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Leadership Update

Thank you and congratulations to everyone that supported the successful MILPAY Examination! The Independent Public Accounting (IPA) Firm, Grant Thornton, has released the official opinion letter on the MILPAY assessable unit, stating *"In our opinion, management's assertion that the Navy MILPAY assessable unit is audit ready as of March 29, 2013, is fairly stated in all material respects, based on the criteria established in the DoD FIAR Guidance."* This is a significant win for the Navy, and BUPERS as Navy's MILPAY Lead!

The FY15 Statement of Budgetary Activities (SBA) Audit contract was awarded on December 3, 2014 to Cotton and Company, a small local firm with 30 year's experience providing specialized services to the federal government. Navy FMO conducted Auditor Indoctrination Training from 21 – 23 January 2015. During this training, BUPERS had the opportunity to present on its organizational structure, key financial systems, and unique processes.



MILPAY Audit Update

The MILPAY segment is a significant portion of the Navy's SBA. BUPERS is preparing for an all-hands effort to respond to auditor requests. This will include process walkthroughs, data reconciliations, and document requests.

In addition, the Navy is continuing to respond to GAO's review of the MILPAY examination that was conducted by Grant Thornton.

Please keep an eye out for any communications related to these efforts.

Post Audit Response

Notice of Findings and Recommendations (NFRs)

BUPERS analyzed and responded to six NFRs provided by the IPA. These NFRs focused on document retention, pay errors, policies, and signed documentation. This required extensive research and coordination with all MILPAY stakeholders.

Corrective Action Plans (CAPs)

BUPERS developed corrective action plans to strengthen internal controls, create audit response efficiencies, train personnel, and improve the retention of key supporting documentation throughout the Navy.

Navy Audit in the News

The Navy Audit milestones and the upcoming SBA Audit are hot topics in the news! Please see below for links to some of the most recent communication:

- [Navy Achieves Audit Milestone](#)
- [DoD Awards SBA Audit Contracts](#)
- [ALNAV Message RE: FY15 Navy Financial Statement Audit](#)

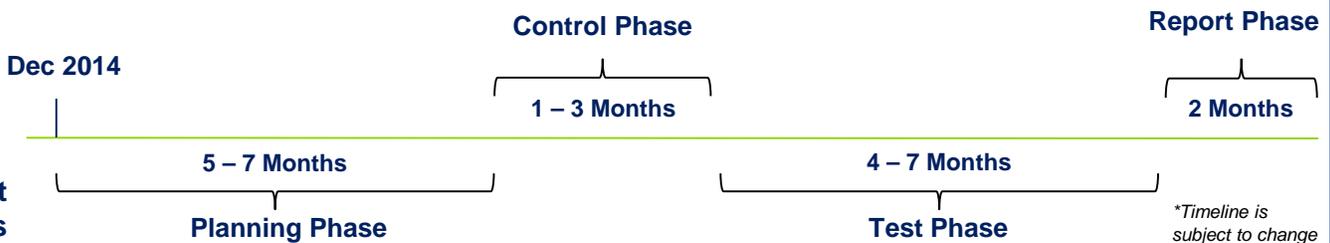
Auditor Roadshow

FMO visited several major Navy Commands to conduct 'Audit Roadshows'. These sessions provided stakeholders with key insights and lessons learned as the Navy prepares for the FY15 SBA Audit.

Timeline

2014-2015

SBA Audit Commences



Audit Phase/Timeline

Phase	Time*	Description
Planning	4-6 Mos	IPA seeks explanatory information to familiarize itself with Navy
Control	1-3 Mos	IPA walk-through of key business processes and internal controls
Test	4-7 Mos	IPA performs substantive, control and compliance test and develop workbooks
Reporting	2 Mos	IPA evaluate the test results and issue an opinion to DON on findings

Points of Contact

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