
Tasks	<ul style="list-style-type: none"> • Close Audit Files and Store Records, including Workpapers • Plan for Next Year's Audit 	<ul style="list-style-type: none"> • Continue to Coordinate with Reporting Entities • Track NFRs • Assist in Analyzing Root Cause of Findings and Develop Corrective Action Plans (CAPs) • Monitor status of CAPs development, implementation and validation 	<ul style="list-style-type: none"> • Track NFRs • Analyze Root Cause of Findings and Develop CAPs • Implement CAPs • Report Status of CAPs 	<ul style="list-style-type: none"> • Track NFRs • Continue to Coordinate with Reporting Entities and Assist in Analyzing Root Cause of Findings and Develop Corrective Action Plans (CAPs) • Report Status of CAPs
	MINIMAL	MODERATE	LARGE	MODERATE
Level of Involvement				

Reporting Entity Audit Infrastructure Requirements

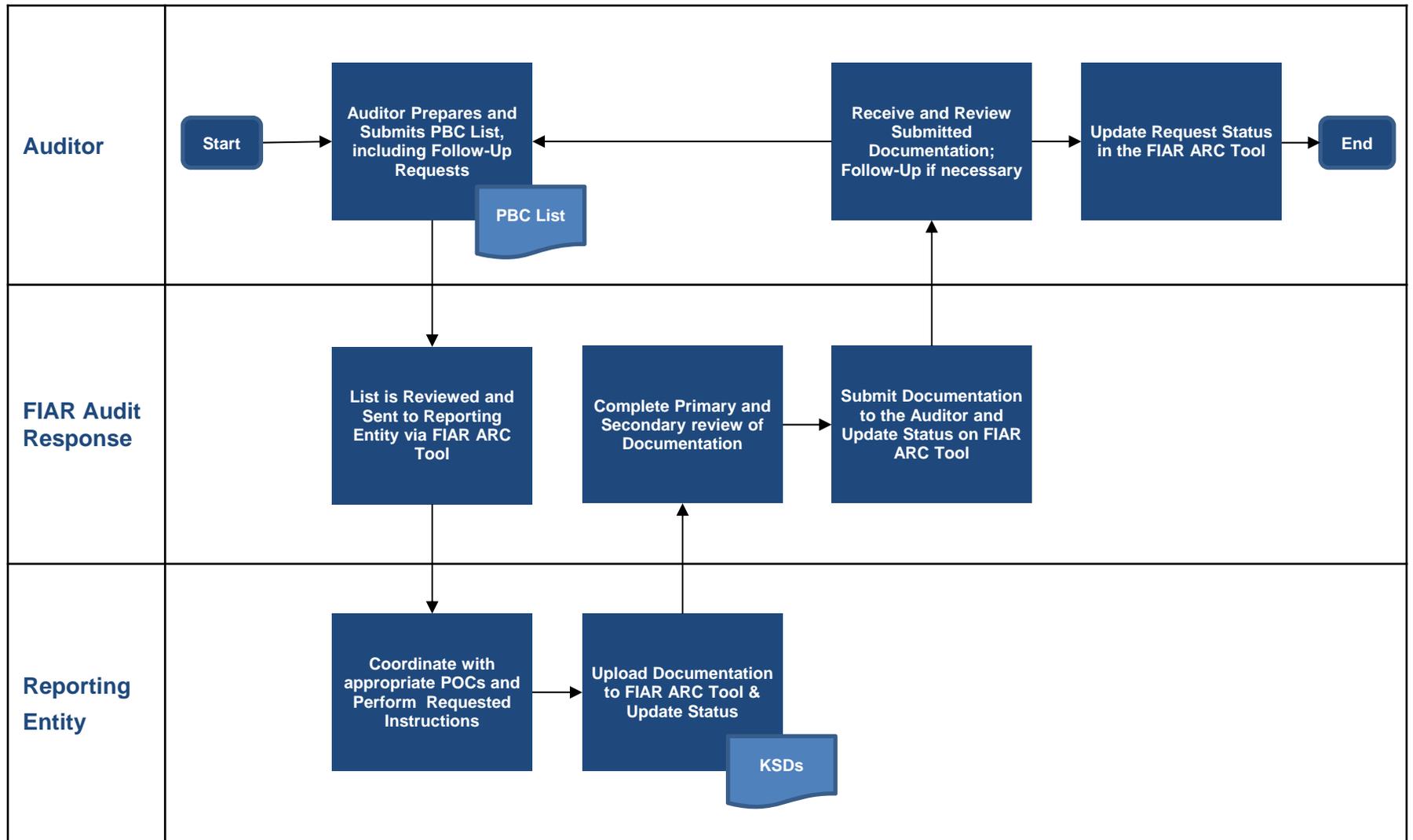


Start Preparing NOW for the Auditor

- Be Prepared for Entrance Conference Expectations
 - Gather Organizational Structure Overview
 - To include Audit POCs and Business Process Owners
 - Locations
 - Key Business Processes
 - Have Key Systems Listing and Overview
 - Include System Owners
 - Indicate which systems have had a FISCAM, SSAE16, etc.
 - Prepare Your Service Providers
 - Summary of their roles and if there are relevant SSAE16s
 - Audit Readiness Efforts
 - Discuss CAPs that are in place and/or being implemented
- Gather Initial PBC Requests
 - Initial PBC requests may include process narratives, control matrices, reconciliations (feeder system to G/L and G/L to SBA), SLAs, MOUs, etc.

Communication Workflow

Process Flow for PBC, Sample and Follow-Up Requests





Questions?



Break



DARPA

DCAA

DCMA

DeCA

DPMO

DSCA

DSS

DTIC

DTRA

DFAS

DHA

DIA

DISA

DLA

DTSA

MDA

NGA

NRO

NSA

DLSA

DMA

DoDEA

DoDHRA

OEA

PFPA

TRMC

WHS

Communicating with the Auditor

Mr. Shawn Sparks,
FIAR Audit Response Lead

DARPA
DFAS
DLSA

DCAA
DHA
DMA

DIA
DoDEA

DCMA
DISA

DeCA
DLA
DoDHRA



DPMO
DTSA
OEA

DSCA
MDA
PFPA

DSS
NGA

DTIC
NRO
TRMC

DTRA
NSA
WHS



Auditor/Auditee Role Play



Audit Skit

Background Information:

- Today we will be performing communication skits about interacting with the External Auditor(s) / IPAs. There will be two scenes displayed and we ask that you listen to the responses provided and gauge for yourself the outcomes that will result in a successful audit.
- For the purposes of this skit, please note the External Auditor(s) / IPAs have begun the first of many walkthroughs for the agency's Procurement process in review for Examination of FY15.
- There are several key management controls that have been identified that materially impact the financial statements and their associated line items. Management Controls consist of the following:
 - P01: Management Review and Approval of Invoices
 - P03: Timecard Validation



Do's and Do Not's of Working with Your Auditor

Do's

- Be professional, cooperative, honest and consistent.
- Auditors expect and appreciate an organization that understands its operations.
- Prepare for the audit by familiarizing yourself with the audit process and the business processes being audited.
- Be proactive. Notify the Auditor of any request that cannot be met and the reason(s).
- Assist the Auditor with specific requests. The longer it takes the Auditor to complete their work, the longer they will be on site.
- All questions should be in writing when feasible.

Do Not's

- Do not offer subjective opinions or theories. Avoid words such as “probably” and “should be” and “really”.
- Do not submit documentation or respond to the Auditor before fully understanding the question being asked.
- Do not provide unrequested information. If you are unsure of information and how it may relate to the audit, consult with FIAR Audit Response.
- Do not spring surprises. Auditors do not like surprises, particularly if they have a potentially significant impact on findings or audit report. Be able to anticipate/identify problems and prepare explanations beforehand.



Questions?



Best Practices for an Audit

Ms. Mobola Kadiri,
OUSD(C) FIAR Assistant Director
Ms. Jen Gagnon, FIAR Team

DARPA

DCAA

DCMA

DeCA

DPMO

DSCA

DSS

DTIC

DTRA

DFAS

DHA

DIA

DISA

DLA

DTSA

MDA

NGA

NRO

NSA

DLSA

DMA

DoDEA

DoDHRA

OEA

PFPA

TRMC

WHS



Audit Mindsets

Audit Mindset 1

It is not the Auditor's job to make your life easier, it is your job to make the Auditor's life easier

Scenario	Impact
<p><i>Scenario 1</i></p> <ul style="list-style-type: none">• The auditor has requested Contracts, Invoices, and Receiving Reports for a sample of 55 transactions made from gross outlays (165 KSDs).• You are unable to locate the Contract for 2 selections and provide the Purchase Request and an e-mail in lieu of the Contract.• You send the KSDs to the Auditor with no mention of the substitution.	<ul style="list-style-type: none">• The Auditor wastes valuable time:<ul style="list-style-type: none">• Determining that requested KSDs were not provided• Identifying KSDs that were provided, but not requested• Making the connection to the original ask which typically requires back and forth discussions
<p><i>Scenario 2</i></p> <ul style="list-style-type: none">• Same as above, but when you send the KSDs to the Auditor, you explain the substitutions and the reasoning	<ul style="list-style-type: none">• Instills confidence• Reduces the amount of time spent on back and forth discussions for all parties

Audit Mindset 2

Standardize where possible and clearly document exceptions

Scenario	Impact
<p><i>Scenario 1</i></p> <ul style="list-style-type: none">• You document your standard business process, failing to note specific exceptions for different classes of transactions• The Auditor completes the planning and internal control phases of the audit by testing the standard controls• The Auditor starts substantive testing and a sample falls under the specific exception	<ul style="list-style-type: none">• The Auditor will likely:<ul style="list-style-type: none">• Replace the exceptions with new samples• Determine how to isolate the exceptions in the population<ul style="list-style-type: none">• Note: If it is not possible to isolate the selections, the auditor will have to abandon a control reliance strategy• Resample on the isolated population which results in either:<ul style="list-style-type: none">• A substantial increase in the number of selections• An additional round of control testing
<p><i>Scenario 2</i></p> <ul style="list-style-type: none">• You clearly document the business process and internal controls for transaction type exceptions before you provide process documentation to the Auditor	<ul style="list-style-type: none">• The Auditor will incorporate the exceptions in to their planning and internal control testing procedures before substantive testing starts, reducing the number of samples required

