



Marine Corps Financial Statement Audit

Preparedness via Lessons Learned

Presented By:
Mr. Alex Hardisson

18 November 2009



1. Governance

(Duty of Care and Duty of Loyalty)



Compliance with Law and Regulations in assessing and monitoring financial performance.

1. Budget and Accounting Procedures Act of 1950
2. Inspector General Act of 1978
3. Federal Managers Financial Integrity Act of 1982 (FMFIA)
4. Chief Financial Officers (CFO) Act of 1990
5. Government Performance and Results Act of 1993 (GPRA)
6. Government Management Reform Act of 1994 (GMRA)
7. Federal Financial Management Improvement Act of 1996 (FFMIA)
8. President's Management Agenda of July 2001 (PMA)
9. Federal Information Systems Security Management Act of 2002 (FISMA)
10. OMB Circular No. A-123, Appendix A update of December 2004



Integrated Internal Control Framework to support Governance

♦ Control Environment

- ✧ Ethics and Integrity ("Tone at the Top" and oversight)
- ✧ Organization structure , segregation of duties, and concept of operations
- ✧ Training and a commitment to the competence of Marine Corps personnel

♦ Risk Assessment

- ✧ Risks that may affect the your entity's ability to meet its objectives

♦ Control Activities

- ✧ The application of activities/procedures that adhere to appropriate policies, techniques, and mechanism in order to reasonably assure compliance with laws and regulations, the prevention of or prompt detection of unauthorized acquisition, use, or disposition of assets, reliability in financial reporting

♦ Monitoring

- ✧ Key internal controls are evaluated via continuous monitoring activities, separate evaluations, or a combination of both.

♦ Information and Communication

- ✧ Ensure that effective communication occurs among people and IT systems that can affect the achievement of the Marine Corps' mission, goals, and objectives.



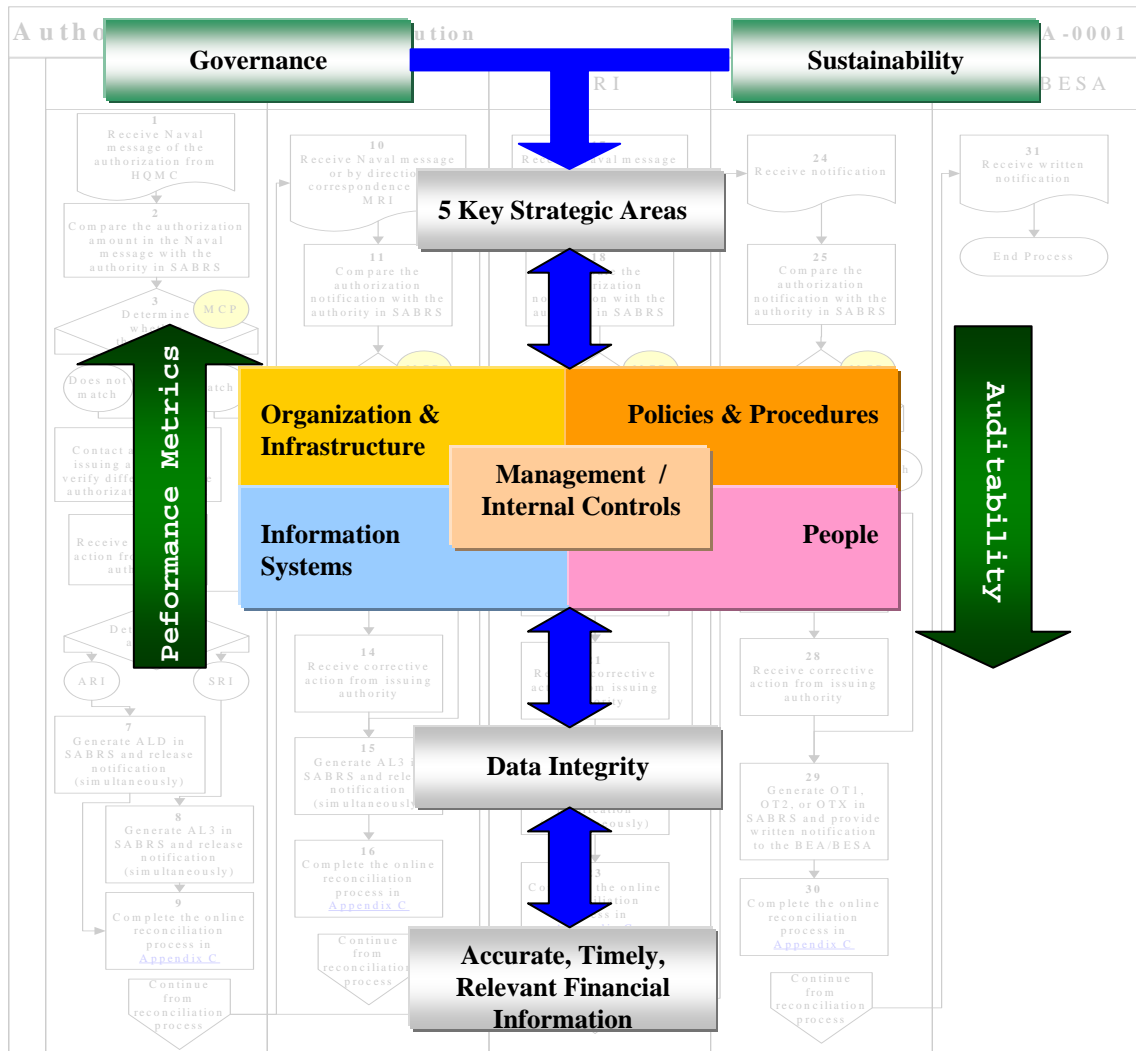
•COSO Integrated Internal Control Framework



