

Classification of Internal Control Material Weakness

In previous DoD Agency Financial Reports (AFR) internal control material weaknesses were classified by the financial statement line item or type of activity affected by the weakness. Beginning in FY 2011, material weaknesses must be classified by end-to-end business processes. Components must reclassify previously reported material weaknesses by the end-to-end affected business processes to provide a roll-forward in the DoD AFR from the prior year to fiscal year 2011. The change is needed to ensure consistent classification of material weaknesses among Components.

The 2011 FIAR Guidance, Appendix D, Section D.2.5, "Identify, Evaluate and Classify Deficiencies", includes definitions of the end-to-end business processes. The following table classifies the 2010 DoD material weaknesses by the end-to-end business processes and identifies the designated OSD Senior Accountable Official.

End-to-End Business Process and DoD Material Weakness	OSD Senior Accountable Official
Budget-to-Report Budgetary Authority Fund Balance with Treasury Financial Reporting Compilation Financial Reporting of Intragovernmental Eliminations	Mr. Mark Easton, Deputy Chief Financial Officer, OUSD(C)
Hire-to-Retire Health Care Liabilities	Mr. Allen Middleton, Acting Deputy Assistant Secretary of Defense, (Health Affairs), OUSD(P&R)
Civilian Pay	Ms. Lynn Simpson, Principal Deputy Under Secretary of Defense, (Personnel & Readiness), OUSD(P&R)
Military Pay	
Order-to-Cash Accounts Receivable Reimbursable Work Orders - Performer	Mr. Mark Easton, Deputy Chief Financial Officer, OUSD(C)
Procure-to-Pay Contracts MILSTRIP Orders Reimbursable Work Orders - Grantor	Mr. Shay Assad, Director of Defense Procurement & Acquisition Policy, (DPAP), OUSD(AT&L)
Transportation of People	Mr. Donald Stanton, Deputy Assistant Secretary of Defense for Transportation Policy, (TP), OUSD(AT&L)
Acquire-to-Retire Military Equipment	Dr. Nancy Spruill, Director of Acquisition Resources and Analysis, (DAR&A), OUSD(AT&L)
General Purpose Equipment	
Real Property	Dr. Dorothy Robyn, Deputy Under Secretary of Defense, DUSD(I&E), OUSD(AT&L)
Environmental Liabilities	
Plan-to-Stock Inventory	Mr. Paul Peters, Deputy Assistant Secretary of Defense for Supply Chain Integration, DASD(SCI), OUSD(AT&L)
Operating Material & Supplies	

The following matrix may be used to assist in reclassifying the fiscal years 2010 material weaknesses to the new method. The end-to-end business process noted is determined to be the primary end-to-end business process affected.

FY 2010 Material Weakness	Budget -to-Report	Hire -to- Retire	Order -to- Cash	Procure -to- Pay	Acquire -to- Retire	Plan -to- Stock
Budgetary Authority	X					
Fund Balance with Treasury	X					
Financial Reporting Compilation	X					
Financial Reporting of Intragovernmental Eliminations	X					
Health Care Liabilities		X				
Civilian Pay		X				
Military Pay		X				
Accounts Receivable			X			
Reimbursable Work Orders - Performer			X			
Contracts				X		
MILSTRIP Orders				X		
Reimbursable Work Orders - Grantor				X		
Transportation of People				X		
Military Equipment Assets					X	
General Purpose Equipment					X	
Real Property Assets					X	
Environmental Liabilities					X	
Inventory						X
Operating Material & Supplies						X

Components are required to use the corrective action template found at http://comptroller.defense.gov/fiar/documents/workproducts/CAP_Template.pptx to provide the business process followed by the prior year's respective material weakness (if applicable).