Audit Mindsets 3 and 4

- **Remember, due professional care requires the auditor to exercise professional skepticism.**
 - *In other words:* The Auditor cannot rely on “conversational auditing”, you have to prove your claims with supporting documentation
- **Every auditor is different, but one thing is the same, each Auditor is performing procedures they believe are necessary to reach a conclusion. This can be guided by:**
 - Authoritative Guidance
 - Audit Firm Standards
 - Industry Practice
 - Specific Partner Direction

Supporting Documentation Examples

General Tips: Ticking & Tying KSD Packages

4. REQUISITION/PURCHASE REQ. NO. 1M1AK		Sample 1-Contract	
3. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Clean Sweep 7039 Collar Lane Henderson, VA 22209		(X) 9A. AMENDMENT OF SOLICITATION NO. 01	9B. DATED (SEE ITEM 11) 09/27/2014
CODE		10A. MODIFICATION OF CONTRACT/ORDER NO. MOU123456789-1001	
FACILITY CODE		10B. DATED (SEE ITEM 13) 09/27/2014	
<p>The purpose of this modification is to extend contract MOU123456789-1001 for the second option year of 1 October 2014 to 30 September 2015. [REDACTED] intended to be exercised, upon the availability of the Fiscal year (FY) 2015 Funds</p> <p>FAR Clause 52.232.18 Availability of Funds is applicable to this modification</p> <p>The total value of this contract has increased by \$90,000 from \$120,000 to \$210,000.</p> <div style="border: 1px solid red; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;"> <p style="color: red; font-size: small;">Contract for 10 months of monthly service [10*(\$6,000+\$3,000)=\$90,000]</p> </div> <p><small>Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.</small></p>			
15A. NAME AND TITLE OF SIGNER (Type or print) Chaz Swindle		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) William A. Johnson Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED

Ticking and tying can be done either electronically or by hand (prior to scanning):

- ✓ Circle key attributes on documents
- ✓ Add comments to explain any calculations or additional information that should be communicated to explain the specific situation
- ✓ Redact any PII and PHI
- ✓ Make sure document and comments are legible prior to submission

Benefits of ticking and tying KSD packages:

- ✓ Ensure review is performed for completeness of attributes prior to submission
- ✓ Enable faster QA and submission to IPA during actual examination/audit
- ✓ Facilitate faster review by the IPA
- ✓ Result in less follow-up questions from IPA

Contract Vendor Pay Package Example

- Contract Vendor Pay testing is focused on ensuring obligations and payments are supported and substantiated by the appropriate Purchase Requests, Contract, Modifications, Invoices and Receipts
- Examples of typical KSDs include:

Purchase Request

REQUEST FOR CONTRACTUAL PROCUREMENT

1. REFERENCE NUMBER: [Blank] 2. PROJECT: [Blank] 3. VENDOR INFORMATION: [Blank]

4. DESCRIPTION OF ITEMS TO BE PURCHASED: [Blank]

ITEM NO.	DESCRIPTION	UNIT	AMOUNT
001
002

Contract/Modification

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. AMENDMENT OF SOLICITATION: [Blank]

2. MODIFICATION OF CONTRACT: [Blank]

3. I, THE CONTRACTOR, HEREBY AGREE TO THE MODIFICATION OF CONTRACT:

4. I, THE CONTRACTOR, HEREBY AGREE TO THE MODIFICATION OF CONTRACT:

Invoice

Item No.	Stock Part No.	Type	Qty	Unit of Measure	Unit Code	Unit Price (\$)	Amount (\$)
AAJ	800	ACGN	PK Number	SPG	ADJAX Code		
AAJ	804	ACGN	PK Number	SPG	ADJAX Code		
AAJ	808	ACGN	PK Number	SPG	ADJAX Code		

Receipt/Acceptance

Name	Date of Arrival	Phase #	DOL
AAJ
AAJ
AAJ

- Subsequent slides will show an example KSD package for a Contract/Vendor Pay transaction
 - Example attributes are fictitious based on a real Reporting Entity scenario

Contract Vendor Pay Package Example - Audit Test

Auditors will likely test to see that:

- Purchase Requests are fully completed and properly approved
- Contracts are signed by authorized personnel with a current DD 577 or Delegation of Authority Letter
- The contract is approved prior to goods and services being delivered
- The contract is approved by both the vendor and the government
- Goods and services are inspected and marked as received prior to payment (Receipt and Acceptance)
- Outlays are supported by a vendor invoice approved by authorized personnel
- There is alignment of Key Attributes between all KSDs:
 - Goods and services description
 - Period of Performance
 - Amount
 - Date
 - Vendor

Supporting Documentation: Purchase Request

This is a good example of a Purchase Request document. All boxes must be complete for supporting documentation to be auditable.

1. THIS ORDER MUST BE ACCEPTED ON A REIMBURSABLE BASIS ONLY AND IS SUBJECT TO THE CONDITIONS LISTED ON THE REVERSE.					2. DOCUMENT NUMBER Sept15000019	
3. REFERENCE NUMBER 1MLLAK	4. FUNDS EXPIRE ON 09/30/15	5. DMS	6. PRIORITY	7. DATE REQUIRED 10/01/2014	8. AMENDMENT NO. 01	
9. FROM Department of Fiscal Services Budgeting 1919 Fiduciary Street New Carrollton, MD 20784			10. FOR DETAILS Josh Miller Budgeting 1919 Fiduciary Street New Carrollton, MD 20784 (301) 555-1985			
11. TO Department of Fiscal Services Headquarters - Procurement 5190 Finance Street Lanham, MD 20706			12. MAIL INVOICES Same as block #9			

This is example of an Purchase Request that needs improvement. There should be an associated document number with the purchase request otherwise the auditor will question how you can identify the documentation applicable to the sample selected

1. THIS ORDER MUST BE ACCEPTED ON A REIMBURSABLE BASIS ONLY AND IS SUBJECT TO THE CONDITIONS LISTED ON THE REVERSE.					2. DOCUMENT NUMBER	
3. REFERENCE NUMBER 1MLLAK	4. FUNDS EXPIRE ON 09/30/15	5. DMS	6. PRIORITY	7. DATE REQUIRED 10/01/2014	8. AMENDMENT NO. 01	
9. FROM Department of Fiscal Services Budgeting 1919 Fiduciary Street New Carrollton, MD 20784			10. FOR DETAILS Josh Miller Budgeting 1919 Fiduciary Street New Carrollton, MD 20784 (301) 555-1985			
11. TO Department of Fiscal Services Headquarters - Procurement 5190 Finance Street Lanham, MD 20706			12. MAIL INVOICES Same as block #9			

Supporting Documentation: Purchase Request Continued

- Example is for 10 months of cleaning service
- Both monthly and total amounts are included on the Purchase Request

This is a good example of a Purchase Request. This document demonstrates that:

- Funds were available and the purchase was properly authorized

The auditor will use the Purchase Request to agree:

- Amounts, Description, and Period of Performance to Contracts, Receiving Documentation and Invoices

A. ACRN	B. ITEM NO	C. FSC	D. DESCRIPTION (NAT STOCK NO, SPEC AND/OR DRAWING NO., ETC)	E. QTY	F. UNIT	G. ESTIMATED UNIT PRICE	H. ESTIMATED AMOUNT
AA	1	8690	Clin 0001 Cleaning Services for building four of the Western Campus	10	Mo	\$3,000	\$30,000
AA	2	8690	Clin 0002 Cleaning Services for building five of the Western Campus Exercise 2 nd Option of Contract MOU123456789-1001. This revised PR incorporates the reduction in cost for CLIN 0002 with the removal of the administrative portion of the building undergoing renovation and not receiving services.]	10	Mo	\$6,000	\$60,000
16. SEE ATTACHED PAGES FOR DELIVERY SCHEDULES, PRESERVATION AND PACKAGING INSTRUCTIONS, SHIPPING INSTRUCTIONS AND INSTRUCTIONS FOR DISTRIBUTION OF CONTRACTS AND RELATED DOCUMENTS.							I. GRAND TOTAL \$90,000

CLIN 0002
Monthly
Amount=
\$6,000

Total Order
Amount=
\$90,000

18. I CERTIFY THAT THE FUNDS CITED ARE PROPERLY ARE PROPERLY CHARGEABLE FOR THE WORK OR SERVICES REQUESTED.

AUTHORIZING OFFICIAL (NAME, TITLE AND SIGNATURE)

Kevin Hart, Building Manager

Kevin Hart

09/07/14

Supporting Documentation: Contract/Obligating Document

This is a good example of a Contract/Obligating Document. This document demonstrates that:

- Contract has been approved by the vendor and the Reporting Entity
- Total Contract amount agrees to the total Purchase Request amount
- Period of Performance agrees to the Purchase Request
- PR # and CLINs agree to the Purchase Request

4. REQUISITION/PURCHASE REQ. NO.
1MLLAK

3. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

Clean Sweep
7039 Collar Lane
Henderson, VA 22209

(X) 9A. AMENDMENT OF SOLICITATION NO.

01

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

MOU123456789-1001

10B. DATED (SEE ITEM 13)

09/27/2014

CODE

FACILITY CODE

The purpose of this modification is to extend contract MOU123456789-1001 for the second option year of 1 October 2014 to 30 September 2015. CLINs 0001 and 0002 are intended to be exercised, upon the availability of the Fiscal year (FY) 2015 Funds

FAR Clause 52.232.18 Availability of Funds is applicable to this modification

The total value of this contract has increased by \$90,000 from \$120,000 to \$210,000.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)

Chaz Swingle

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)

William A. Johnson Contracting Officer

15B. CONTRACTOR/OFFEROR

15C. DATE SIGNED

09/28/2014

16B. UNITED STATES OF AMERICA

William A Johnson

16C. DATE SIGNED

09/27/2014

(Signature of person authorized to sign)

(Signature of Contracting Officer)

Supporting Documentation: Receipt and Acceptance

- WAWF Receipt and Acceptance
- Example is for **one month** of service

This is a good example of Receipt and Acceptance documentation. This document demonstrates that:

- Period of Performance agrees to the Purchase Request
- PR # and CLINs agree to the Purchase Request
- Contract # agrees to the Contract
- Amount agrees to the Invoice total amount
- Services have been electronically accepted by an authorized approver and the acceptance is evidenced by an electronic signature

Admin By View Only - Invoice 2-In-1

[+]Document Information

Contract Number Type	Contract Number	Delivery Order	Reference Procurement Identifier	Issue Date
DoD Contract (FAR)	MOU123456789-1001		Sept1510000019	09/29/13
Invoice Number	Invoice Date	Final Invoice?	Invoice Received Date	
110114-01	10/31/14	N	11/05/14	

