
DEFENSE FINANCIAL IMPROVEMENT AND AUDIT READINESS

Defense Audit Readiness News

April 2012

How do you tell the man or woman in uniform that we need to improve our business operations when so many joined the Service because they wanted to serve their country, not serve a business? That question has been on my mind as we're working to get the Secretary's charge out to all-hands. The best way is of course to share stories and examples of what's working and how it helps them do their job more efficiently. Everyone wants to do the right thing, they just need to know how to. So send us your good news stories – even the small things add up. Or let us know of someone who's making a difference and who we should highlight. This newsletter is your newsletter. Thank you for all you do.

*Mark Easton
Deputy Chief Financial Officer (DCFO)*

Upcoming Events

- ✧ **April 4 - 18** – Formal Coordination for FIAR Plan Status Report
- ✧ **April 11** – SES Town Hall Meeting
- ✧ **April 11** – FIAR Subcommittee Meets
- ✧ **April 12** – Real Property and Installations Lifecycle Management, Investment Review Board Meets
- ✧ **April 13** – ODO Subcommittee Meets
- ✧ **April 18** – Senate Armed Services Subcommittee on Readiness and Management Support Hearing
- ✧ **April 20** – FIAR Governance Board Meets

✧ **Air Force Space Command Gets Back to Basics:**



It's been a little more than a year since Colonel Tom Lowry moved to the field as Comptroller and Chief Financial Officer at Air Force Space Command (AFSPC) in Colorado Springs, Colorado. Having previously served as Chief of the Budget Integration Division and as the onetime Senior Military Assistant to Assistant Secretary (FM) Jamie Morin, the Air Force's drive to audit readiness was nothing new to Lowry. "Over the years, the attic gets a little cluttered," Lowry said. "My approach to audit readiness has been to get Air Force Space Command back to basic blocking and tackling. That means enforcing internal controls, validating appropriate user access to systems, and making sure our budget and accounting processes are timely and accurate."

First, the AFSPC identified key risks and corrective actions. They then developed standardized training programs and tools, and instituted monthly review of metrics at the MAJCOM Comptroller-level and quarterly reviews with Wing Comptrollers and staff. Corrective actions outside of the Air Force's control, such as closing contracts, were elevated to the OUSD(C) for resolution.

It seems to be working. The AFSPC also touts the lowest civilian pay reject in the Air Force. With the implementation of e-MTS across the command, they've realized \$1 million in cost avoidance by eliminating manual spreadsheets and redundant data entry by timekeepers. Additionally, when the AFSPC tested the Navy's automated Managers' Internal Control Program for the Air Force, process time was reduced by 7,200 hours across the command. By developing a new certified invoice report to expedite payments, the AFSPC eliminated \$132,000 in interest penalty payments annually.

With the basics firmly shored up, the AFSPC turned to setting long range goals to ensure they stay ahead of obligations. Lowry credits a focus on consistently communicating goals and soliciting feedback for their success, adding "Audit readiness is a stewardship issue. Everything we do matters. We are constantly reaching across the command asking Airmen to look at our processes and identify shortfalls so we can get the problems addressed and reach audit readiness by 2017."

✧ **U.S. Army Financial Management School Attendees Talk Audit Readiness:**

Many things about his recent trip to Fort Jackson stood out for FIAR Director Joseph O. Quinn – seeing GFEBS in action, talking with the Real Property team, lunch in the mess hall with new recruits, and being welcomed by COL James J. Love, Garrison Commander. But the highlight of the visit, according to Quinn, was the time he spent at the U.S. Army Financial Management School speaking with those who are literally the boots on the ground when it comes to audit readiness.

Deputy Commandant Dr. Dennis Davis welcomed Quinn and the Director of Army Audit Readiness Jorge Roca to the school. Quinn addressed a class of some 40 members of the Finance Corps. After a short update on the Department's audit readiness effort, the first question from the group was "How does this trickle down to me?"

"It's a question we get asked all the time," says Quinn, "and the short answer is audit readiness is everyone's job. An audit requires visibility at the transaction level, and unless and until each transaction is recorded correctly in the system of record, we won't be able to pass an audit." Most of the attendees believed their own records are up to date and correct. "So, I'm trying to figure out what we're doing wrong," commented one captain. "It's not about what any one person is doing wrong," Quinn replied, "it's proving that all of us are consistently following procedures, that we have controls in place that ensure timeliness and reliability of data, and that we continue to maintain the highest standards of accuracy and integrity. If we are doing those things, an audit opinion will follow."

