



# Audit is a Journey...

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Presented to:  
**American Society of Military  
Comptrollers (ASMC)**

**Presenter's Name**  
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**... a really, really, really long journey**



# Agenda

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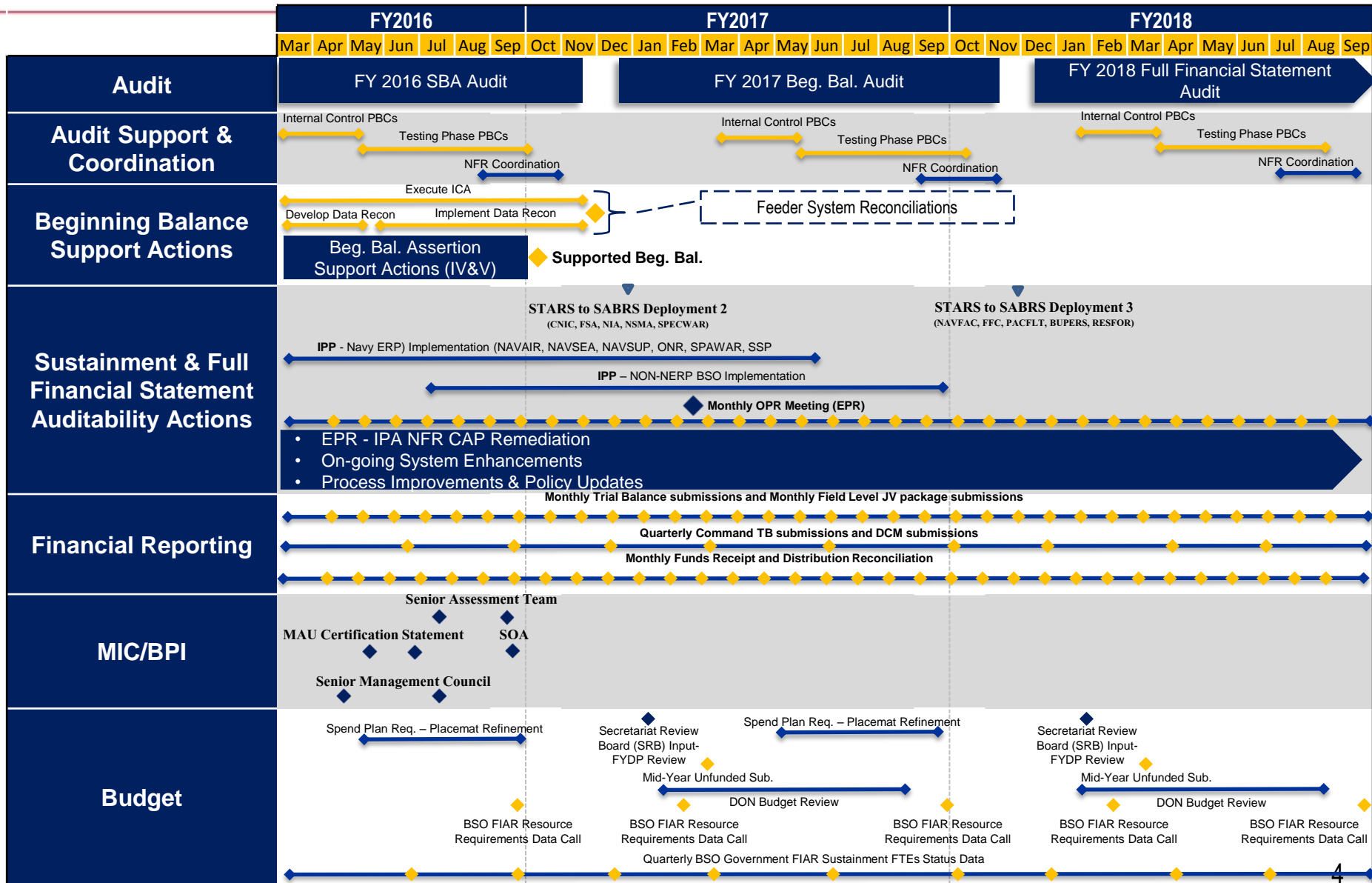
- ▼ Navy Audit Integrated Master Schedule
- ▼ FY15/FY16 Schedule of Budgetary Activities (SBA) Metrics & Results
- ▼ Lessons Learned
- ▼ Looking Forward



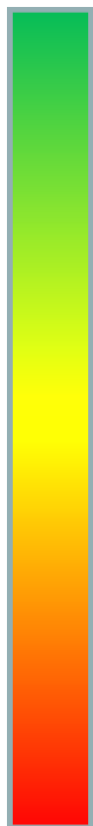
**Legend**

- ◆ Denotes Key BSO Milestone
- ◆ Denotes Key FMO Milestone
- Denotes Key BSO Activity
- ↔ Denotes Key FMO Activity