Summary of Detail Level Information

2 CLINs 0001 and 0002

Total
\$ 9,000.00

Document Total: \$ 9,000.00

Shipment Number	Shipment Date	Final Shipment
110114-01	10/31/14	N

[+]Line Item Information

Line Item Total: \$ 9,000.00

[+]Workflow Information

ACTION BY:

Inspected

Accepted and conforms to the contract except as noted

Reject to Initiator

Date Received

2014/11/05

Signature Date

2014/11/05

Has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents

Sasha White

Signature Of Authorized Government Representative

Supporting Documentation: Invoice

- WAWF Invoice 2 in 1 (Vendor submitted invoice via WAWF)
- Invoice for **one month** of service

This is a good example of an Invoice. This document demonstrates that:

- Description of Services agrees to the Purchase Request
- Unit price agrees to the monthly amount for CLIN 0002 on the Purchase Request
- Period of Performance agrees to the Purchase Request
- PR # and CLINs agree to the Purchase Request

Item No.	Stock Part No.	Type	Qty. Delivered	Unit of Measure	UoM Code	Unit Price (\$)	Amount (\$)
0001	AAI	SDN	1	Each	MO	3,000.00	3,000.00
			ACRN	PR Number	GFE		
			AA	Sept1510000019	N		
Description							
Cleaning Services for building four of the Western Campus							
Item No.	Stock Part No.	Type	Qty. Delivered	Unit of Measure	UoM Code	Unit Price (\$)	Amount (\$)
0002	AAI	SDN	1	Each	MO	6,000.00	6,000.00
			ACRN	PR Number	GFE		
			AA	Sept1510000019	N		
Description							
Cleaning Services for building five of the Western Campus							

**Total Amount=\$9,000
(3,000+6,000)**

Calculations should be included if amounts do not agree exactly

Journal Voucher Package Example - Audit Test

Auditors will likely test to see that:

- Journal Voucher rationale is clear and consistent with accepted accounting principles
- Journal Vouchers were properly reviewed and approved
- Journal Vouchers are supported by sufficient supporting documentation
 - Examples:
 - System Transaction Level Detail
 - Reconciliation Variance Research
 - Contract Modifications
 - KSDs Supporting Error Corrections
- Journal Voucher was appropriately recorded

Supporting Documentation: Journal Voucher Narrative

This is a good example of a Journal Voucher Narrative. This narrative includes the Journal Voucher:

- Description
- Category
- Reason
- Valuation Methodology
- Timing
- Applicable Accounting Guidance

Example: To account for current year undistributed collections and disbursements

Journal Voucher Narrative

JV Number: 20154078765

JV Description: Current Year Undistributed Cash

JV Category: D - Undistributed Collections and Disbursements

Reason:

The purpose of this journal voucher is to account for current year undistributed collections and disbursement. The adjustments are developed from the differences between disbursements and collections as stated on the trial balance cash accounts and those stated on the cash management report from Treasury. This includes eliminations data which determines the correct break-out of federal and public disbursements.

System Limitations:

This adjustment can only be performed once the month has closed and all transactions have been entered into the eBiz. The Cash File and Cash Management Report are used to calculate this adjustment and these files are not available until the 3rd and 5th of the month, respectively.

Guidance/Regulation:

DoD Financial Management Regulation Volume 4, Chapter 2, Section 020102
DoD Financial Management Regulation Volume 6A, Chapter 15

Supporting Documentation: Journal Voucher Approval

This is a good example of a Journal Voucher Approval. This document includes the:

- Approver date and signature
- Summary of the Journal Voucher
 - LOA
 - Accounts
 - Amounts

Journal Voucher Data Adjustments

Organization: Financial Operations Consolidated - Financial Operations	JV Control Number: 20154078765	Original Accounting Period: 201502
LOA: 097 XXXXXXXX [REDACTED] 005000000	Approved JV Id Number: 2015-02 T-14	JV Status: A - Approved
AFS Indicator: Yes	JV Category: C - Elimination Balancing	Closed Trial Balance: No
Feeder File:	Feeder LOA:	Feeder Org.:

JV Reason: The purpose of this journal voucher is to account for current year undistributed collections and disbursements.

DoD COA	Transf Part	Borr Src	Auth Ty	Re imb	Avail Tm	BEA Cat	Apr nmt Cat	Cus tdl	Adv Flag	Cur nt	Yr Budg Auth	Fun ded	Fin Act	En ty	Ex ch	Fund	PPA	Feeder Trading Partner Cd	Debit Amount	Credit Amount
101000.0140	G													E		84			2,961,075.81	0.00
101000.0150	G													E		84			0.00	5,274,186.88
131000.0910	F							A						E					0.00	2,961,075.81
211000.2100	F							A					C						3,148,651.39	0.00
211000.2100	N							A					C						2,125,535.49	0.00
425100.0700	F			R		D											X		0.00	2,961,075.81
425200.0700	F			R		D											X		2,961,075.81	0.00
490100.0700				R			B										X		5,274,186.88	0.00
490200.0700				R		D	B				NEW						X		0.00	5,274,186.88
Totals:																			\$16,470,525.38	16,470,525.38

Preparer: [REDACTED] Date: 12/11/14 09:23 AM Approver: [REDACTED] Date: 12/11/14 10:45 AM

(Name)
Accountant [REDACTED]
(Title)

(Name)
Branch Chief [REDACTED]
(Title)

Supporting Documentation: Journal Voucher Approval Steps

This Journal Voucher Review Checklist includes the procedures an approver should go through before approving Journal Vouchers. It includes checks that the Journal Voucher is/was:

- Adequately Supported
- Properly summarized (Debits=Credits, Amount agrees to support, Correct Account and LOA, etc.)
- Approved by the proper approving official whom is different than the preparer (Delegation of Authority Letter)
- In compliance with administrative policy (Numbered, Logged, Retained)

Item	Description	Yes	No
<i>If "No", record justification in comment section below.</i>			
JV Categories and Supporting Documentation			
	Has the correct Category been entered in the explanation block of the Journal Voucher, e.g., A, B, C, etc.?	<input type="checkbox"/>	<input type="checkbox"/>
	A – Reversing Entries for Prior Reporting Period	<input type="checkbox"/>	<input type="checkbox"/>
	B – Data Call Entry	<input type="checkbox"/>	<input type="checkbox"/>
	C – Balancing Entries for Eliminations	<input type="checkbox"/>	<input type="checkbox"/>
	D – Recognition of Undistributed Disbursements and Collections	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1	E – Reconciliation of Trial Balance and Budget Execution Reports	<input type="checkbox"/>	<input type="checkbox"/>
	F – Supply Management Inventory	<input type="checkbox"/>	<input type="checkbox"/>
	G – Reclassification of Accounts	<input type="checkbox"/>	<input type="checkbox"/>
	H – Identified Errors and Reasonableness Checks	<input type="checkbox"/>	<input type="checkbox"/>
	I – Adjustment to Balance Reports Internally	<input type="checkbox"/>	<input type="checkbox"/>
	J – Other Accruals	<input type="checkbox"/>	<input type="checkbox"/>
2	Is the JV adequately documented (hard or electronic form) to support the validity and amount of the transaction and properly attached to the JV (see listing of documentation required per JV category on supplemental attachment)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Data Fields/Calculation			
3	Has the correct appropriation accounting data been entered on the Journal Voucher? Are all input fields needed for entry into the system present and valid (if applicable)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4	Does the JV include a clear indication of the calculation methodology used in determining the JV amount? Can the amounts be clearly and readily identified within the supporting documentation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5	Has the Journal Voucher been entered into the accounting system correctly?	<input type="checkbox"/>	<input type="checkbox"/>
6	Is the Journal Voucher in balance (Debits = Credits)?	<input type="checkbox"/>	<input type="checkbox"/>
7	Does the Journal Voucher contain a valid general ledger posting to record the adjustment (review approved DoD postings at the DCMO DoD Transaction Library)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Narrative		Yes	No
8	Does the JV include a clear Reason/Purpose/Description explaining the reason of what is to be accomplished by the JV and that the JV is proper and accurate? The JV should be prepared in a manner that an experienced accountant/auditor could understand.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9	Does the JV include adequate references to supporting documentation? If the documentation that needs to be attached is too large, is specific and detailed information summarizing the content, listing a POC, and identifying the location given?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Approval			
Has the Journal Voucher been signed and dated by the preparer and also by the approving official(s) as appropriate for the dollar amount of the JV?			
	Dollar Amount Required Approval Signature		
10	< \$100 Million Branch Chief	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	\$100 M - \$500 M Supervisor of Branch Chief (Division Chief)	<input type="checkbox"/>	<input type="checkbox"/>
	\$500 M - \$1 B Director of Accounting or Finance (Director of Accounting Operations or Director Finance Operations)	<input type="checkbox"/>	<input type="checkbox"/>
	> \$1 B Director (Site Director)	<input type="checkbox"/>	<input type="checkbox"/>
Delegation of authority: If authority has been delegated, is a copy of the delegation letter attached?		<input type="checkbox"/>	<input type="checkbox"/>
11	If the JV is over \$1B, has it been communicated to the DoD component?	<input type="checkbox"/>	<input type="checkbox"/>
Administrative			
12	Does the JV include name, title, and office symbol (or electronic id) of both the preparer and the approver? The preparer and approver cannot be the same person.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13	Was the JV sequentially numbered and reflected in a JV Control Log?	<input type="checkbox"/>	<input type="checkbox"/>
14	Is the Journal Voucher retained in accordance with records retention guidance contained in Volume 1, Chapter 9 of the FMR? Is it also maintained in a central location in a hard copy, in an electronic form, or a combination if there was a manual approval of an automated system JV? All JVs must be documented, approved by the appropriate level, readily available and in compliance with published guidance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Supporting Documentation: Journal Voucher Details

This is a good example of Journal Voucher Supporting Documentation Details. This document includes the:

- Amount of the JV
- Supporting Details behind each source system

Note: This illustration is a screen capture of a portion of the summary of details from both the accounting system and Treasury. The actual supporting documentation package includes the **transaction level detail** behind both sources.

