

# *The Transition to an Auditable Environment - DoD Mission Critical Assets (MCA)*

## Considerations and Challenges Lying Ahead



ASMC National PDI  
Friday, 2 June 2017

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## ***Course Objective***

- This workshop will present important considerations and challenges to designing and implementing the Mission Critical Assets future auditable environment referred herein as "Go Forward." With recent updates to Federal Accounting Standards, DoD has to evaluate next steps in the journey to become audit ready.
- This course will also address audit requirements such as establishing a beginning balance that is compliant with Statements of Federal Financial Accounting Standards (SFFAS) No. 48 and 50 and designing/implementing a "Go Forward" environment that is compliant with SFFAS No. 3, 6 and 10. This workshop will discuss beginning balances, baseline and "Go Forward" considerations to include identification and involvement of critical stakeholders, business processes, controls, system changes, modifications to policies/procedures and Universe of Transactions for Mission Critical Assets."

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# ***FASAB Accounting Guidance***

## **Establishing Opening Balances Accounting Standards:**

- FASAB promulgated SFFAS No. 48 - Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials which amended SFFAS No. 3 to allow for use of “deemed cost.”
- In an effort to move the Department to the future state, “Go Forward” – business processes and controls that are compliant with SFFAS No. 3, 6, and 10 - the Board established SFFAS No. 50 requiring an unreserved assertion where opening balances and the “Go Forward” have to be in place.

## **“Go Forward” Accounting Standards:**

FASAB originally promulgated the following standards to comply with GAAP:

- SFFAS No. 3, Accounting for Inventory And Related Property
- SFFAS No. 6, Accounting for Property, Plant, and Equipment
- SFFAS No. 10, Accounting for Internal Use Software

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# *What is the 'Go Forward' ?*

# Understanding ‘Go Forward’

## Where does “Go Forward” fit into audit readiness?

### **Existence and Completeness (E&C) and Remediation of Deficiencies:**

- Identification and recording of all MCA owned by the DoD and completion of corrective actions

### **Baseline Valuation:**

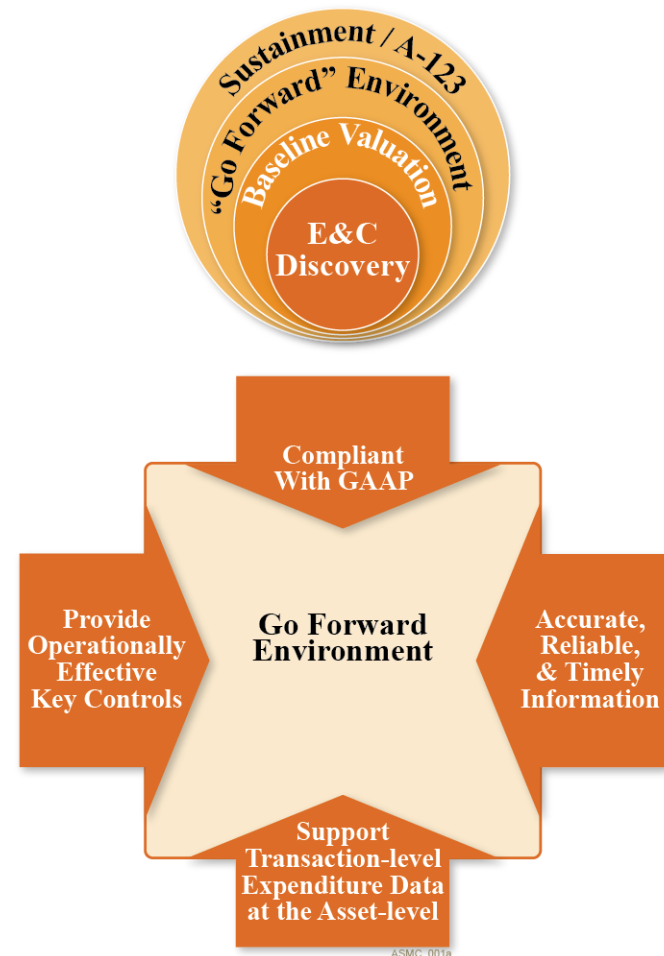
- Allows existing MCA to be valued using alternative methodologies; such as contracts, budget data, receiving reports, and other program office specific information

### **“Go Forward”:**

- Designing and implementing new business processes to allow new acquisitions to be accounted for using actual expenditures at the asset-level. Procure-to-Pay (P2P), Plan-to-Stock (P2S), and Acquire-to-Retire (A2R) will be considered in “Go Forward” implementation

