
DEFENSE FINANCIAL IMPROVEMENT AND AUDIT READINESS

Defense Audit Readiness News

May 2012

I joined the Navy many years ago and thought my military career would be short. I was a supply officer of a small vessel, and although I was responsible for the ship's budget, I didn't consider my job a financial position. At DoD, we still think that way and tend to identify most strongly with our functional community, sometimes not realizing how our day-to-day responsibilities affect other parts of the business. But that's beginning to change. In the coming months, we'll be sending you more tools to help get the word out that audit readiness – and strong financial management – is everyone's job.

*Mark Easton
Deputy Chief Financial Officer (DCFO)*

Upcoming Events

- ❖ **May 9** – FIAR Subcommittee Meets
- ❖ **May 11** – ODO Subcommittee Meets
- ❖ **May 15** – FIAR Plan Status Report Delivered to Congress
- ❖ **May 22 – 23** – Tier II FIAR Training (Pentagon)
- ❖ **May 23** – SES Town Hall Meeting
- ❖ **May 25** – FIAR Committee Meeting

❖ **Audit Readiness in the Field:**

Submitted by the Air Force Audit Readiness Directorate

People like Dan Bast, the Wing Refueling Documents Control Officer (WRDCO) for Travis Air Force Base (AFB) have been quietly working at Audit Readiness since 2002. As the WRDCO, Bast ensures the accuracy of approximately \$500 million in annual aviation fuel and support costs incurred by flight crews from Travis AFB.

The wings at Travis AFB include the 60th and 349th Air Mobility Wings. These wings fly missions worldwide delivering personnel, equipment, and in-flight refueling. During the missions, Aircrews purchase aviation fuel and incur fleet ground service charges and landing fees from commercial vendors at domestic and international airports. When these Aircrews return, the WRDCO is responsible for collecting receipts for the various services provided and comparing them with payments made by the Air Force.

The first step in this process is downloading payment data from the Fuels Enterprise Server (FES) via the Commanders' Resource Integration System (CRIS). This can be done daily, weekly, or monthly depending upon the volume of transactions to reconcile, command directives, and the WRDCO's preference. To streamline the reconciliation process, Bast includes the aircraft tail number, Milstrip

number, type of fuel, amount of fuel, transaction date, and other data elements as necessary to accurately tie the expenditure to the receipt. Through this process, Bast has identified duplicate invoices and payments the Air Force was able to get refunded. The correction of the payments made by his command, which should have been charged to another command, resulted in additional funding for Travis AFB. Conversely, Bast identified and corrected payments that were charged to another base but should have been charged to Travis AFB.

The last step in managing this part of the business process involves recording a Miscellaneous Obligation Reimbursement Document or MORD at the end of the year for services and aviation fuel received but not billed. This ensures the command charges those services to the period in which funds were provided, while maintaining a clean set of records for an audit trail.

It is evident that Audit Readiness is not a single business event occurring at DoD Headquarters, rather it is the summation of millions of transactions properly recorded and supported by WRDCOs and others across the Air Force, and all DoD Components. From the field to the Comptroller's Office, ensuring the Department is successful in its attempt to reach auditability is an all-hands effort.

✧ **Welcome to the FIAR Team, Alaleh Jenkins:**

We'd like to welcome Alaleh Jenkins, a new addition to the FIAR Directorate team. Jenkins assumes the role of Assistant Director for oversight and management of Components' Financial Improvement Plans which includes assisting the Components with improvement and execution of plans, understanding audit requirements, and reviewing the work products to achieve success in audits. "I'm looking forward to serving this organization and adding value in assisting the Components with achieving successful assertions and subsequent audits," Jenkins said.

Previously, Jenkins served as the Business Transformation Program Manager with AT&L – ODUSD (I&E) – Business Enterprise Integration where she led the financial management and business transformation and compliance for real property accountability, facility energy information & environmental management. She was responsible for the oversight, development and implementation of financial management, audit readiness and accounting standards, policies and procedures governing real property and environmental management.