2. Documentation



Application of the “Auditor Lens” Across 5 Key Strategic Areas



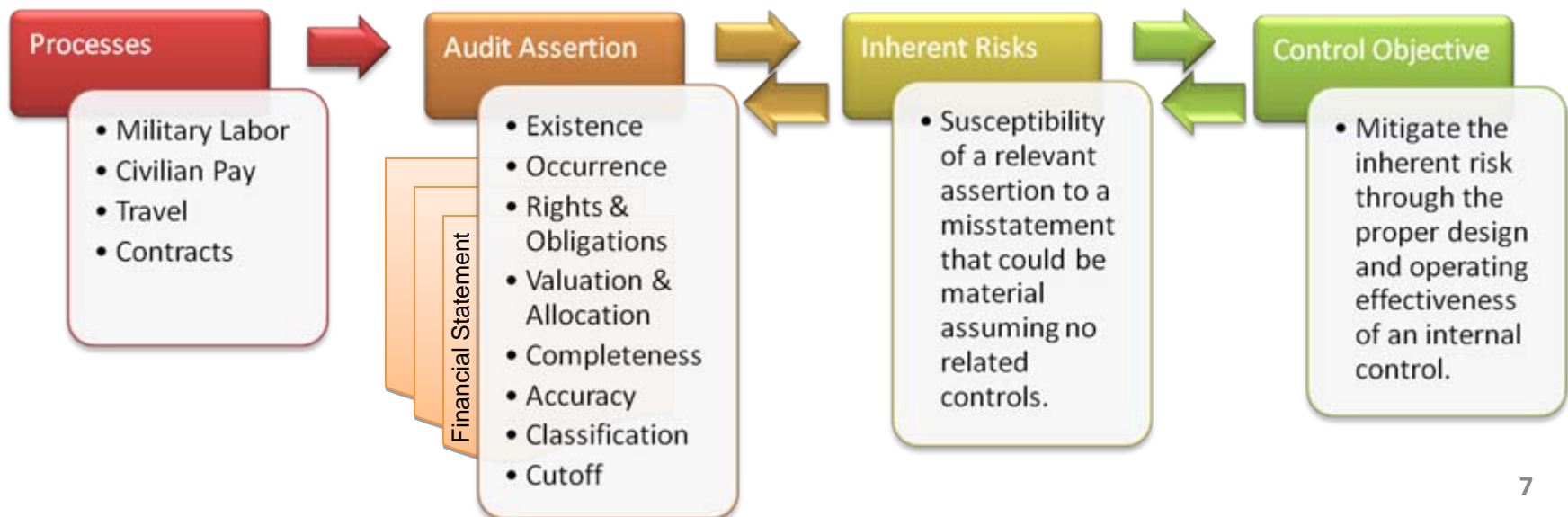
Addressing the five strategic areas requires an analysis of:

1. Internal Controls
2. Source Documentation
3. Reconciliations
4. Validity and integrity
 - Completeness
 - Rights and Obligations
 - Valuation
 - Existence
 - Reporting



Speaking the Audit Language: Supporting Financial Statement Audit Assertions

- ♦ The Marine Corps has linked relevant risks to financial statement audit assertions in order to better support audit evidence regarding:
 - ✧ Recognition;
 - ✧ Measurement;
 - ✧ Presentation; and,
 - ✧ Disclosure of information in the financial statements and related notes.





3. Training and Testing

A diagram consisting of two large, curved arrows forming a circle. The top arrow points to the left, and the bottom arrow points to the right, creating a continuous loop around the central text.



Why Audit Ready? Better Defined Environment

- ♦ **Assessed Financial Management Environment and identified dependencies, risks, and controls to mitigate risks;**
- ♦ **Transaction-level testing to support posting logic, controls and documentation;**
- ♦ **Linked our systems environment providing traceability from requirements generation to financial statement representation.**
 - Detailed transaction accountability from business feeder systems to the General Ledger (Budgetary and Proprietary).
 - Updated feeder system supporting documentation



Why Audit Ready?

Improved Communication and Training

- ◆ **Auditor lens documentation review of all business processes.**
 - ✧ Engaged in several audit-like exercises supported by an Independent Public Accountant (IPA)
 - Enhanced field vocabulary of audit, source documentation and internal control assessment requirements; and,
 - Confirmed Key Controls and the ability to test them.

- ◆ **Conducted a series of workshops with field personnel in order to promote process and internal control understanding**
 - ✧ Conducted field-level workshop and highlighted disconnect between key internal control identified in IPA audit-like exercises and A-123 evaluations.
 - Consolidated key internal control listing based on workshop results and expanded ICOFR testing scope; and,
 - Source documentation capture training provided.



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Training
Source Documentation
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End-to-End Environment

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Welcome to the Command Audit Preparation Site

The following information provided should be utilized to assist Commands with preparing for the FY10 SBR Audit. The audit will review select financial and non-financial records at each Command to determine if evidence exist to support values reported in the Marine Corps Statement of Budgetary Resources financial statement and Fund Balance with Treasury line item.

Please ensure that you continually access this portal to review new information and updates. If questions or concerns arise contact RFA Auditee Engagement Team at: HQMC_USMCAuditTeam@usmc.mil

[Click here to access the Source Documentation Collection Portal!](#)

Reference Documents

Type	Name
	Marine Corps SBR Audit Workshop
	USMC SBR Management Assertion Letter (15 Sept 08)
	CMC Subsequent Correspondence to DODIG Final Rpt D-2009-049 (Project 7FN-0216)
	Military Pay Audit Documentation Status
	USMC Remediation and Audit Prep status (7-09)
	MARADMIN 0350-09 MCD PREP IN SUPPORT OF MC FIN STATEMENT AUDIT 090701
	GAO Financial Audit Guide
	CMC White Letter 01-08 - Financial Statement Audit Supports Warfighter Excellence
	Marine Corps Order (MCO) 7300.21A

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Announcements

Review Command Audit POC List 11/13/2009 11:51
by Scott CTR Kara Y
Command POC List is accessible from the left menu.

FY10 Audit Workshop -- The audit is officially underway! 10/19/2009 10:43
by Scott CTR Kara Y
Join us for the Audit Workshop as we kick-off the FY10 SBR Audit! For more information regarding attendees, agenda, location, travel/hotel accommodations ---> Access the attached Audit Workshop Announcement.

