



Q: What are the benefits to the DON of achieving audit readiness?

- A:**
- Will improve the efficiency and effectiveness of the DON's operations and strengthen the DON's support for the warfighter
 - Will fulfill the DON's mission in a more fiscally responsible approach, allowing it to operate successfully on a limited amount of resources
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Q: What are the DON's major accomplishments related to audit readiness?

- A:**
- Completed a successful third-party audit on USMC Statement of Budgetary Resources (SBR)
 - Underwent and received a clean opinion on an examination of Appropriation Received process
 - Asserted Existence and Completeness in major asset categories such as ships, aircrafts, Trident missiles, and satellites, as well as ordnance
 - Undergoing an examination by DoDIG on Existence and Completeness of ships, Trident missiles, and satellites
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Q: What are the benefits to the DON of the validation process (audit engagements on segments)?

- A:**
- Confirms that the DON considered all relevant information and performed adequate testing and analysis to prove its management assertion
 - Develops corporate experience in financial audits, as the DON builds its audit response infrastructure
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Q: What are major challenges impeding audit readiness?

- A:**
- Unable to always perform accounting in a proprietary way, because legacy accounting systems were designed to perform "fund/budgetary" accounting functions (e.g., to execute and report on commitments, obligations, and expenditures/disbursements)
 - Lack of importance of financial accounting implications, because past business processes were optimized for the functional owners
 - Unable to effectively link end-to-end processes to readily facilitate an auditable financial reporting environment (e.g., contracting and receipt and acceptance processes). Many of the DON's end-to-end business processes span multiple organizations, both inside and outside the DON, and working through the coordination impediments specific to the multiple touch points is a challenging process
 - Reimbursable Work Orders deficiencies noted during the process assessment include:
 - Absence of properly designated and/or credentialed authorizing officials
 - Lack of key reconciliations between trading partners to validate goods/services were supplied according to agreement and recorded in the proper periods
 - Unable to completely identify and reconcile transaction universes
 - Unavailable source documentation
 - Requisitioning (MILSTRIP) process deficiencies noted during the process assessment include:
 - Undefined transaction universe
 - Unobtainable source documentation
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Q: How will the DON move forward to overcome these challenges and achieve audit readiness?

- A:** Use the DON SBR Integrated Plan of Action and Milestones (PoAM) to obtain details on the DON's timeline and approach to achieving audit readiness. The PoAM is accessible through the Financial Improvement Program (FIP) page of the FMO website, or via the following address: http://www.fmo.navy.mil/Divisions/FMO4/PoAM_overview.html
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Q: How are lessons learned shared across the various Components of the DON?

- A:** Lessons learned are shared formally through regular meetings, Memorandums of Agreement (MOAs), general memorandums, and revised documentation (e.g., testing strategy, control requirements). Lessons learned are also shared informally through regular communication with Component activities and through DoD FIAR and DON Audit Committee governance forums.
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