

Unclassified



Interim U.S. Army Audit Readiness Procedural Guide

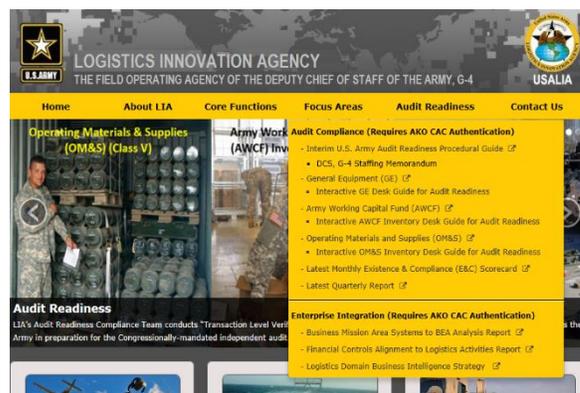
May 2016

Unclassified

1. Executive Overview

The National Defense Authorization Act for Fiscal Year 2010 (Section 1003) mandates that “the financial statements of the Department of Defense are validated as ready for audit by not later than September 30, 2017.” The purpose of this guide is to assist Army Commands and activities in establishing and sustaining audit readiness standards within their organizations to meet this mandate. Current Army Regulations (AR) do not specify certain audit-ready requirements necessary to comply with Federal Accounting Standards Advisory Board (FASAB) standards. This guide will be the interim bridge between outdated ARs and current Congressionally-mandated audit readiness requirements using FASAB standards until the Army publishes applicable AR updates.

The U.S. Army Logistics Innovation Agency (LIA), the Field Operating Agency of the HQDA, Deputy Chief of Staff, G-4, has produced interactive audit guides for both General Equipment (GE) and Inventory (Army Working Capital Fund (AWCF)) testing, with other test category guides forthcoming. These interactive guides, as well as this document, are located on LIA’s webpage (<https://lia.army.mil/>) under the Audit Readiness tab.



Preliminary testing results have pin-pointed weaknesses within the accountability processes across Army commands, primarily due to regulatory guidance not keeping pace with newly implemented accountable property system of records (ASPRs) and audit mandates. Areas addressed in this guide include:

- [Posting Timelines for Receipts and Turn-in Receipts to the Accountable Property System of Record](#)
- [Conducting Physical Inventory Counts](#)
- [DD Form 1348-1 A \(Issue Release/Receipt Document\) Receipt Quantity Annotation](#)
- [DA Form 1687 \(Notice of Delegation of Authority-Receipt for Supplies\)](#)
- [DD Form 444 \(Inventory Adjustment Reports\)](#)
- [Voucher Clarification for Ammunition](#)
- [Signatures and Dates](#)
- [Assumption of Command](#)
- [Quality Assurance Inspections](#)
- [Standard Operating Procedures \(SOPs\)](#)
- [Inventory Administrative Adjustments Table](#)
- [Property Accountability](#)

Each section quotes current policy followed by an “**Interim Guidance**” paragraph which provides additional procedures to assist units in passing Congressionally-mandated independent audits.

2. Summary of Guidance Clarification

The guidance provided herein serves as a temporary bridge between audit readiness standards and pending updates to revised DoD/Army policy and regulations. Army units/activities should adhere to this guidance to ensure the Army is fully prepared for a Congressionally-mandated independent Existence & Completeness audit. A summary of impacted topics, the rationale for updated guidance, and action(s) required are provided below:

Posting Timelines for Receipts and Turn-in Receipts to the Accountable Property System of Record are as follows:

1) Active Army, to include National Guard units/ Reserve Component units mobilized and on active duty, have 15 workdays from time of receipt of a confirmation of a turn-in to the Defense Logistics Agency.

2) All other National Guard and Reserve units have 30 calendar days from time of receipt of a confirmation of a turn-in to the Defense Logistics Agency.

3) The term “Zero Day” means the completed date of transactions; therefore, day one is the day after the transaction completion date.

Conducting Physical Inventory Counts. All inventories will have a counter, recorder and supervisor. When using various automated systems, the language and titles may vary. The counter is the person who conducts the physical count, either manually or with the use of automated tools, such as a hand held scanner. The recorder, sometimes called the reviewer, is the individual that is verifying the physical count and entering it on the document or into the respective system for a manual count, and/or compares the counts to the system records for automated procedures. The supervisor or inventory manager provides oversight to ensure that any discrepancies are confirmed, recounted as necessary and approves the final inventory process.

All counters and recorders will sign (full legal signature) and date each page of the count sheets when a manual process is used. Count sheet is a generic term and refers to the documents that are printed and used to conduct manual counts, the format will vary depending on the APSR.