Cash Net Outlays and Undistributed Amounts			
97X4930.5L - DFAS - WCF Consolidated			30-Nov-14
	Disbursements	Reimbursements	Net Outlays
2013			
Treasury (CMR)	1,269,593,327.86	1,278,991,478.26	(9,398,150.40)
*Trial Balance (USSGL 1010)	1,268,701,411.72	1,279,196,284.25	(10,494,872.53)
Undistributed	891,916.14	(204,805.99)	1,096,722.13
2014			
Treasury (CMR)	1,260,644,054.40	1,306,859,163.24	(46,215,108.84)
*Trial Balance (USSGL 1010)	1,263,063,371.83	1,309,612,364.27	(46,548,992.44)
Undistributed	(2,419,317.43)	(2,753,201.03)	333,883.60
2015			
Treasury (CMR)	203,963,667.31	146,661,452.88	57,302,214.43
*Trial Balance (USSGL 1010)	198,689,480.43	143,700,377.07	54,989,103.36
Undistributed	5,274,186.88		2,313,111.07
PY Undistributed as reported	(3,732,831.38)	(3,039,145.01)	(693,686.37)
CY Undistributed	5,274,186.88	2,961,075.81	2,313,111.07
Cum Undistributed	1,541,355.50	(78,069.20)	1,619,424.70
*Trial Balance (SGL 1010) is current year change in USSGLs 1010.16 & 1010.26			

Summary amounts should be supported by transaction level detail from both sources

Amount ties to the recorded JV

Additional Documentation: Civilian Pay

Supporting Documentation: Civilian Pay

- **Personnel Actions:**
 - Supporting Documentation for Personnel Actions
 - Underlying documentation to support the validity of the personnel action should be provided to the Auditor
 - Mass Awards – Provide authorized documentation indicating personnel and amounts
 - New Hires – Provide documentation for the selection of the individual (e.g. Position Acceptance Letter)
 - Supporting Documentation for Automatic Within Grade Increases
 - Procedures for notifying HR should be developed to ensure automatic within grade increases are turned off for non-performance
 - Procedures should include an internal control to compare performance ratings to listing of employees ineligible for within grade increases

Supporting Documentation: Civilian Pay Continued

- **Time and Attendance**
 - Authority for Certifiers of Timesheets
 - Certifier authority should be explicitly documented (e.g. Authorization/Termination Record (DD 577), Delegation of Authority Letter)
 - Internal Control for Timesheets Approved Before Period End
 - An internal control should be created to agree time posted in DCPS to original time sheets and leave slips to mitigate the risks caused by approving time sheets before period end

Source to Accounting System Reconciliation Example

Reconciliation Example: Procedures

- Example is Contract Writing System to Accounting System

Section A. Background

The purpose of this analysis is to determine if all contract writing system (source system) transactions posted completely and accurately to the accounting system during December 2014.

Section B. Overview of Methodology

Transactions from the contract writing system were reconciled to the applicable general ledger accounts using document numbers. This work product includes a reconciliation of the detail transactions to determine if all contract writing system (source system) transactions posted to the accounting system completely and accurately.

Section C. Scope of Reconciliation

General Ledger Accounts for Commitments (4700), Obligations (4801), and Delivered Orders - Obligations, Unpaid (4901).

Section D. Summary of Tabs

Tabs	
Summary of Reconciliation - February	Provides a summary and results of the source system to accounting system reconciliation for December 2014.
Contract Writing System - Detail	December 2014 detailed transactions from the contract writing system.
Accounting System- Detail	Accounting system detailed transactions for December 2014.
Summary of Variances and Explanations	Variances identified between the contract writing system and the accounting system.

Include a cover page that outlines the background and purpose of the reconciliation, the methodology to extract and reconcile the data, POCs to obtain raw data, the scope of reconciliation and a summary of tabs to allow users to have a clear understanding of the purpose and scope of the reconciliation.

Reconciliation Example: Summary

Provide an explanation for each tab in the worksheet.

This worksheet presents the summary of the reconciliation between the source system and the accounting system.

Summarize the results of the reconciliation by transaction type or system. These amounts should agree to the transaction action level detail.

Execution Code	Transaction Type	RECORD COUNT	AMOUNT
002	CVP – In scope	4	6,049,576.00
003	CVP – Out of scope	1	200.00
004	CVP – Grey Period	1	120,000

Action	Name, Title	Date Performed
Preparer	John Doe, Accountant	3/1/2015
Reviewer	Maria Smith, Accounting Chief	3/7/2015
Approver	Larry Watkins, Accounting Director	3/8/2015

To create an audit trail and evidence control compliance, the preparer, reviewer, and approver must sign and date the reconciliation.

Reconciliation Example: Source Detail

This worksheet presents the source system transactions detail for December 2014

Provide explanation of column headers, record layouts, and a data dictionary.

DOC_KEY	EXEC_CD	MEMO	OMB_OBJ_CLS_CD	AMOUNT	JOB_ORDER	DOC_ID	DEB_CRD_IDR	QT_Y	GVT_ID_R	EFF_DT_E	DSC_AMT	TSN_SUB_TP	DSC_AMOUNT_FINAL
S0000000000000001	002	Q2536Z8A	311	\$(5,000,000.00)	#####	##	D	0Y		2/1/2013	00000{	ABR	0
S0000000000000002	003	Q4R345DA	311	\$42,000.00)	#####	##	D	0Y		2/1/2013	00000{	ABR	0
S0000000000000003	004	Q23368CA	311	\$175.00	#####	##	D	0Y		2/1/2013	00000{	OBD	0
S0000000000000004	005	Q111TZ8A	311	\$(1,000,000.00)	#####	##	D	0N		2/1/2013	00000{	OBD	0
S0000000000000005	006	Q4444Z8A	311	\$116,775.00	#####	##	C	0Y		2/1/2013	00000{	OBW	0
S0000000000000006	007	Q2658Z8A	311	\$(7,576.48)	#####	##	D	0Y		2/1/2013	00000{	OBD	0

Identify the amounts from the source system.

Reconciliation Example: Accounting System Detail

This worksheet presents the accounting system transaction detail for December 2014

Provide explanation of column headers, record layouts, and a data dictionary.

DOC_KEY	EXEC_CD	MEMO	OMB_OBJ_CLS_CD	AMOUNT	JOB_ORDER	DEB_CRD_IDR	QTY	GVT_IDR	EFF_DT	DSC_AMT	TSN_SU_B_TYP	DSC_AMOUNT_FINAL
W0000000000000001	002	Q2530Z8A	311	\$(5,000,000.00)	#####	D		0Y	55555	#####	###	0
W0000000000000002	003	Q4R345DA	311	\$(42,000.00)	#####	D		0Y	55555	#####	###	0
W0000000000000003	004	Q23368CA	311	\$175.00	#####	D		0Y	55555	#####	###	0
W0000000000000004	005	Q111TZ8A	311	\$(1,000,000.00)	#####	D		0Y	55555	#####	###	0
W0000000000000005	006	Q4444Z8A	311	\$116,775.00	#####	C		0Y	55555	#####	###	0
W0000000000000006	007	Q2658Z8A	311	\$(7,576.48)	#####	D		0Y	55555	#####	###	0

Identify amounts posted in the accounting system.

Reconciliation Example: Variances

This worksheet provides the detail of the variances identified for the source system detail to accounting system transaction level detail.

Document Number	EXEC_CD	MEMO	OMB_OB J_CLS_C D	Feeder System Activity	General Ledger Activity	Variance	Explanation
S0000000000000001	002	Q2536Z8A	311	5,000,000.00	5,000,000.00	0.00	
S0000000000000002	003	Q4R345DA	311	42,000.00	42,000.00	0.00	
S0000000000000003	004	Q23368CA	311	0	200.00	(200.00)	{1}
S0000000000000004	005	Q111TZ8A	311	1,000,000.00	1,000,000.00	0.00	
S0000000000000005	006	Q4444Z8A	311	120,000.00	0	120,000.00	{2}
S0000000000000006	007	Q2658Z8A	311	7,576	7,576	0	

Sum totals for all feeder and general ledger activity by common attribute (e.g. Document Number) to perform the reconciliation and calculate variances.

Clearly identify variances and reference to explanations

Reconciliation Example: Variance Explanations

This worksheet provides a summary of the root cause analysis performed by the ODO/ Service Provider for all variances identified. Refer to the root cause, remediation plan, and estimated timeline for corrective actions noted below

Reconciliation Variances		Total Amount
(1) Levels of Posting Issue	1	(200.00)
(2) Timing – Grey Period Issue	1	120,000.00

Variance Description	Levels of Posting Issue
(1) Root Cause	Transaction was manually entered into the GL due to feeder system maintenance.
Remediation Plan	Develop SOP to ensure procedures are in place when transaction are posted directly into the GL.
Estimated Timeline for Remediation	Approximately 1 month.

Variance Description	Timing – Grey Period Issue
(2) Root Cause	Transaction posted on the last day of the month will post in the subsequent month due to the gray out period.
Remediation Plan	Short term - Perform manual reconciliation to ensure transactions are posted to the correct period. Long term – Draft a system change request to fix the gray out period.
Estimated Timeline for Remediation	Approximately 1 year to draft and implement system change request.

Summarize and document the root causes of variances between the source system and accounting system, make necessary corrections, and develop a remediation plan.

Recommendations

Reconciliation Recommendations

1. Establish clear responsibilities for performing and reviewing reconciliations.
2. Develop and implement a training course(s) explaining why and how the reconciliations should be performed.
3. Implement the use of a standard reconciliation template to reconcile the source data file with amounts posted in general ledgers.
4. Establish a tracker listing all variances identified during reconciliations.
5. Require action plans to remediate variances being developed.
6. Assign quality control responsibilities.
7. Establish quality measures and criteria to measure the effectiveness of the reconciliations.
8. Define timelines for remediating variances.
9. If Service Provider is responsible for reconciliation, Reporting Entities should:
 - Establish and implement a process to coordinate final review and approval of the reconciliation and any corrective actions for variances.
10. Perform final review and approval of the reconciliation and any corrective actions.

Final Audit Recommendations

Quick Tips

- If it is necessary to break the universe of transactions in to multiple files, do it at the financial statement line or general ledger account level (*not the appropriation, limit, or period level*)
- Put all KSDs for one sample in a single PDF, clearly label each page (e.g. Contract), and use a naming convention for file names
- If the Auditor selects a sample you realize is the net amount for multiple transactions, the Auditor will likely sub-select, so:
 - Tell the Auditor as soon as you realize it, not on the day documentation is due
 - Provide detail of the transactions clearly tied out to the original sample amount



Questions?



