



*The motor pool of the 1483rd Transportation Company in Walbridge, Ohio, boasts many pieces of equipment that are signed down to the operator level. Company commanders must maintain accountability of all equipment and provide training to all Soldiers on property accountability procedures.*

## The “So What” of Army Audit Readiness for Company Commanders

■ By Capt. Robert M.W. Ahlers

“Out with the old” is a mistake commonly made by new commanders and staffs—even me as a National Guard company commander—when it comes to documents. In an effort to reduce the unnecessary clutter after assuming command of a unit, commanders declare that the outdated assumption of command memos, the “old” Department of the Army (DA) 1687s (signature cards), property book officer

appointment memos, and other such documents can simply be shredded.

And what do we do with standard operating procedures (SOPs)? We glance at them and then declare that we meet the requirement for when the inspector general or battalion staff comes to inspect the unit. Never mind that the SOP still refers to the Unit Level Logistics System—Ground and Unit Level Logistics System S-4, still addresses reports

of survey, and does not mention the Central Issue Facility—Installation Support Module or Property Book Unit Supply Enhanced (PBUSE).

What about the Command Supply Discipline Program (CSDP)? I have that in my unit because I did an additional duty appointment and my brand new second lieutenant is the CSDP monitor, so I can check that box.

In reality, these actions have done

more harm than good, becoming road blocks for the Army's ability to receive a clean audit opinion, which congress has mandated the Department of Defense achieve by fiscal year 2017.

It is imperative that all Army personnel understand the impact that they have on the Army's financial statements, what they can do to assist, and why it is important to be a part of the solution and not the problem.

At the company level, I think most Soldiers fail to realize that every time a supply sergeant orders a piece of equipment, a property book officer laterally transfers equipment, or DA fields a new piece of equipment, it affects the Army's financial statements. I honestly never thought of it that way. My supply sergeant has my assumption of command memo, he has a valid signature card on file, and when it is time, the unit will have a brand new humvee on its books.

Before accepting a job with Headquarters, Department of the Army (HQDA), I would never have thought about document retention and the fact that my assumption of command memo was so important in the grand scheme of things.

#### G-4 Commitment

As the senior logistician on the Army staff, Lt. Gen. Raymond V. Mason's intent is to ensure sustained accountability and auditability in order to meet the congressional mandate that the Army receive a clean audit opinion by fiscal year 2017. To help ensure this goal is achieved, he has tasked the Logistics Innovation Agency (LIA), the field operating agency of the Army G-4, with helping the Army logistics community achieve auditability.

LIA provides support and assistance to all levels of command and has three mission areas: audit compliance, logistics enterprise integration, and performance review. The Performance Review Group at LIA helps the Army prepare for auditability and supports institutionalizing Army audit readiness through each of its mission areas.

#### Audit Compliance

Audit compliance benefits include improved property accountability and enhanced supply discipline. The business functionality team in the Performance Review Group has the primary mission of ensuring audit compliance through existence and completeness (E&C) follow-on testing. The team's purpose is to ensure units comply with controls and are prepared in the event of an actual audit.

E&C testing is the most visible aspect of audit readiness for company-level units. The Office of the Assistant Secretary of the Army for Financial Management and Comptroller (ASA[FM&C]) requests audit samples from units. If a unit fails to produce proper supporting documentation or fails to respond altogether, LIA conducts a follow-on test to assist the unit with the necessary corrective action.

Follow-on testing is a great opportunity for units because LIA assigns each command a specific point of contact who knows and understands that command's nuances and intricacies. It becomes one-on-one assistance from HQDA to a supply sergeant or property book officer in the field.

One of the biggest issues that the business functionality team faces is nonresponse—units failing to reply to the ASA(FM&C) audit sample request and to the follow-on testing. To get a clear view of why it is so important to reply, let's run through a quick scenario.

The way the audit works in simple terms is as follows:

- X equals the number of units that pass an audit (let's say 925).
- Y equals the number of units that had an audit sample request (let's say 1000).
- Z equals the percentage of units that passed the audit.
- The equation for the audit is  $X (925) \div Y (1000) = Z (.925 \text{ or } 92.5 \text{ percent})$ .
- Z must be equal to or greater than a certain percentage to pass the audit (95 percent for this example, which is the official Army pass rate).

Let's say that 30 units submitted passing sample requests, but they were a day late, after the testing window closed. If those units had met the deadline, the percentage would have been 95.5 percent and the Army would have passed.

Every unit that fails to reply on time or fails to reply at all automatically counts as a failure and could keep the Army from passing an audit. If the units would at least reply on time, even if they do not have all the documents and know that they will fail, LIA can assist them in passing the audit during the follow-on testing cycles.