### **Sustainment/Monitoring:**

- Developing the mechanism to continuously ensure business processes and controls are designed and operating effectively. This can be done as part of OMB Circular A-123 (A-123) or other periodic validations



## *Go Forward Starts with Investment Decisions*



- Acquisition – *“How do we buy it?”*
- System Program Office – *“What asset are we buying?”*
- Logistics – *“Where do we keep it?”*
- Accounting – *“How do we account for the purchase?”*<sup>5</sup>

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# ***Go Forward aligns contract requirements with auditability requirements***



## **Acquisition Contract**

**CLIN 001 - \$XX**  
**At asset level**  
**CLIN 002 - \$XX**  
**CLIN 003 - \$XX**

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# *Go Forward enables transaction-level invoicing and asset-level receiving*



Receiving Report

... Acquisition Contract

... CLIN 001 - \$XX

At asset level

... CLIN 002 - \$XX

CLIN 003 - \$XX

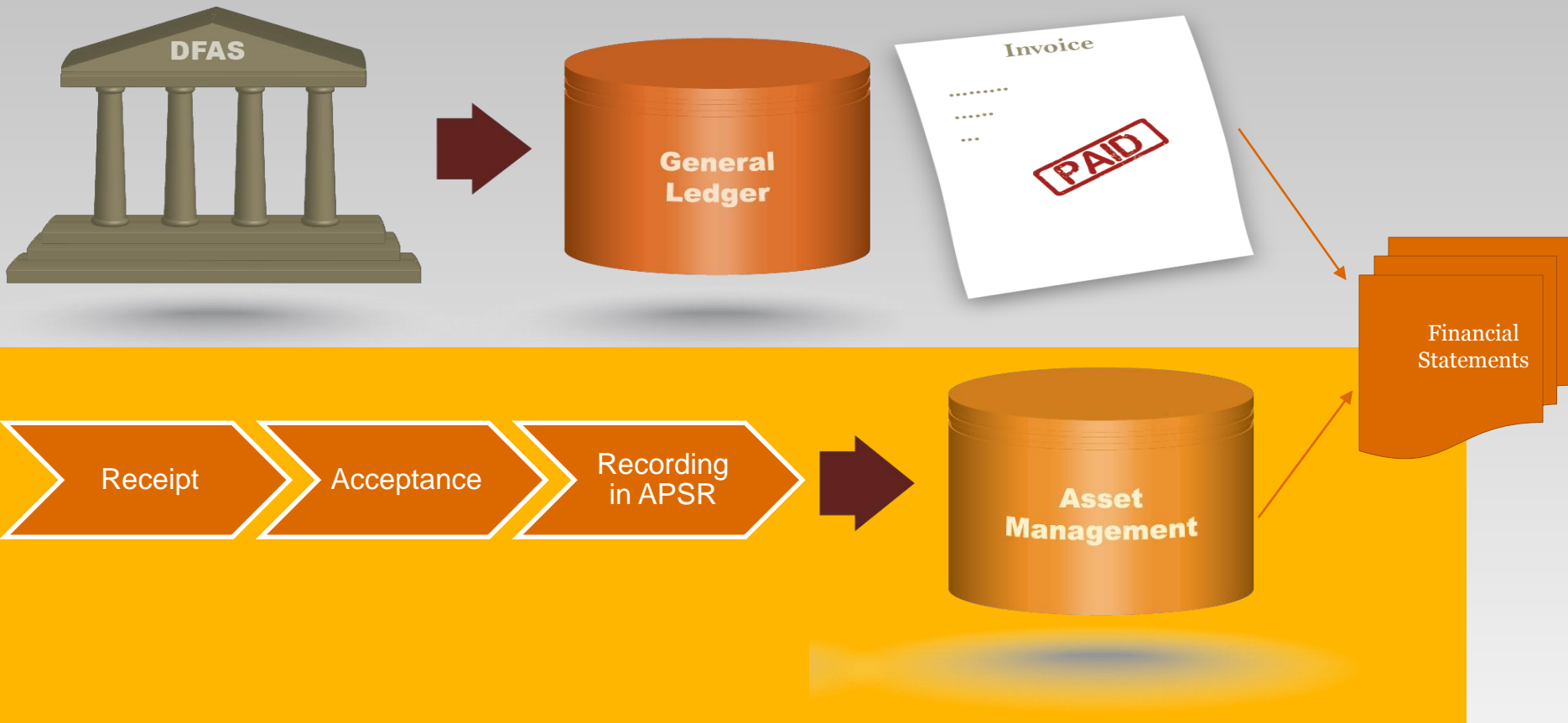
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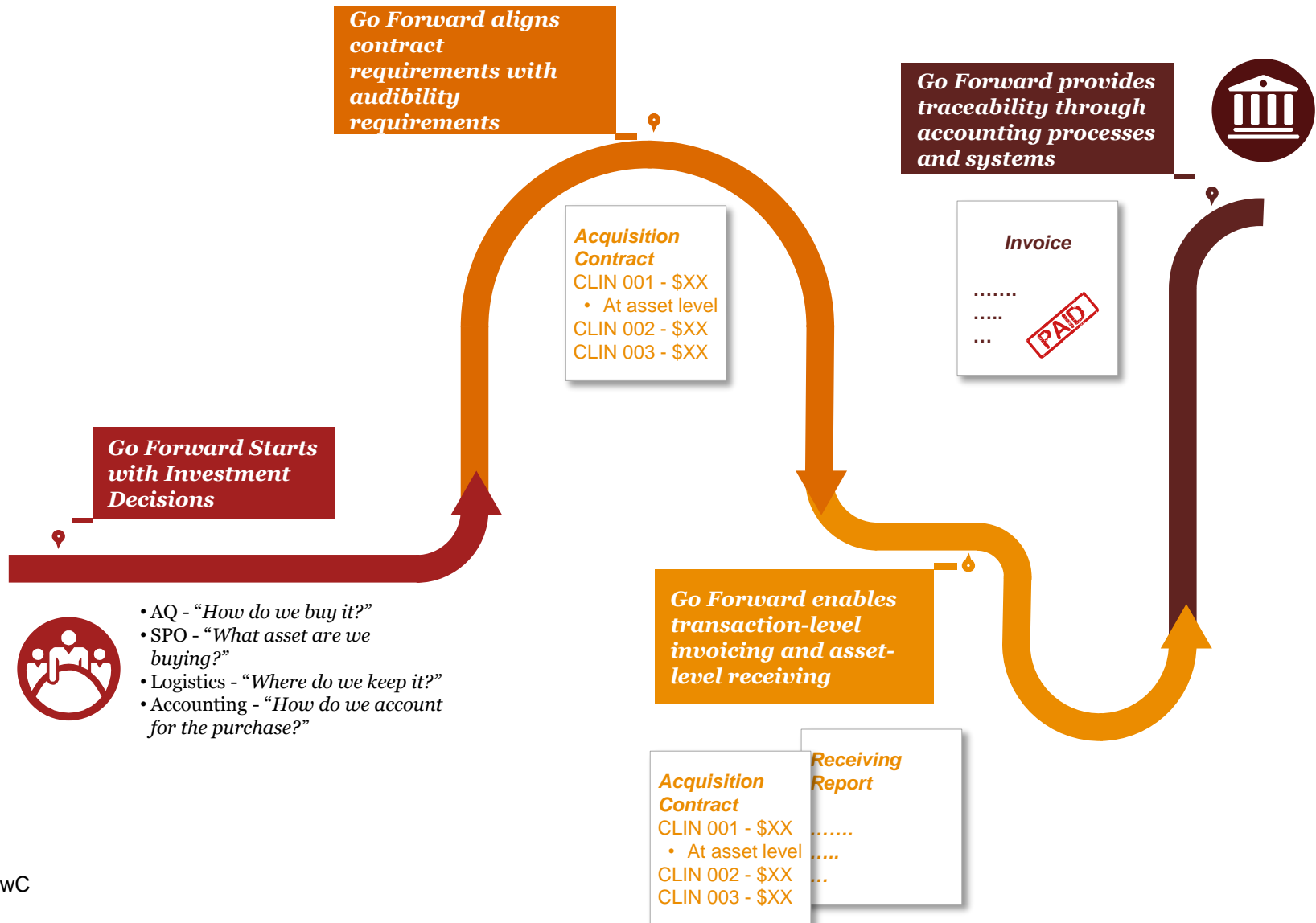
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# *Go Forward provides traceability through accounting processes and systems*