Lunch Break



DARPA

DCAA

DCMA

DeCA

DPMO

DSCA

DSS

DTIC

DTRA

DFAS

DHA

DIA

DISA

DLA

DTSA

MDA

NGA

NRO

NSA

DLSA

DMA

DoDEA

DoDHRA

OEA

PFPA

TRMC

WHS

Fourth Estate TI-97 Dealbreaker Workstream Update

DFAS

DARPA
DFAS
DLSA

DCAA
DHA
DMA

DIA
DISA
DoDEA

DCMA
DeCA
DLA
DoDHRA



DPMO
DTSA
OEA

DSCA
MDA
PFPA

DSS
NGA
TRMC

DTIC
NRO
WHS

DTRA

NSA

Workstream 2A: Universe of Transactions

Mr. David Eaton

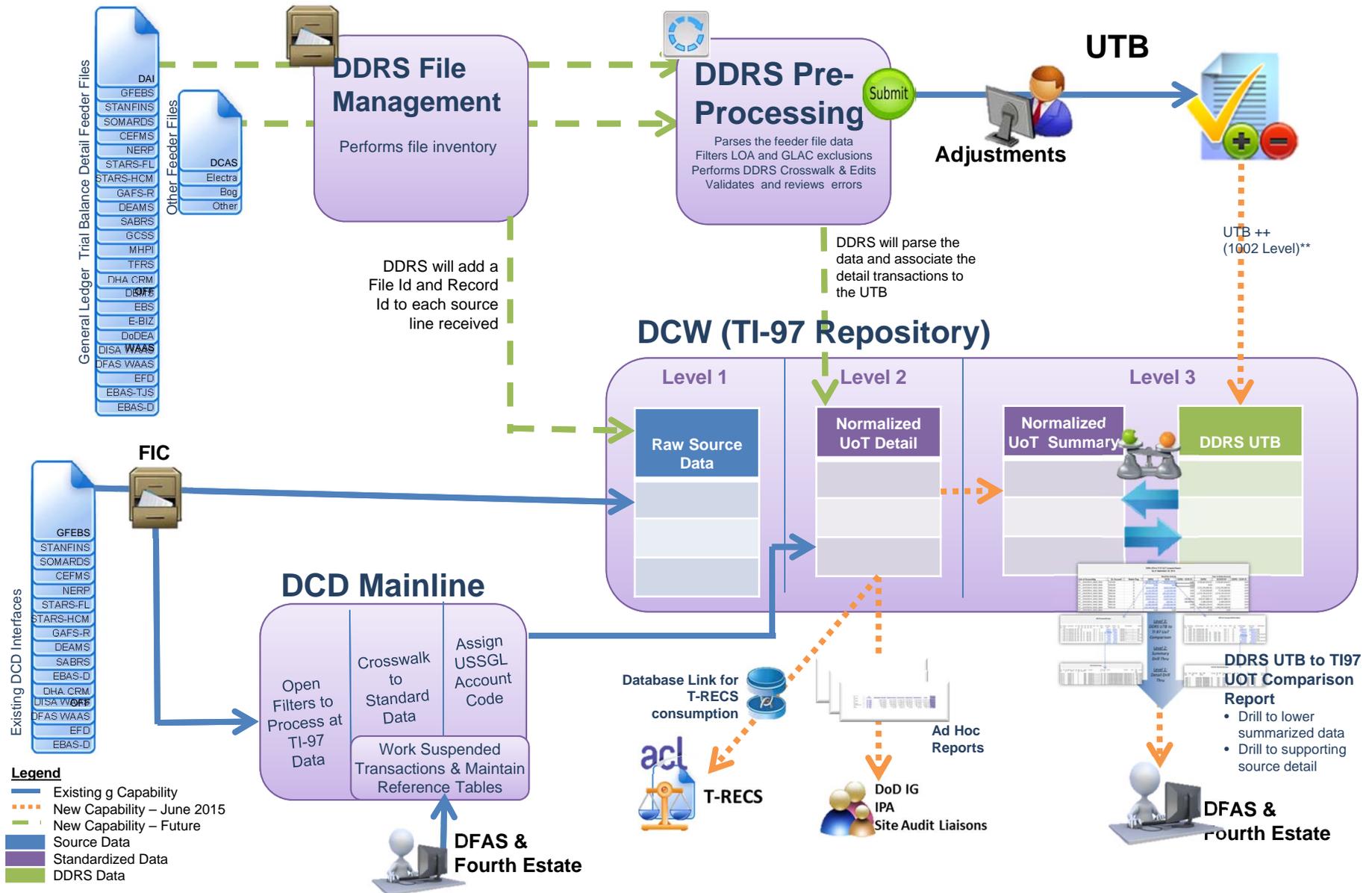
WK2A - Background

- Provide a complete TI-97 Universe of Transactions to support auditor sampling
- Implement a Department-wide transaction data repository/warehouse to support reconciliation of the TI-97 General Funds
 - Include FY15 expiring and open appropriations for current fiscal year and forward
 - Include proprietary and budgetary accounts
 - Expand scope to include Working Capital Funds
- Ensure all TI-97 accounting (general ledger) data is stored in Defense Corporate Database (DCD)/Defense Corporate Warehouse (DCW)
- Ensure complete data is migrated to the solution NLT FY16 – to support consolidated audit
- Partner with the TI-97 Reconciliations workgroup to develop a reconciliation process, ensuring DCD/DCW accounting data reconciles to the source “feeder” system
- Ensure the TI-97 Universe of Transaction (UoT) accurately captures sub-allotments

WK2A – Universe of Transactions

- **Current status**
 - Pending - Deputy Chief Management Office (DCMO) out-of-cycle approval
 - Prioritizing interface requirements
 - Working with Workstream 2B on Agency priorities
- **Major recent accomplishment** - Received 19 of 23 expected POAMs from interfacing system
- **Major challenges and impediments**
 - Development delayed until DCMO out-of-cycle approval certification
 - Alignment of interface partners system capabilities and schedules
 - Balance available resources with level of effort
- **Key next steps**
 - DCMO approve certification request
 - Commence technical development

WK2A – TI-97 UoT End to End Process Flow



Workstream 2B: Reconciliations

Mr. Noah Sturgeon

WK2B - Background

- **TI-97 Components and Service Providers must demonstrate repeatable and timely reconciliation of the financial statements to the detailed transaction level**
- **Scope/Deliverables:**
 - Develop the solution (process and supporting systems) to reconcile all TI-97 financial transactions from the:
 - Financial statements to the accounting system general ledgers
 - Accounting system general ledger to the source (feeder) system
 - Define clear roles and responsibilities across the Department and between Service Provider and TI-97 Components

WK2B – Reconciliations

- **Current status**
 - Obtaining feeder system files and coding import scripts
 - Coordinating roles and responsibilities across all TI-97
- **Major recent accomplishments**
 - Approval and initial Development for TI-97 Reconciliations (T-Recs)
 - Identification of Required Data Elements
 - Completed Defense Departmental Reporting System-Information Center (DDRS-ICe) evaluation (Identified 3 Options for Way Forward)
 - Identification of required reconciliations (Statement of Budgetary Activity (SBA) initially, then full Financial Statements)
- **Major challenges and impediments**
 - Sensitive Activity assessment impact
 - Feeder & Accounting system ability to provide file with key elements
- **Key next steps**
 - Identify and formalize roles for required recons
 - Identify and pursue solution for adjusted trial balance (ATB) to unadjusted trial balance (UTB) reconciliation points
 - Continue to identify and evaluate feeder system files

Workstream 2C: Fund Balance with Treasury

Mr. Jim Likes

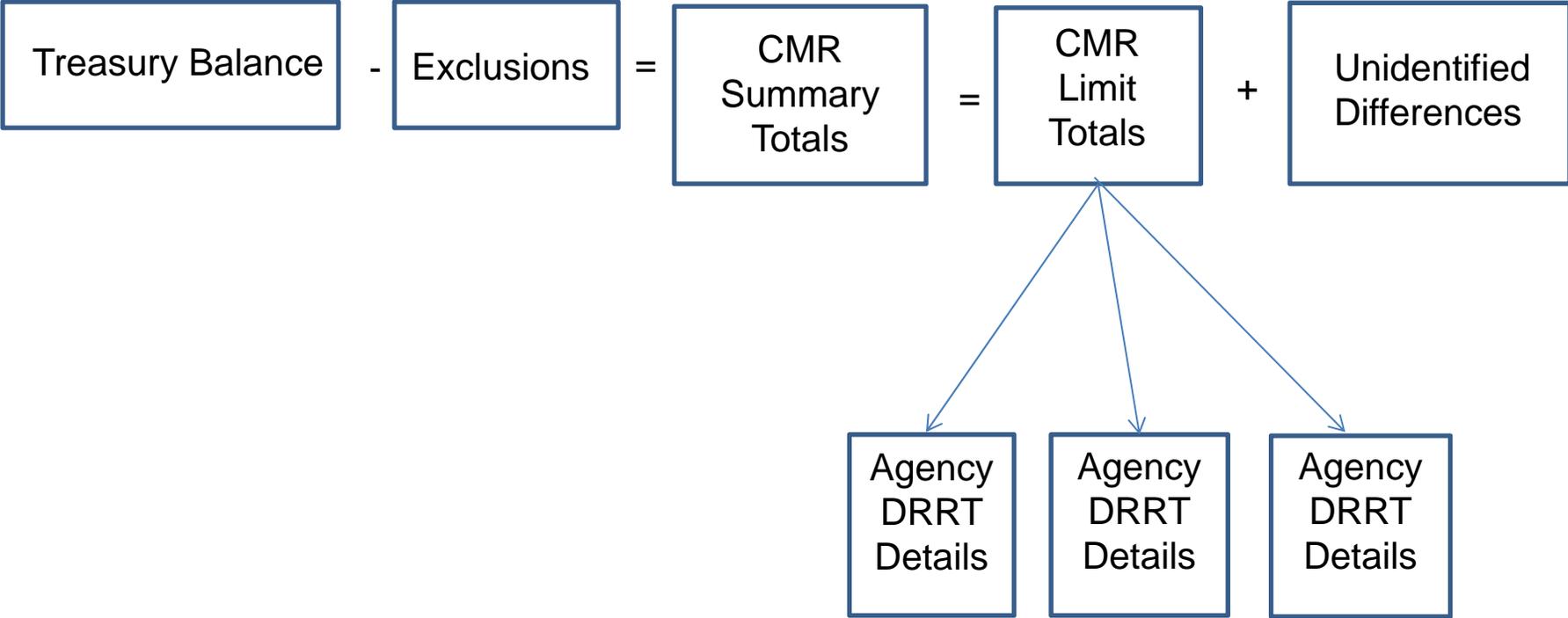
WK2C - Background

- **TI-97 Components and Service Providers must demonstrate repeatable and timely Fund Balance with Treasury (FBwT) reconciliation from Treasury balances to detail expenditure data in the general ledger**
- **Scope/Deliverables:**
 - Develop the solution (process and supporting systems) to reconcile TI-97 FBwT from the:
 - Treasury to the accounting system general ledgers, and create management products to monitor undistributed transactions at the detail level
 - Define clear roles and responsibilities across the Department and between Service Provider and TI-97 Components