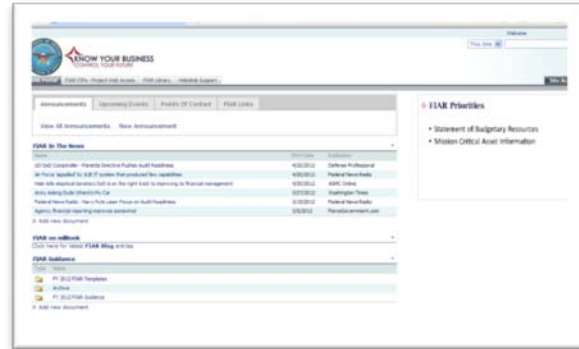
Connect:

- ✧ Join the FIAR milBook Group Page <https://www.milsuite.mil/book/groups/fiar>
- ✧ Visit the FIAR Directorate Public Website <http://comptroller.defense.gov/FIAR/>
- ✧ Become a FIAR Planning Tool User FIARsupport@osd.mil

✧ A Look at the FIAR Planning Tool:

The Financial Improvement and Audit Readiness Planning Tool (FIAR-PT) supports the management of the FIAR Plan and Components' Financial Improvement Plans (FIPs). It hosts the FIPs of the Army, Navy, Air Force, Other Defense Organizations, and Service Providers and contains a repository for prior Component FIPs.

In the past, the FIAR-PT required a user to enter a username and password. Now a CAC-enabled resource, the FIAR-PT can be accessed by approved personnel on the military network and includes links to relevant news on DoD audit readiness efforts, important meetings and events, contact information for FIAR POCs, and the FIAR Guidance.



In the near future, the FIAR-PT will have more extensive reporting features by Component level to capture assertion dates, leadership reports, changes to FIPs, and high-level milestones. With over 400 users, the FIAR-PT provides several benefits supporting DoD's audit readiness efforts including:

- Preparing the Component plans to achieve FIAR audit readiness outcomes (Key Control Objectives and Capabilities).
- Standardizing the Component plans into the mandatory FIAR Approach (phases and key tasks).
- Providing near real-time visibility of planned, ongoing, and completed improvement activity (e.g., discovery, corrective actions).
- Providing the ability to identify and link dependencies to other improvement activity (e.g., service providers, ERPs).
- Offering a collaborative workspace with restricted access for exchange of ideas, information and best practices.

The FIAR-PT is a Microsoft SharePoint integrated with Microsoft Project Server-based, Internet-accessible tool developed and hosted by the OUSD (C) and the OSD Enterprise Information Technology Service Directorate (EITSD). The tool is intended for use by the DoD Financial Management community – specifically those involved in audit readiness efforts for the DoD Components.

To gain access to the FIAR-PT, submit a completed System Authorization Access Request (SAAR) form to the FIAR Directorate. FIAR-PT specific pre-populated SAAR forms can be obtained through a Component's FIAR liaison or by emailing FIARSupport@osd.mil.

Fact Check: In FY 2011, DFAS processed 171.7 million pay transactions.

✧ **Automated Processes Pave the Way for Audit Readiness:**

It is widely accepted that automating your financial processes is a catalyst to becoming audit ready. Automation of processes helps reduce human intervention, which in turn reduces the possibility of human error. Applying technological advancements and digitizing financial processes improves and increases the reliability of financial reporting. The DoD Components are making strides in this direction to improve their standard operating procedures in their day-to-day business operations.

For example, the Air Force recently automated Form 1269, which facilitates requests and approvals for funds distribution for Appropriations Received. During testing of a sample of transactions, it was noted that transactions were being posted to the budget execution system (GAFS-BQ) without prior approval or evidence of approval. The problem was inconsistent use of a standard form for requests and approvals, as well as the lack of a policy in the standard operating procedure requiring such approval. The Air Force team amended their policy to include a requirement for approval of all transactions loaded, and recommended the use of electronic signatures.

The outdated Form 1269 was modified to include CAC-enabled digital signatures for the preparer and approver, electronic data fields to avoid printing and scanning, radio buttons to identify specific transaction types, and an auto sum feature to avoid human error. The digitization of this form streamlined the transaction approval process and improved the speed and accuracy of balance testing.

Providing a reliable audit trail through reporting features and ensuring a segregation of duties is in place are essential to becoming audit ready. Automating processes when possible paves the way to audit readiness.

This newsletter is a publication of the Department of Defense Financial Improvement and Audit Readiness Directorate, Office of the DCFO, OUSD(C). To submit an article, suggest content, add individuals to the mailing list, or have an email removed, please contact AuditReadiness@osd.mil.