The Financial Management School educates members of the Finance Corps in resource management and finance operations, such as pay support, cost management and accounting, internal controls, and planning and operations. The courses are designed to challenge students technically and tactically, and provide the tools to become a successful warrior leader in the Financial Management Community.

✧ **Fort Jackson Still Leading the Way on GFEBs:**

When fully deployed in 2012, the General Fund Enterprise Business System (GFEBs) will engage more than 50,000 across 211 locations worldwide and will impact nearly every Army organization and function. But at Fort Jackson, South Carolina, the resource management team has been working with GFEBs since the earliest demonstrations in 2006.



GFEBs, a web-based financial, asset, and accounting management system, replaces numerous financial databases all of which were on different cycles. According to Jerry Weidner, Director of Resource Management, GFEBs has been especially great for year-end. “Because GFEBs is real-time, entries post immediately. We no longer have to run batch jobs to reconcile our balances, and that really speeds things up at year end,” says Weidner. Additionally, the real-time nature of GFEBs has reduced the need for data calls. “With all the financial transactions in one data base and real time, timely and accurate data is now available to HQ’s,” Weidner added. “As a result, we have more accurate data on funds available that can be executed so by year end, we have a lot fewer funds outstanding.”

Although issues still remain with GFEBs and how it interfaces with other systems, the Army has identified solutions. For example, Ft. Jackson will soon pilot a new Procure to Pay (P2P) Business process.. The pilot will include a new contractor invoicing and acceptance portal that will eliminate data mismatches and reduces unmatched disbursements. With all the contract and pay information residing in GFEBs, contractor interest payments will be reduced, saving the Army a lot of time and money.

The final deployment wave will be completed in July 2012. Full deployment of GFEBs will be a major change for the way the Army does business. All Army organizations will be affected, and everything from the day-to-day activities of Army financial operations to decision-making at the Command level will change. Bill Smith, G8/director of resource management commented, “In the past, you couldn’t rely on data in the system to make real-time decisions. In theater, everyone had their own spreadsheets. GFEBs will fix that.”

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

✧ **U.S. Marine Corps Shares Lessons Learned on SBR Audit:**

Marine Corps was the first Military Service to begin an audit of a financial statement. On November 22, 2011, the DoD OIG issued a disclaimer of opinion report for the audit of the USMC General Fund Statement of Budgetary Resources. Although scope limitations precluded the auditors from completing their work, the Marine Corps experience was a major accomplishment for the Department, and several lessons learned can be shared with all agencies:

- *Improve organization and audit support* by centralizing management and having detailed procedures to handle robust amounts of data and documentation transfer.
- *Capture accurate general ledger data in trial balances and reconciliations* by implementing effective management controls and sustainable reporting mechanisms.
- *Verify FBWT balances* by implementing effective controls to retain the transactional detail of the monthly reconciliations so that it may be easily provided to auditors.
- *Efficiently locate and retrieve audit-trail documents* by creating electronic document repositories that support for audit requests. Such repositories help identify and correct internal control weaknesses associated with scanning and retaining audit-trail support.

✧ **“I’ve Signed Up for the FIAR milBook Group, What’s Next?”:**

Now that you have joined the FIAR milBook Group, you might be asking “What’s next?” The more you participate, the more beneficial the forum can be. Here are some ways to get involved:

- Update your profile to include your agency and picture so everyone can put a face to a name.
- Start discussions on relevant topics via the blog posting feature.
- Find a news article highlighting audit readiness efforts? Post it in the documents section or blog about it.
- Keep the e-mail alerts ON for the most up to date activity.
- Add <https://www.milsuite.mil/book/groups/fiar> to your signature block.
- Encourage your .mil coworkers to join!

Not yet a member? Here’s some of what you missed:

- “Dude, Where’s My Car?” Army’s use of GPS makes the Washington Times’ front page
- “Achieving Auditability” a Fact Sheet on DoD challenges and actions ready to print and share

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