WK2C – FBwT

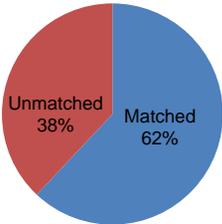
- **Current status**
 - Key milestones achievable by June 2015 (sensitive activities at risk)
- **Major recent accomplishments**
 - Created GF FBwT Audit Workbook — DLA (December 2014)
 - Created WCF FBwT Audit Workbook — DLA (February 2015)
 - Created TI-97 view of unreconciled activity (February 2015)
- **Major challenges and impediments**
 - Sensitive activities
 - Develop evidentiary matter for audit workbook unidentified differences
 - Expansion of GF and WCF workbooks to all FY15/16 audit entities
 - Surge Requirements to create/analyze workbooks
 - Aggressive Timelines
- **Key next steps**
 - Create DRRT management products (unreconciled and aged) to entity level
 - Complete beginning balances decision paper in concert with OSD
 - Resolve sensitive activity issues

WK2C – FBwT (Interim) Solution, Management Product

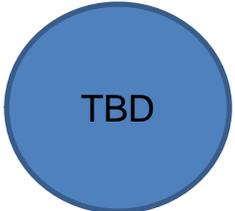


WK2C – FBwT (Interim) Solution, Management Product

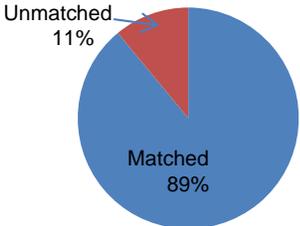
TI-97 View - Total



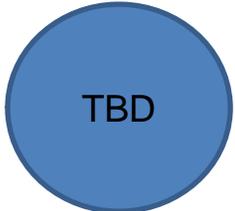
TI-97 Variance Aged



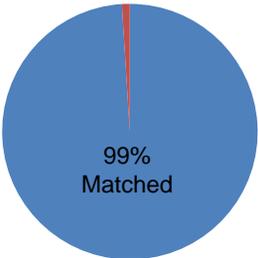
TI-97 Columbus View



TI-97 Columbus Variance Aged



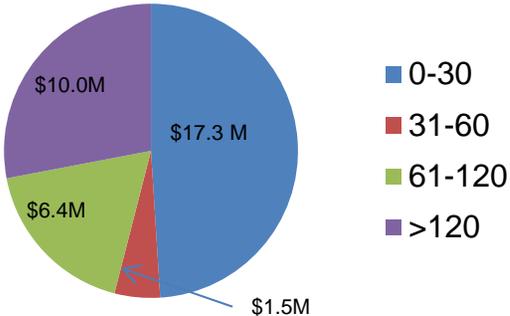
TI-97 Entity



- Matched
- Unmatched



TI-97 Entity Variance Aged



Workstream 2E: Journal Vouchers

Ms. Holly Burch

WK2E - Background

- **TI-97 Components and Service Providers must be able to accurately support adjustments during the financial reporting process**
- **Scope/Deliverables:**
 - Provide strategy to support required Journal Vouchers
 - Reduce the volume and dollar value of remaining unsupported JVs
 - Identify and disseminate guidance to support JVs in the field and department-wide accounting and reporting systems
 - Recommend needed system changes
 - Define clear roles and responsibilities across the Department and between Service Provider and TI-97 Components

WK2E – Background (cont.)

- **Workstream shifted efforts to remediate the Financial Reporting SSAE16 (AT-801) Notice of Findings and Recommendations (NFR)**

- **NFR Summary:**
 - Findings include:
 - Lack of transaction-level detail
 - Inadequate managerial oversight of JV approval
 - Lack of customer coordination/collaboration
 - Insufficient explanations

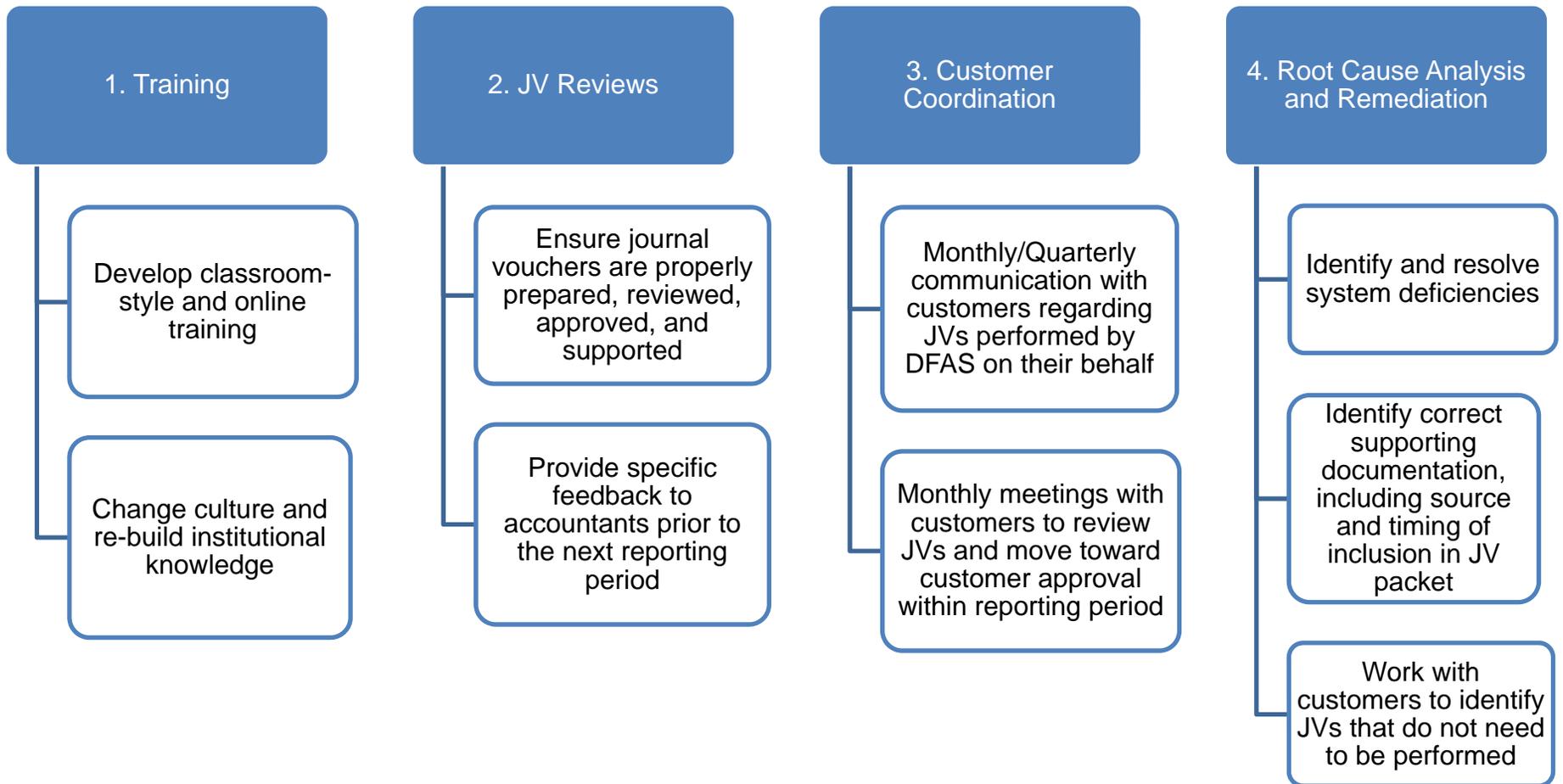
 - Proper documentation consists of sufficient information:
 - For the approving official and others such as auditors, to clearly understand the reason for preparing the JV,
 - To determine it is proper and accurate, and
 - To identify the transaction-level supporting detail/information and/or the source or location of the transaction-level support.

WK2E – Journal Vouchers

- **Current status**
 - Focus on Financial Reporting SSAE16 NFR-2014-01 Unsupported Journal Vouchers
 - High-level Corrective Action Plans (CAPs) developed
 - JV Review
 - Customer Coordination
 - Training
 - JV Root Cause and Remediation
- **Major recent accomplishments**
 - Feedback provided to sites on results of 4th quarter Journal Voucher (JV) review for DDRS-B and –Audited Financial Statements (AFS)
 - Action plan for monitoring and communicating mapping/crosswalk changes implemented for Preprocessing
 - DDRS JV Logs provided to Customers in February (for January reporting)
- **Major challenges and impediments**
 - Metrics and baselines for tracking progress
 - Reporting requirements
 - Customer Coordination
- **Key next steps**
 - Form working groups for each High-level CAP
 - Develop detailed project plan, including tasks from each CAP

WK2E - High Level Corrective Action Plan (CAPs)

- High Level CAPs address major findings from NFR 2014-01
 - ✓ CAPs will be worked in 4 segments and concurrently



FIAR ARC Tool Overview

Mr. Shawn Sparks, FIAR Response Lead
Ms. Kristin Wulff, FIAR Response Team

DARPA
DFAS
DLSA

DCAA
DHA
DMA

DIA
DISA
DoDEA

DCMA
DeCA
DLA
DoDHRA



DPMO
DTSA
OEA

DSCA
MDA
PFPA

DSS
NGA

DTIC
NRO
TRMC

DTRA
NSA
WHS

How will we Respond?

Through the FIAR Audit Response Center (ARC) Tool

What?



- FIAR ARC Tool is:
- ✓ A SharePoint Site
 - ✓ Used to monitor, review and disseminate Auditor requests
 - ✓ A central location to upload audit/attest documentation

Why?



- Why use the tool:
- ✓ Integrated workspace
 - ✓ Efficiently support audit activities

How?