The inventory supervisor will sign and date at least one page of each series of count sheets. A series is defined when counts sheets expand beyond one page (1 of #).

When physical inventory is conducted through automated procedures, such as hand held scanners, separation of duties, between the counter, verifier and supervisor must be adhered to.

DD Form 1348-1A: Whenever a DD Form 1348-1A is received with any material, the receiver will fill in block 10 with actual quantity received along with the receiver's signature and date.

DA Form 1687:

1) **RETENTION:** All units/activities will retain the DA Form 1687 for the purpose of conducting business IAW the Assumption of Command / Accountable Officer orders disposition guidance. IAW AR 25-400-2, after the change of command/responsibility, Units/activities will maintain it in the active files for one year, and then maintain in the inactive files for 6 years after the expiration date on the DA Form 1687, and then destroy.

2) **DUAL SIGNATURE:** DA Form 1687 will require both hand-written and digital signatures for the identified authorized representatives. The responsible supply officer (Commander or accountable officer) will also digitally AND manually sign the DA Form 1687.

3) **EXEMPTION FOR DUAL SIGNATURE:** Contractor personnel (providing supply services to an accountable officer under contract), designated on DA Form 1687 as authorized representatives to receive and turn-in U.S. Government Title 10 property, will be exempt from the dual signature requirement if they are not issued a government Common Access Card (CAC). The DA Form 1687 will be annotated with "CONTRACTOR" in the authorized personnel block following their name.

4) **GOVERNMENT FURNISHED PROPERTY (GFP):** Use of the DA Form 1687 does not apply to GFP. Property included in Annex J of a contract may only be issued using the DD Form 1149, Requisition and Invoice/Shipping Document; DD Form 250, Material Inspection and Receiving Report; or DD Form 1348-1A, Issue Release/ Receipt Document. (Federal Acquisition Regulation (FAR) Part 45, Government Property; AR 735-5)

5) **UNIT IDENTIFICATION CODE (UIC) LISTINGS:** DA Form 1687 will include all UICs associated with the delegation of authority to include parent and derivative UICs.

DA Form 444 Inventory Adjustment Report: All reports will have a stock record officer signature and an approving authority signature. Use AR 735-5 and AR 740-26 when deciding whether or not a DA Form 444 or DA Form 200 is required for inventory adjustment. See [Table 1, Inventory Administrative Adjustments](#) below for additional guidance. For ammunition, arms and explosives (AA&E), refer to AR 190-11, Physical Security of Arms, Ammunition, and Explosives, 5 September 2013.

Voucher Clarification for Ammunition: The following forms are considered vouchers and are subject to the rules in DA Pam 710-2-2 Par 24-15 and Par 24-21: DA Form 444, DA Form 581, DA Form 1298 (Manual Processing), DA Form 2064 (Unit Level), DA Form 3151-R, DA Form 4508, DA Form 4999 (Manual Processing), DA Form 5203 (Manual Processing), DD Form 1348-1A, DD Form 1348-2, and DD Form 1384.

Signatures and dates: Required when conducting Army business using various forms and correspondence. You must provide your full legal signature that includes your first initial or first name with your full last name; it can be either handwritten or electronic using your Common Access Card (CAC).

Assumption of Command (AOC): Clarification of “complete unit designation and unit identification code”, for audit purposes: for Battalions and above who have multiple subordinate UICs, there is a requirement for an audit trail between the parent UIC and their subordinate units. Depending on the number of subordinate UICs, there are two ways of recording all corresponding UICs to the Commander.

- 1) Place the parent AA or FF UIC on the Memo and create an attachment to identify the UICs and derivatives that are subordinate to the parent unit
- 2) Use a range format such as “W1AA00 through W1AAZZ”.

The format is at the discretion of the Commander. Current orders lacking itemized derivatives will be republished as a "Corrected Copy" (see AR 600-20 Para 2-5 d(4)).

Quality Assurance Inspections: All Army organizations and activities will have an external Quality Assurance (QA) inspection program. The inspection team will provide written documentation of the findings of their inspection. This documentation can be in the form of memorandums, checklists, Automated Inspection Program, Quality Assurance Surveillance Plan or other similar command approved format. The senior inspector will personally sign and date thru digital or manual means (full legal signature). The report must contain the following identifying information:

- 1) UIC and Unit Name of inspected unit
- 2) Date of inspection
- 3) Name, rank, position of the Senior Inspector
- 4) Senior Inspector Signature with date

SOPs: Commands and Senior Civilians at all levels will develop SOPs to address property accountability, security, segregation of duties and other key business processes in order to mitigate exposure to the potential loss of assets. Army leaders will review SOPs on an annual basis and document evidence of the review with a signature and date of the approving authority.