Command Pre-Audit Preparation Testing -- July 09 6/11/2009 16:23
by Scott CTR Kara Y

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P&R, RFA Audit POCs

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References

- DODFMR 7000.14R, Vol 5, CHP 33 - "DEPARTMENTAL ACCOUNTABLE OFFICIALS, CERTIFYING OFFICERS AND REVIEW OFFICIALS"
- DODFMR 7000.14R, VOL 3, CHP 8 - "STANDARDS FOR RECORDING AND REVIEWING COMMITMENTS AND OBLIGATIONS"
- MARADMIN 133/09 - "Financial Statement Audit Readiness Training"
- MCO 5200.24D - "Marine Corps Order 5200.24D, "Marine Corps Managers' Internal Control (MCMIC) Program" (March 19, 2008)
- MCO 4400.150E - "Consumer Level Supply Policy"

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Source Documentation Collection Site

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Source Document Collection Instructions

Our immediate attention and full cooperation is needed to support the retrieval and transmittal of source documentation in response to the IDO testing sample for your MRI and/or Subordinate Command. All source documents must be uploaded to your Command workspace accessible from the left navigation menu. Ensure that all source documents are uploaded by Sample Number. **We require the file name to be sample number, underscore and document number.** The Marine Corps Source Documentation Matrix and Attributes Checklist are available to help guide your documentation collection efforts.

All supporting documentation must be uploaded to the portal NLT 1 August 2009. Please ensure that all source documents are reviewed against the attributes checklist prior to being uploaded to the portal. If questions arise, please contact an RFA Audit POC immediately.

Audit References

Type Name

- MARADMIN 0350-09 MCD PREP IN SUPPORT OF MC FIN STATEMENT AUDIT 090701
- Marine Corps Order (MCO) 7300.21A
- CMC White Letter 01-08 - Financial Statement Audit Supports Warfighter Excellence

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Quick Links

- DODFMR 7000.14R, Vol 5, Chapter 33 - "Departmental Accountable Officials, Certifying Officers and Review Officials"
- DODFMR 7000.14R, Vol 3, Chapter 8 - "Standards for Recording and Reviewing Commitments and Obligations"
- MARADMIN 133/09 - "Financial Statement Audit Readiness Training"
- MCO 5200.24D - "Marine Corps Order 5200.24D, "Marine Corps Managers' Internal Control (MCMIC) Program" (March 19, 2008)
- MCO 4400.150E - "Consumer Level Supply Policy"

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Key Documents

Type Name

- Complete Field Commands Summary
- FY 2009 Summary
- DFAS Status as of 31 July 09
- Source Doc Matrix (updated 20 July 09)
- Attributes Checklist

Announcements

DFAS LIQ Voucher Retrieval Status -- Updated Daily! 7/27/2009 10:26
by Scott CTR Kara Y

Available on homepage of the Source Documentation Collection portal under "Key Documents".

Financial Statement (SBR) Audit Kick-off -- 1st QTR 2010 6/25/2009 17:54
by Scott CTR Kara Y

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To review uploaded documents, select 'Document Review' from the left menu. All action items will be published to the 'Auditee-To-Do List' also accessible from the left menu.

Engagement Team Email Address: HQMC_USMCAuditTeam@usmc.mil

PBC List

Type	Name	Modified By
	FY 2010 USMC Initial SBR Audit PBC List - 11-10-09	Scott CTR Kara Y

RFA SharePoint Links

- Auditor Site
- Command Audit Preparation
- Source Document Collection Site
- RFA Accounting Operations
- FII Portal

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FY10 Marine Corps Statement of Budgetary Resources (SBR) Audit Workspace

This site will serve as the central repository to support the FY10 SBR Audit. The PBC List and responses will be published to this site for your review.

Contact us at: HQMC_USMCAuditTeam@usmc.mil

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Marine Corps Training 11/2/2009 13:11
by Scott CTR Kara Y
Training information has been published to your site. Access to training materials is accessible for the left menu.

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PBC List ▾

Type	Name	Modified By
	FY 2010 USMC Initial SBR Audit PBC List - 11-10-09	Scott CTR Kara Y