- To access you need:
- ✓ A Common Access Card (CAC)
 - ✓ An email address with a ".mil" domain
 - ✓ A computer (with a CAC reader) connected to the internet

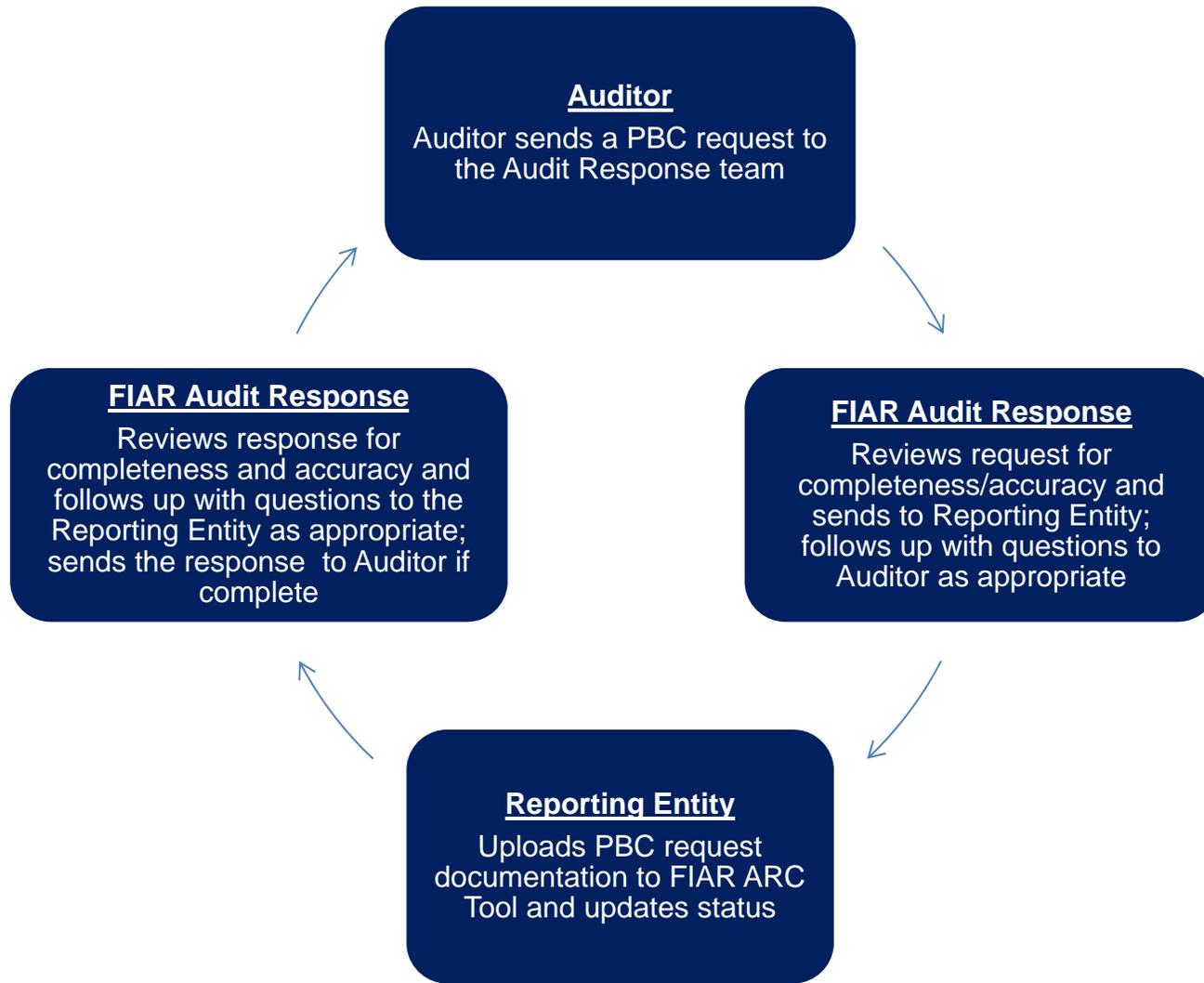
Who?



- Granted access:
- ✓ Auditor
 - ✓ FIAR Audit Response
 - ✓ Reporting Entity

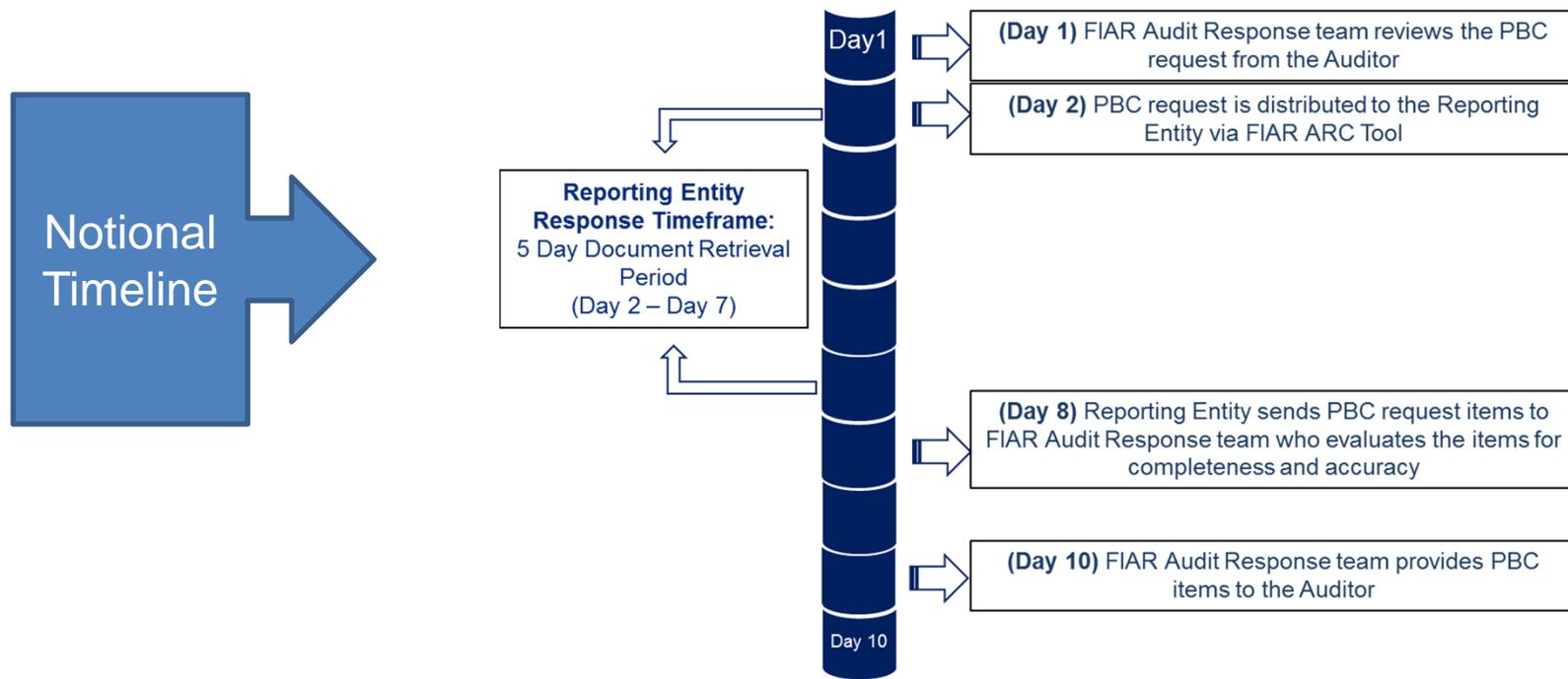
ARC
Tool

ARC Tool Workflow



Setting Expectations with Your Auditor for Audit Response Process – Document Retrieval

Expectations must be set up front with the auditor on allowing for the workflow between the Reporting Entities and FIAR Audit Response Team.



Technology – FIAR ARC Tool Main Page

Site Actions ▾ Browse Page



DSCA

DSCA

- DSCA
- PBC List
- PBC Response
- Sample List
- Sample Response
- Follow-Up List
- Follow-Up Response

WELCOME TO THE DSCA AUDIT RESPONSE CENTER

This site provides an enterprise content management infrastructure to support full audit lifecycle activities for the OSD.

- Preservation of required Audit artifacts through the Audit Lifecycle
- Business Rules required to support the Audit
- Capture the process standardization artifacts
- Support collaboration across OSD
- Management of our data and documents
- Ability to store and retrieve documents and data in a timely manner
- Support communications with all stakeholders - Internal and External
- Response systems to deliver audit data & documents to Auditors
- Training

FIAR ARC Tool – Dashboard Page

Site Actions Browse Page

Welcome to the FIAR ARC Tool's Dashboards Page

The FIAR ARC Dashboards use live data, refreshing the page will get the latest information stored on the ARC Tool. Please submit a helpdesk support ticket to request any changes or questions regarding the display or content.

METRICS	
Total Requests	PBCs: 4 Samples: 3 Follow-Ups: 3
Items Delivered past Due to Audit Support 30 out of 99	30%
Items Delivered to Auditor 44 out of 69	63%
Items Returned to Reporting Entity 25 out of 69	36%
Items Pending in Audit Support Queue	30
Avg # of Days Items are in Audit Support Queue	3.06

ITEMS REQUIRING ACTION

Red List - Past Due

PBC Items requiring action: 1
Sample Items requiring action: 1
Follow-up Items requiring action: 1

Orange List - Due in 2 Days

Charts

PBC Charts

Reporting Entity Document Status

Past Due: 67%

- Not Yet Due
- Past Due
- Submitted
- Returned
- Coming Due in 2 Days

Reporting Entity Submission Status

- Submitted to Auditor
- Submitted to Audit Support
- Returned to Reporting Entity

PBC's Fulfilled

- PBC Fulfilled
- PBC Not Fulfilled

Next Steps: Access to the FIAR ARC Tool and Training

Gaining Access: What do you need to do?

Step 1: Obtain a SAAR Form by emailing OUSD(C) mailbox at: osd.pentagon.ousd-c.mbx.fiar-support-team@mail.mil

Step 2: Complete a DD Form 2875 System Authorization Access Request (SAAR)

Step 3: Obtain approval from the Reporting Entity's designated Audit POC(s)

Step 4: Submit the completed form to the OUSD(C) mailbox address listed above.

- *Note: To keep your account activated, you **must log-in to the FIAR ARC Tool once every 30 days***

ARC Tool Training - FIAR Audit Response is rolling out training to Reporting Entities now and will be in contact to schedule yours.