#### Logistics Enterprise Integration

The second Performance Review Group mission area is logistics enterprise integration—synchronizing logistics information to meet auditability, portfolio data, and Army business management strategies. The enterprise integration team conducts "map recon" and coordinates "interlocking fires."

Map recon looks at the logistics processes and systems and identifies where risks or gaps in capabilities may be. Coordinating interlocking fires ensures that the right information is accessible from the General Fund Enterprise Business System (GFEBS) and that the Global Combat Support System—Army (GCSS—Army) and PBUSE are sharing the right information with GFEBS.

The logistics enterprise integration team takes a disciplined approach to identifying activities, manual or automated, that require evidence that successfully demonstrates traceability and assures an auditor that the financial statements are free of material misstatements.

The team works with partner organizations, such as the ASA(FM&C), Office of Business Transformation, and the Program Executive Office for Enterprise Information Systems, looking at the logistics enterprise resource planning systems (ERPs) and helping to identify the evidence needed to pass an audit.

ERPs are very large, single systems, such as GCSS–Army and the Logistics Modernization Program (LMP), that consolidate the functions of several legacy systems, such as PBUSE and the Standard Army Maintenance System–Enhanced.

### Logistics Performance Review

The Performance Review Group's third mission area is logistics performance review. This mission area is intended to be the sustainment component of audit readiness and has two primary purposes:

- To monitor field units for compliance with CSDP and command maintenance discipline program (CMDP) requirements.
- To collect and respond to command logistics concerns that are beyond the ability of the Army commands (ACOMs), Army service component commands (ASCCs), and direct reporting units (DRUs) to resolve.

The performance review team assists the ACOMs, ASCCs, and DRUs with the CSDP and the CMDP and identifies trends and issues across the broader Army. It gathers data from the E&C follow-on testing team, the reverse collection and analysis team program, the property accountability task force, CSDP results, and CMDP results to look for trends, issues, and gaps and reports them to the appropriate Army staff directorate.

Expected outputs could include bringing policies and procedures in line with each other, identifying requirements and regulations that disagree, providing interactive tools for commanders to use for the CSDP and CMDP, and providing the staff support to update G–4 regulations, pamphlets, and all Army activities messages (ALARACTs). The performance review team is also an active part of the Army staff team charged with working the government-furnished property issues related to auditability.

### Recommendations

All Army leaders (especially logisticians) can help the Army achieve financial auditability by adhering to and applying the tenets of the CSDP and the CMDP at the unit level. Furthermore, it is the commander's duty to create a command climate that fosters property accountability and fiscal responsibility from the top down.

Here are a few quick recommendations from the DA level to assist you in passing an audit:

- Retain all documentation such as DA Form 1687s, assumptions of command documents, duty appointment memorandums, and DA Form 3161s (Request for Issue or Turn-In), for six years and three months.
- Ensure that the assumption of command documents follow Army Regulation (AR) 600–20, Army Command Policy; they must include complete unit designation, unit identification code (UIC), any derivative UICs, and the effective date and time.
- Review and update each SOP annually and then sign and date to show that it was reviewed.
- Ensure primary and sub hand receipts are reviewed at the proper intervals per AR 710–2, Supply Policy Below the National Level, including property on loan using a DA Form 3161 or DA Form 2062 (Hand Receipt/Annex Number).
- Appoint a CSDP and CMDP monitor using an additional duty appointment memorandum.
- Have signature cards on file that contain a wet signature and a digital signature. This can be done on the same form for everything except ammunition transactions or on two separate 1687s, one digitally signed and one wet signed, for each authorization.
- Provide a 1687 with the same signature type as the document being requested in an audit sample so the auditor can use the 1687 to verify the signature on the transaction.

- Keep the PBUSE user role up to date and remove personnel from the role as they transition out of the unit.
- Ensure additional duty appointments are updated as Soldiers rotate in and out of the unit.
- Review the appointment documents annually to ensure that all additional duties are still held by Soldiers in the command. (It is usually best to do this while reviewing the SOPs.)

An interactive audit guide found on the LIA website, <https://lia.army.mil/>, provides a more detailed demonstration of “what right looks like” by E&C test type. Questions for the E&C follow-on testing team can be emailed to [usarmy.ncr.hqda-dcs-g-4.mbx.arfollowontesting@mail.mil](mailto:usarmy.ncr.hqda-dcs-g-4.mbx.arfollowontesting@mail.mil).

If you need assistance creating and fostering a climate of logistics audit readiness, contact the LIA Performance Review Group at [usarmy.ncr.hqda-dcs-g-4.mbx.loia-pg@mail.mil](mailto:usarmy.ncr.hqda-dcs-g-4.mbx.loia-pg@mail.mil).

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