# Understanding 'Go Forward'



# Panelists

Name	Role	Title	Organization	Credentials/ Education	Brief Biography
Mr. Wm. “Matt” Fava	Moderator	Managing Director	PwC	CPA, CDFM, CFE, CGFM, CGMA, MBA	Matt is a Managing Director at PwC. Matt has prior experience in federal auditing, business process improvement and audit readiness. Matt leads FIAR for USAF.
Ms. Emily Smith	Panelist	Senior Associate	PwC	Masters in Accounting	Emily is a Senior Associate at PwC and is a team lead on baseline and Go-Forward Military Equipment Valuation efforts for USAF. In her 5 years supporting FIAR, she has experience with Wave 2, SBR, Wave 3, E&C, and Wave 4 Valuation initiatives.
Ms. Patricia “Patti” Heyman	Panelist	Government Financial Lead	Air Force/FMAS	Masters Military Operational Art and Science	With over 26 years of varied AF financial management experience, Ms. Heyman leads the AF military equipment valuation and Go- Forward efforts.
Mr. Brian Sykes	Panelist	Staff Accountant	OUSD (C)/FIAR Directorate	CPA, Masters in Accounting & FM	Mr. Sykes serves as the FIAR lead for property accounting policy and property audit strategy. He also oversees the property related DoD Critical Path efforts for the Fourth Estate.
Mr. William “Bill” Stringer	Panelist	Supervisory Accountant	Navy/FMO	Masters in Accounting	Mr. Stringer has over 25 years of experience in various financial management positions with the Navy, Air Force and Marine Corps. In his present position, he has overseen all E&C and valuation efforts for Navy assets, including the re-valuation and reporting

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## ***Ms. Emily Smith***

Emily is a Senior Associate at PwC and is a Team Lead supporting Valuation Baseline and Go Forward for Military Equipment at the U.S. Air Force. In her five years supporting Department of Defense FIAR, she has experience with Wave 2 - Statement of Budgetary Resources, Wave 3 - Existence & Completeness, and Wave 4 - Valuation, initiatives across OUSD (AT&L), Navy, and 4th Estate organizations. Emily currently provides business process improvement expertise in developing the Air Force Go Forward strategy for Military Equipment.

Ms. Smith is a Certified Government Financial Manager (CGFM) with the Association of Government Accountants. She also holds a Master of Science in Accountancy (MSA) from the Virginia Commonwealth University (VCU) in Richmond, Virginia as well as a Bachelor of Science in Accounting (BSA) from Virginia Commonwealth University.

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## ***Ms. Patti Heyman***

Ms. Heyman is a Financial Manager with 26 plus years of varied AF experience in budget, accounting and finance and compliance. She has headed multiple compliance efforts including serving as a Anti-deficiency Act investigator and working OMB A-123 compliance and the AF Statement of Assurance. Currently, she is the AF accounting lead for Military Equipment Valuation, establishing asset baselines and future state processes to support FASAB standard compliance. She also oversees the Logistics Universe of Transactions in support of full financial audit and supports the establishment of values for environmental liabilities for the AF weapons systems.

Ms. Heyman received a Master's in Military Operational Arts and Science from Air University and is level 3 defense financial manager certified.

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## ***Mr. Brian Sykes, CPA***

Mr. Sykes is a Staff Accountant in the FIAR Directorate under the Deputy Chief Financial Officer (DCFO) organization of the Office of the Undersecretary of Defense (Comptroller). He currently serves as the FIAR lead for property accounting policy and property audit strategy. He also oversees the property related DoD Critical Path efforts for the Fourth Estate, including leading the property related segments of the Fourth Estate tiger teams. He and his team provide subject matter expertise on accounting and auditability issues related to General Equipment, Real Property, Internal Use Software, Inventory and Related Property, Environmental and Disposal Liabilities, and Government-Furnished Property. He has previously held positions at the Naval Air Systems Command (NAVAIR) and the Defense Finance and Accounting Service (DFAS), and has over seven years of audit readiness experience, including over five years working in the area of asset auditability.

Mr. Sykes is a licensed Certified Public Accountant (CPA). He holds a Master's Degree in Accounting and Financial Management from the Keller Graduate School of Management at DeVry University, and a Bachelor of Science in Economics from The Ohio State University in Columbus, Ohio.

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## ***Mr. Bill Stringer***

Mr. Stringer has over 25 years of experience in various financial management positions with the Navy, Air Force and Marine Corps. He worked on Navy asset audit readiness for the last 4 years. He has headed up multiple Marine Corps budget branches, and has served as Deputy Director for Programs, Budget and Execution at Headquarters, Marine Corps. He currently leads a team of over 25 civilian and contract employees focused on asset audit readiness. Mr. Stringer built and stood up the Marine Corps Installations Command's comptroller department when the organization was created, and served in that capacity for a year after stand-up. In his present position, he has overseen all E&C and valuation efforts for Navy assets, including the re-valuation and reporting of all Naval aircraft for the Navy's FY 2016 Annual Financial Report.

Mr. Bill Stringer graduated from Stetson University with a BBA in Accounting and a Master of Accountancy.

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# *Dialogue with You*



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