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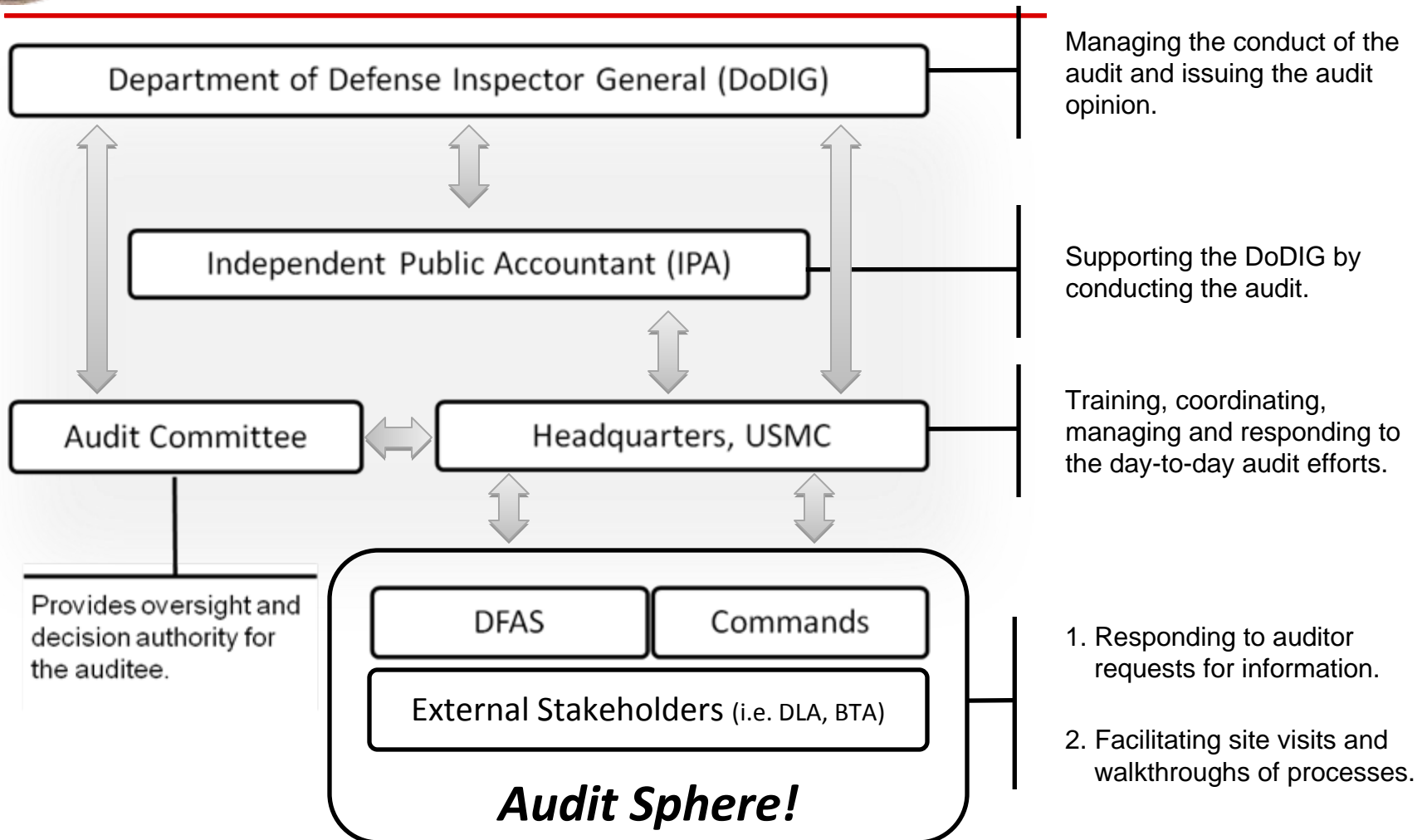
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4. Managing Audit Expectations



Audit Stakeholders & Hierarchy







Successful Audit = Doing Business the Right Way!

◆ Support the Mission...

- ✧ ...through more efficient financial business process translating requirements generation to a funded resource that better supports mission accomplishment.

◆ Secure Resources...

- ✧ ...through improvements in financial performance and better employment of resources while promoting process examination that support continuous improvements and detection of waste and abuse.

◆ Speed in Communication...

- ✧ ...through improved data reliability and timeliness that better empower leadership in decision making.

◆ Sustainment Strategy for Financial Improvement...

- ✧ ...as a means to promote financial oversight and accountability in complying with legislative mandates and agency guidance to improve financial confidence.

◆ Societal Responsiveness...

- ✧ ...as stewards of our nations resources and via accurate and transparent financial reporting.



Questions?

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