

Headquarters U.S. Air Force

Integrity - Service - Excellence

Auditing In A Brave New World



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Mr. Douglas Bennett
SAF/AG
8 March 2018



Secretary Mattis's Memo

5 Oct 2017

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SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OCT - 5 2017

MEMORANDUM FOR ALL DEPARTMENT OF DEFENSE PERSONNEL

SUBJECT: Guidance from Secretary Jim Mattis

The start of a new fiscal year serves as an opportunity for greater alignment as we reconfirm our commitment to the America. As a member of the U.S. Department of Defense, you play a vital role in supporting the three million men and women – uniformed and civilian – who fight for our Nation's interests abroad. We protect and defend the Constitution, our people, and our values, and America's military reinforces traditional tools of diplomacy, ensuring President Trump and our diplomats negotiate from a position of strength.

We are a Department of war. We must be prepared to deal with an increasingly complex global security situation, characterized by an accelerating decline in the management of the rules-based international order. North Korea's provocative actions and reckless rhetoric continue despite United Nation's censure and sanctions. Russia has violated the borders of nearby nations and seeks veto power over the economic, diplomatic, and security decisions of its neighbors. China is a long-term strategic competitor that seeks to intimidate its neighbors while escalating tensions in the South China Sea. Iran continues to sow violence and remains the largest long-term challenge to Middle East stability. Despite recent gains against ISIS, terrorist groups continue to murder the innocent and threaten peace.

Pursuit of global security and stability requires our armed forces to remain the world's preeminent fighting force, and our Department has three lines of effort to enable us to remain the world's preeminent fighting force:

First, restore military readiness as we build a more lethal force. We will execute a multi-year plan to rapidly rebuild the warfighting readiness of the Joint Force, filling holes in capacity and lethality while preparing for sustained future investment. This line of effort prioritizes a safe and secure nuclear deterrent, the fielding of a decisive conventional force, and retains irregular warfare as a core competency.

Second, strengthen alliances and attract new partners. Alliances and multinational partnerships provide avenues for peace, fostering conditions for economic growth with countries sharing the same vision. Strong alliances also temper the plans of those who would attack other nations or try to impose their will over the less powerful. History is compelling on this point: nations with strong allies thrive, while those without stagnate and wither. We will continue to work with our allies, partners, and coalitions – the North Atlantic Treaty Organization,



- **“We are a Department of War.”**
- **“I expect you to pursue actively these three lines of effort.”**
 - **Restore readiness and build lethality**
 - **Strengthen alliances and attract new partners**
 - **Bring business reforms to DoD**



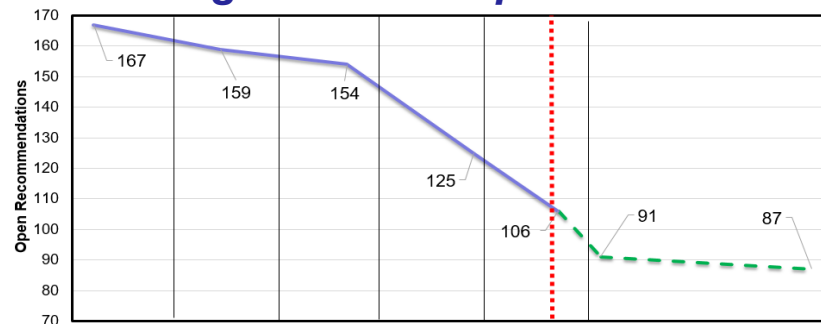
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Closing Audit Recommendations

Recommendations Status

Status	Compendium 31 Mar 17
Baseline	167
Submitted for Closure – Validated by DoD OIG	(61)
Open Recommendations	106
Submitted for Closure – Awaiting Validation by DoD OIG	(15)
Remaining Recommendations	91

Progress on Compendium



	2Qtr-17	3Qtr-17	4Qtr-17	1Qtr-18	2Qtr-18	Projection (Mar-18-Aug-18)
Closed	0	8	5	29	19	19
Change	0%	5%	8%	25%	36%	48%