Campaign on Property Accountability Reporting Requirements: Commands are relieved from Campaign on Property Accountability associated reporting requirements to HQDA. The base order requirements established in EXORD 259-10 remain in effect and documentation of required actions will continue to be completed and collected by the responsible headquarters for inspection under the Command Supply Discipline Program and for their internal use.

3. Army and Department of Defense (DoD) Regulation/Policy Audit Guidance

This section addresses various issues related to one or more of the following Army Regulations or DoD Policy:

- a. AR 710-1, Inventory Management: Centralized Inventory Management of the Army Supply System, 20 September 2007
- b. AR 710-2, Inventory Management: Supply Policy Below the National Level, 28 March 2008
- c. AR 735-5, Property Accountability Policies, 22 August 2013
- d. AR 740-26, Physical Inventory Control, 22 February 2013
- e. DoD Manual (DoDM) 4160.21, Volume 1, Defense Materiel Disposition: Disposal Guidance and Procedures, October 22, 2015

POSTING TIMELINES FOR RECEIPTS AND TURN-IN RECEIPTS TO THE ACCOUNTABLE PROPERTY SYSTEM OF RECORD (APSR)

DoD Policy

DoDM 4160.21, V1

Para 7. Receipt of Property and Scrap

Para 7.c. Document Acceptance. Defense Logistics Agency (DLA) Disposition Services sites will use a full signature for receipts in block 22 of the Disposal Turn-In Document (DTID). The conditional acceptance date will be entered in block 23. DLA Disposition Services sites will also use this date for the accountable record receipt transaction.

Para 7.d. Returning Receipts

(1) For property physically received by DLA Disposition Services site, generating activities will be provided with a receipt copy upon delivery.

(a) These receipts are considered conditional acceptance of accountability, pending completion of DLA Disposition Services site inspection and verification of the turn-in. If no follow-up report is

received by the generating activity within 15 workdays, the provisional copy becomes the official receipt document, and the DLA Disposition Services Site assumes full accountability.

(b) If the receipt is not recorded in a web based document management system within 30 days, the provisional copy becomes the official receipt copy and the DLA Disposition Services site assumes full accountability.

(2) For turn-ins made by commercial carrier, parcel post, etc., DLA Disposition Services sites will provide receipt copies no later than 5 workdays after delivery. These receipts are considered conditional acceptance of accountability pending completion of DLA Disposition Services site inspection and verification of the turn-in. If a discrepancy is found, DLA Disposition Services sites may contact and attempt resolution. When acceptance is not possible, a reject notice will be provided to the generating activity within 7 workdays.

Army Policy

AR 710-2 (Para 1-21 c)

(5) Turn-in receipt processing time. This is the timeframe expressed in the number of days upon receipt of a Supply Support Activity's (SSA) confirmation of a turn-in to posting of the property book and document register.

AR 710-2 (Table 1-2, Unit Performance Standards)

<u>Processing time (days):</u>	<u>Objective</u>	<u>Management Level</u>
Receipt processing time	1 day	3 days or less
Issue processing time	2 days	4 days or less
Turn-in receipt processing time	1 day	3 days or less

AR 710-2 (Para 2-8)

h. Property book items received or reported as found on installation (FOI) will be posted to the property book within 3 workdays (U.S. Army Test, Measurement, and Diagnostic Equipment Activity (USATA) 10 workdays) of the receipt date.

Memorandum, Deputy Chief of Staff, G-4 (DALO-SUP) 26 Aug 2015, Subject: Clarification of Army Receipt Processing at Retail and Wholesale Levels (Superseded by this guidance)

3. The following example applies to equipment turned-in to Defense Logistics Agency – Disposition Services. For turn-ins made by the generating activity, Defense Logistics Agency will provide the receipt copy at time of delivery. If a supply discrepancy report is not received in seven days, this becomes the official receipt document.

4. Active Army units (Compo 1) will be allotted 7 calendar days, from the receipt date, to post items (to include equipment received through material fielding) or reported as FOI to the property book. U.S. Army Reserve and the Army National Guard units (Compos 2 and 3) will be allotted 30 calendar days, from the receipt date, to post items received (to include equipment received through material fielding) or reported as FOI to the property book. The term “zero Day” means the completed date of the transaction; therefore day one is the day after the transaction completion date.

Interim Guidance Receipt Processing and Turn-in Receipt Processing timelines are as follows:

- 1) Active Army, to include National Guard units/ Reserve Component units mobilized and on active duty, have 15 workdays from time of receipt of a confirmation of a turn-in to the Defense Logistics Agency.
- 2) All other National Guard and Reserve units have 30 calendar days from time of receipt of a confirmation of a turn-in to the Defense Logistics Agency.
- 3) The term “Zero Day” means the completed date of transactions; therefore, day one is the day after the transaction completion date.