Remember...to keep your ARC Tool account from being deactivated, log-in to the ARC Tool **once every 30 days**. If your account becomes deactivated, have a team member submit an ARC Tool Help Desk ticket for resolution.

Permissions & Access Granted by Role

	Reporting Entity	FIAR Audit Response	Auditor
Role	Provide information in the FIAR ARC Tool that supports PBC requests	Provide coordination and communication between the Reporting Entity and the Auditor; including quality control of information provided to the Auditor.	External IPA who works with the FIAR Audit Response team to review PBC items and perform testing
Permissions	Contribute for each document actively worked	Contribute for each document actively worked	Read only for each document actively worked Contribute for PBC lists within the document
Access	No access on documents not being worked	No access on documents not being worked	No access on documents not being worked.
What can each role view?	Reporting Entity section only	Audit Reviewer and Audit Support sections only	Auditor section only

Logistics and Usage of the FIAR ARC Tool

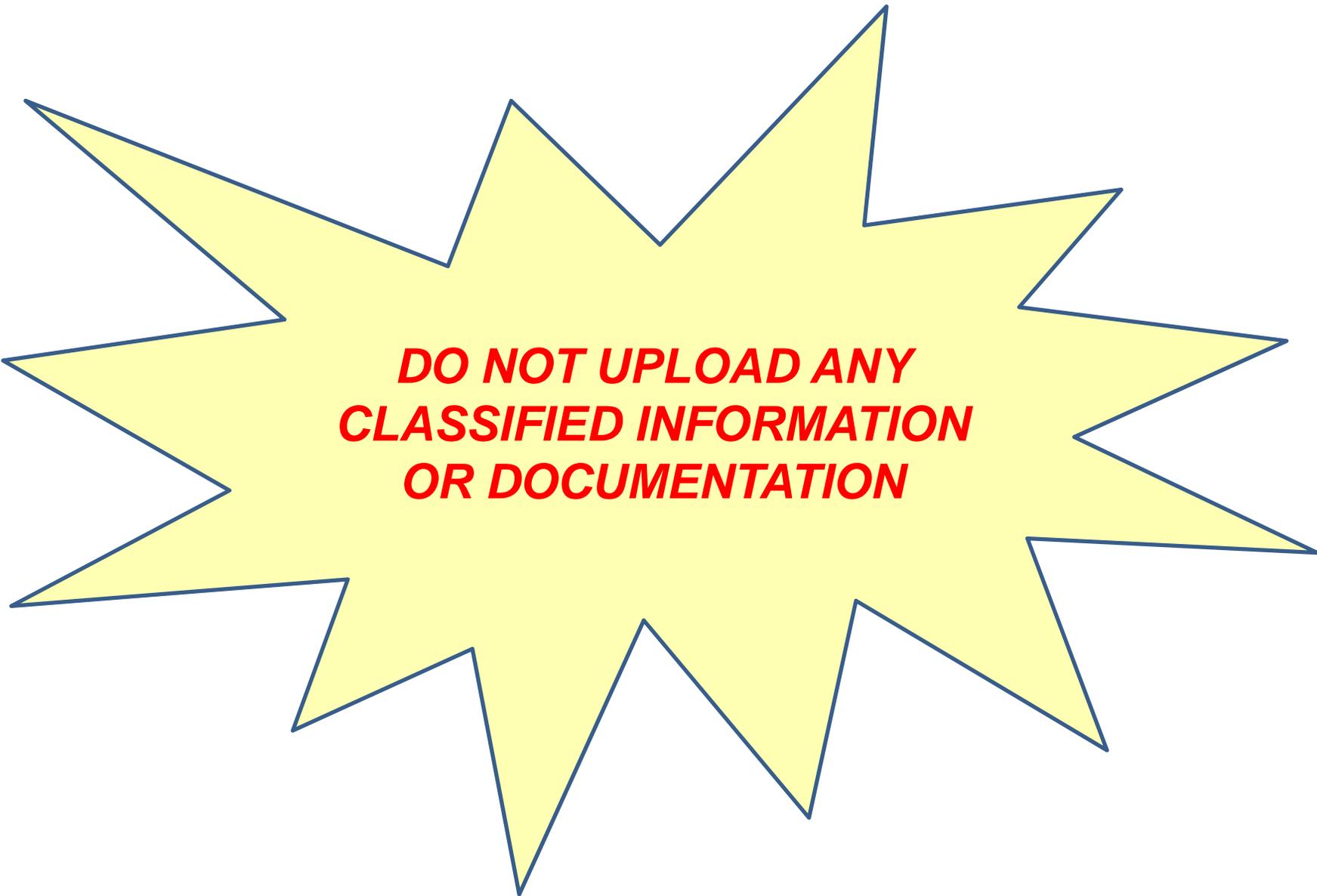
FIAR ARC Tool Logistics

- Backed up daily from 2200 to 0500 Eastern Time (EST)
- During backups, Monday to Thursday the site is converted to read only, where it is not possible to upload.
- The site is fully accessible during backups Friday to Sunday.
- The site tracks and retains an audit trail of all actions. The history log is available to FIAR ARC Tool administrators.

FIAR ARC Tool Usage

- The maximum individual file size that may be uploaded is 50 MB
- Users may upload multiple documents at once, with no size limit, as long as no document exceeds 50 MB

Classified Information



***DO NOT UPLOAD ANY
CLASSIFIED INFORMATION
OR DOCUMENTATION***

Personally Identifiable Information (PII)

- PII is any information or combination of information that can be used to identify an individual.
 - A single piece of PII (such as name or phone number) may not, in and of itself be enough to cause harm to an individual if disclosed.
 - However, **two pieces of PII linked together (such as name and Phone Number) could result in substantial harm to an individual if inappropriately disclosed.**
- The FIAR ARC Tool does not support the retention of PII and Classified information. **Uploading PII or Classified information will result in a security violation** and the incident may be escalated to OUSD(C) leadership.
- **All PII and Classified information must be redacted from documentation prior to being uploaded to the FIAR ARC Tool.** PII and Classified information located in its original format must be redacted manually, either through handwritten or computerized cross-outs prior to the documentation upload.

PII and PII Non-Sensitive

Do	Don'ts
<ul style="list-style-type: none"> - Full name - Work phone - Work email - Code - Rank - Work location - Badge number - Assigned position  <p>Although the above stated PII is not considered to be sensitive, all non-sensitive PII must be examined in its context of use. If non-sensitive PII is contextually associated with sensitive information, the PII would then be considered sensitive.</p>	<p>PII of this nature is considered to be “sensitive” and must be protected. Sensitive PII includes but is not limited to:</p> <ul style="list-style-type: none"> ✓ Full Social Security number (SSN) ✓ Date and place of birth ✓ Personal financial information ✓ Personal medical information ✓ Passport numbers ✓ Financial, credit, and medical data ✓ Security clearance level ✓ Leave balances; types of leave used ✓ Home address and telephone numbers (including home web addresses) ✓ Mother's maiden name; other names used ✓ Drug test results and the fact of participation in rehabilitation programs ✓ Family data ✓ Religion, race, national origin ✓ Performance ratings and pay pool information ✓ Names of employees who hold government-issued travel cards, including card data ✓ Any non-sensitive PII listed contextually with sensitive information <p>Document Classification:</p> <ul style="list-style-type: none"> - Classified - Sensitive but Unclassified (SBU) - Confidential 

In the Event of a PII or Classified Incident...

1. Delete the document immediately



2. Submit a help desk ticket



3. Reporting Entity will be notified of PII or Classified information exposure



4. Notify leadership of exposure



FIAR ARC Tool Helpdesk

Helpdesk Issues - New Item

Edit

Save Cancel Paste Copy Attach File Spelling

Commit Clipboard Actions Spelling

1

2

3

4

5

6

7

8

Title *

Priority (2) Normal

Status Not Started

% Complete %

Assigned To

Description

Start Date 12/23/2014

Due Date

Save Cancel

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Submit a Help Request

An automated form that allows the users to create a request for help. Once submitted, a workflow is created that alerts the Audit Response team to the submitted request and starts the process to remedy the issue.

1. **Attach File** – Allows the User to provide supporting documents, screenshots or other related material to validate or express the issue being encountered.
2. **Title** – A required field. User must create a title for the issue that helps troubleshooters identify the problem.
3. **Priority** – User will select from drop down menu one of three priority levels: High, Normal, Low
4. **Status** – User will select from the drop down menu one of three statuses to show progress of the issue/question: Not Started, In Progress, or Completed
5. **% Complete** – The User lists the % complete of the issue
6. **Assigned To** - A people picker that identifies all FIAR ARC Tool Users in its database. The field formally ties the User to the request and its associated email address will be the preferred means for communication.
7. **Description** - User can describe what is being encountered, any fixes tried to remedy the issue before submitting the request, and any previous or related issues that correlate with this problem.
8. **Start Date/End Date** - User inputs the date they experienced the issue, and when they would like a response by

FIAR ARC Tool Help



Support

Account Access
Submit a Help Desk Request
FAQs
Knowledgebase



Training

FIAR ARC Tool SOP
SharePoint 2010



Email

For other inquiries send email to: osd.pentagon.ousd-c.mbx.fiar-support-team@mail.mil

Points of Contact	Email
Somvilay Savanh (Access Requests)	Somvilay.d.savanh.ctr@mail.mil
Atta Khan (ARC Tool Functionality)	Atta.u.khan.ctr@mail.mil
Michael Persie (ARC Tool Training)	Michael.l.persie.ctr@mail.mil



Questions?



Way Ahead

Alaleh Jenkins,
OUSD(C) FIAR Director



DARPA

DCAA

DCMA

DeCA

DPMO

DSCA

DSS

DTIC

DTRA

DFAS

DHA

DIA

DISA

DLA

DTSA

MDA

NGA

NRO

NSA

DLSA

DMA

DoDEA

DoDHRA

OEA

PFPA

TRMC

WHS

Final Thoughts

- **This is a massive enterprise change management effort**
 - The scale of DoD's consolidated financial statement audit is unprecedented
 - DoD is much more like a country than a corporation
- **There is significant value in moving an audit regimen**
 - Audits are not a one time exercise
 - It is imperative to rapidly address audit findings and leverage MICP to validate corrective actions
- **Until audit opinions become routine, sustained emphasis will be needed from:**
 - Congress
 - DoD Leadership
 - Oversight Organizations
- **This will be a multi-year effort:**
 - Federal Government experience indicates this is a 3-5 year process once audits begin
 - We plan to do better, but need to manage expectations



Questions?