# Audit Integrated Master Schedule (IMS)



# FY15/16 SBA GF Audit Results

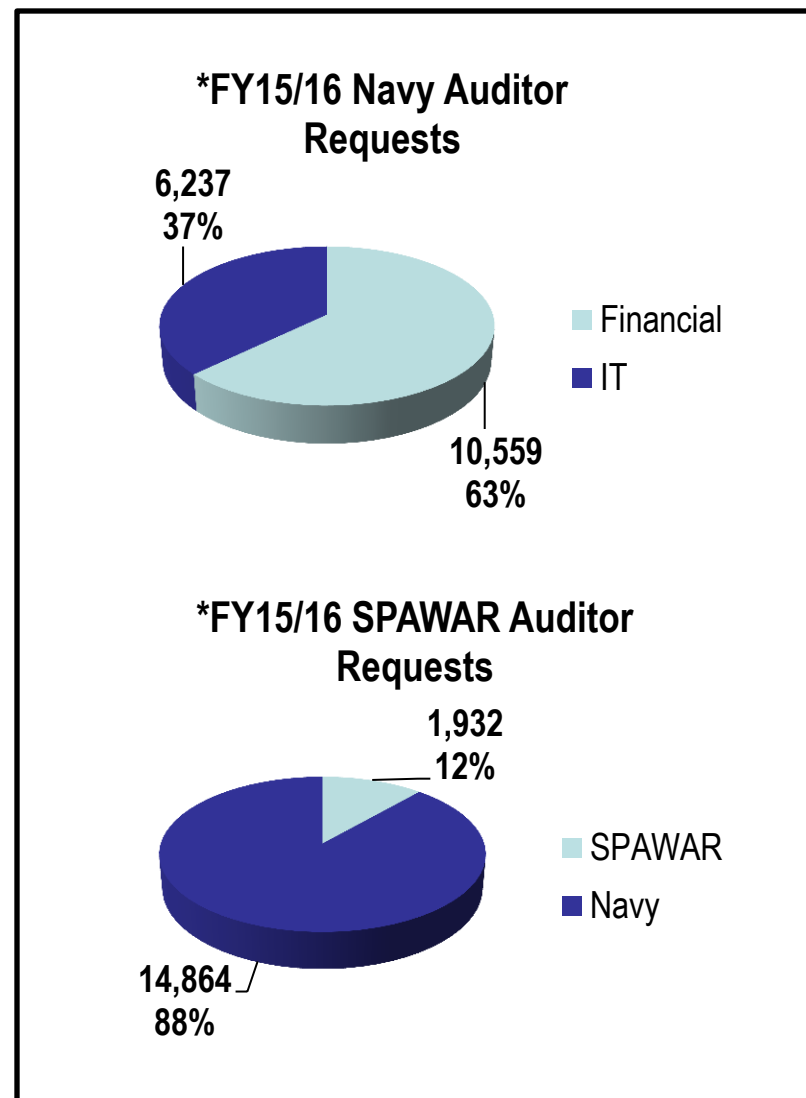


Financial Statement Opinions	Audit Definition
Unmodified (Unqualified)	"Issues as noted above are minimal"
Qualified	"Less severe than adverse" (less pervasive material issues)
Adverse	<ul style="list-style-type: none"> <li>Financial statements are materially misstated (pervasive)</li> <li>Not in accordance with GAAP/FGAS (pervasive)</li> </ul>
Disclaimer	Not able to obtain sufficient appropriate audit evidence regarding completeness, accuracy, and fair presentation of Navy's F/S

FY16 SBA Disclaimer: The Navy could not provide sufficient/appropriate audit evidence regarding its completeness, accuracy, and fair presentation

# FY15/16 SBA Audit Support and Coordination

- ▼ Navy responded to 16,796 requests for information and supporting documents.
- ▼ SPAWAR fielded 1,932 (12%) of these.



# FY16 SBA SPAWAR Lessons Learned

## ▼ Audit Response Observations

- Focus on continuous learning and improvement; Accept imperfections and focus on improving your knowledge of the financial environment and audit process at your command.
- Develop “model” audit packages that work for you organization and ensure terminology is consistent between auditor and auditee.
- Understand why auditor categorized some sample submissions as “Unable to Conclude”. Was it incorrect documentation, lack of a documentation, missing information?
- Understand what "Assertion" the auditor is trying to achieve because the documentation to support different assertions will vary:

## ▼ Notice of Findings and Recommendations (NFR) Corrective Action Observations:

- Avoid “checking the box/Inspection” mentality; ensure we are fixing the whole problem and not just the recommendation or symptom that the auditors stated in the report.
- Don’t rush to label the issue as “Closed” (i.e. complete, continuous, and monitor).
- Ensure the problem is categorized correctly (Behavior, Process or Technology).



# Looking Forward

- ▼ Increased focus on sustainment of your internal control environment – this will be unique to each command.
- ▼ Expect more oversight from FMO on Command-performed activities (reconciliations, journal vouchers, inventories)
- ▼ Expect greater integration of
  - Financial and IT efforts
  - FIAR into MICP for achieving oversight
- ▼ Expectation that Commands have accountability over service providers activities
- ▼ Expect greater collaboration between other DOD Agencies for FIAR efforts





# Questions

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