Military Pay Audit Fundamentals
Lesson Objectives

- Audit readiness
- Financial audit
- Support audit readiness
- Objectives of Army’s internal controls
- Separation of duties
Secretary of Defense’s Call to Action


“This is a priority for me and will be an ‘all hands’ effort across the Department.”

“As a key next step, we must improve financial information and move towards auditable financial statements.”

“Achieve audit readiness for Statements of Budgetary Resources (SBR) by the end of 2014.”

“…auditability is a goal that every commander, every manager, and every functional specialist must understand and embrace to improve efficiency and accountability at the DoD.”

Secretary Panetta’s memo emphasizes that all members of the Army should support audit readiness activities to improve financial information
An independent evaluation of whether an organization’s financial statements are fairly presented in accordance with appropriate accounting standards.
Support Audit Readiness

- Obtain confidence in your processes; assuring they are: standardized, repeatable, well documented, sustainable, and support accountability

- Verify your work steps and transactions are fully documented, correct and available on demand

- Communicate with co-workers and other entities

- Work to institutionalize a consistency of inspection to create standardization

- Coordinate with others; understanding everyone’s job is necessary as they all work together

- Prepare for the audit by familiarizing yourself with the audit process
Objectives of Army’s Internal Controls

- Ensure compliance with laws, regulations, directives, policies, and procedures
- Promote reliable management information
- Improve business practices
- Mitigate fraud, waste, and abuse
- Enforce separation of duties
- Safeguard resources
❖ Army Regulation 11-2, B-4, G

Key duties and responsibilities need to be divided or segregated among different people, to reduce the risk of error or fraud. This should include: separating responsibilities for authorizing transactions, processing, recording and reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.
Questions… Comments… Concerns…