Actions Taken to Close Recs

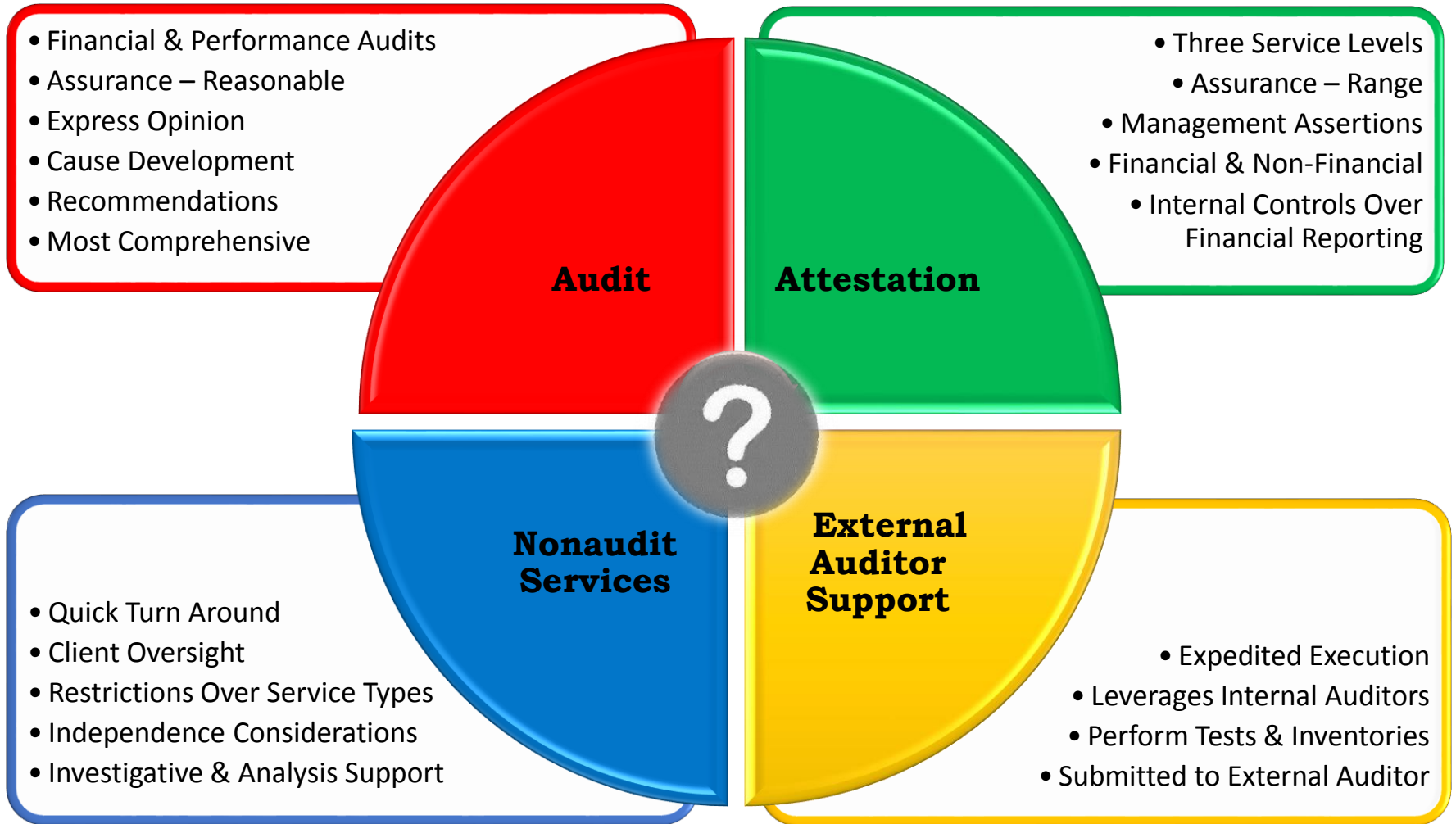
HAF 2-Ltr	CAPs Completed	CAPs Not Completed	Total Open Recs
AF/A1	3		3
AF/A2	3		3
AF/A4	6		6
AF/HC	1		1
AF/SG		1	1
SAF/AA	1		1
SAF/AQ	3	2	5
SAF/FM	2		2
SAF/CIO A6		3	3
SAF/IG		2	2
SAF/IE	1	6	7
SAF/MR		2	2
Total	20	16	36

Management Comments Status

Project #	Reports Title	AFAA Division	OPR	Due
1	F2016-O30000-0194 C/O Integration Space and Cyber into Exercises (Classified)	OS	AF/A3 AFSPC/CC	17-Aug-17
2	F2016-RWI000-0521 Contact Shop Flow Days	FD	AFMC/A4	27-Feb-18
3	F2017-O40000-0583 Active Duty Service Commitments for Long-Term Training	OS	AF/A1	5-Mar-18
4	F2016-A09000-0215 Intelligence, Surveillance, and Reconnaissance Innovation Funds	AGS	AF/A2	5-Mar-18
5	F2017-L10000-0487 Air Force Cost of War Report Operation Freedom's Sentinel	QL	SAF/FM	16-Mar-18



Service Options





Attestations

- ***Expanded service options!***
 - Include examination, review, and agreed-upon procedures
 - Service level depends on project scope and management needs
- Agreed upon procedures enhance analytic rigor for OMB A-123
 - Management identifies assertions and defines project scope
 - Procedures to test control design and effectiveness
 - AFAA reports findings – ***No opinion or recommendations***
 - Reduced execution timelines
 - Limited planning and streamlined reporting
 - Audit (~380 days) verse A-123 attestation (~130 days)
- ***Critical audit readiness impact!***



External Audit Support

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- Collaborate to perform audit testing
 - Expedite execution – Utilize AFAA resources and locations
 - Reduce learning curve – Leverage existing AFAA knowledge
 - Decrease costs – AFAA collect data and perform inventories
- AFAA completed initial steps to enable support by providing:
 - Access to audit tools cleared for classified environment
 - External peer review report reflect pass rating
 - Continuing professional education procedures
 - Audit plan and report data to reflect auditor experience
 - Summarized quality control system and process descriptions

Innovative Approach for Financial Statement Audit



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