When processing Turn-ins to DLA Disposition Services, the Property Book Officers (PBO) or Accountable Officers (AO) will monitor the DLA web-based document management system for 31 calendar days after the date located in block 23 on the provisional copy of the DD Form 1348-1A. If no reject notice is provided, the PBO will then place the provisional copy in his/her files as the official receipt.

CONDUCTING PHYSICAL INVENTORY COUNTS

Army Policy **AR 740-26**

(Para 2-2 Planning and scheduling)

a. The Storage Activities (SAs) and Life Cycle Management Command (LCMCs) will jointly determine the overall inventory requirements (such as, manpower, mechanical, or ADP support) based on - (1) Line item populations (2) inventory requirements (3) known work standards.

(Para 5-1 General quality control requirements)

d. Complete quality samplings of input documents, counts, location, and research actions on the same day as the original action to preclude external factors from affecting the sampling accuracy.

AR 710-1

(Para 6-1e)

(5) Automated Battle Book System (ABS): Provides detailed description of each APS program and a consolidated listing of all Army Prepositioned Sets (APS) site inventories. ABS supports deployment planning through CD ROM, updated quarterly, and through Internet access.

(Para 6-2 b)

b. The U.S. Army Materiel Command (AMC) is the executive agent for management and accountability for the Army Prepositioned Stock (APS) program, less Supply Class (SC) VIII (Medical). AMC performs all supply and maintenance functions for this program to ensure accurate and timely sourcing. AMC will—

(12) Account for prepositioned equipment and stock in APS. Conduct quality control and assurance programs. Determine maintenance cycles for land based and afloat APS equipment. Provide required reports, to include inventory records, in formats compatible with Army unit level retail software and hardware (including Unit Level Logistics System (ULLS), Standard Army Ammunition System (SAAS), Standard Army Retail Supply System (SARSS), and Standard Army Maintenance Management System (SAMMS)), to all concerned.

(15) Provide a single on-site officer in charge with full authority to settle maintenance and accountability disputes that may occur during equipment hand-off operations, or during ship uploads and downloads.

AR 710-2 Par 1-18b.

(8) Emergency situations. When an emergency (sudden or uncontrollable departure of the custodian) causes the indefinite or permanent absence of the custodian, the commander assigns two properly cleared persons to physically inventory the COMSEC account within 24 hours after the absence has been acknowledged.

DA Pam 710-2-2, Supply Support Activity Supply System: Manual Procedures, 30 September 1998 (Para 9-9)

b. Two people are assigned to each count team. The counter orally states the location, stock number, unit of issue, and the count. The

recorder records the entries on the DA Form 2000–3. Counter and recorder sign and date the DA Form 2000–3 in the space provided when the count is complete. (This is shown in fig 9–8.) Count team personnel notify inventory supervisor when all counts have been made. Count team returns count card to inventory supervisor.

c. The inventory supervisor accounts for all count cards by serial number and reviews them to make sure that they are complete. If a count card is missing and cannot be found, a duplicate will be made from the count card control list data; then the item will be counted. After the inventory supervisor accounts for all count cards and is sure that they are correct, the count card deck and the count card control list will be sent to the stock record officer (SRO).

Interim Guidance All inventories will have a counter, recorder and supervisor. When using various automated systems, the language and titles may vary. The counter is the person who conducts the physical count, either manually or with the use of automated tools, such as a hand held scanner. The recorder, sometimes called the reviewer, is the individual that is verifying the physical count and entering it on the document or into the respective system for a manual count, and/or compares the counts to the system records for automated procedures. The supervisor or inventory manager provides oversight to ensure that any discrepancies are confirmed, recounted as necessary and approves the final inventory process.

When using a manual process, all counters and recorders will sign (full legal signature) and date each page of the count sheets. Count sheet is a generic term and refers to the documents that are printed and used to conduct manual counts, the format will vary depending on the APSR.

The inventory supervisor will sign and date at least one page of each series of count sheets. A series is defined when counts sheets expand beyond one page (1 of #).

When physical inventory is conducted through automated procedures, such as hand held scanners, separation of duties, between the counter, verifier and supervisor must be adhered to.

4. Department of Army Pamphlet Additional Guidance

This section addresses various issues that are contained in one or more of the following Department of Army Pamphlets (DA Pam):

- a. DA Pam 710-2-1, Using Unit Supply System (Manual Procedures), 31 December 1997

b. DA Pam 710-2-2, Supply Support Activity Supply System: Manual Procedures, 30 September 1998

DD FORM 1348-1A, (ISSUE RELEASE/RECEIPT DOCUMENT) RECEIPT QUANTITY ANNOTATION

Army Policy **DA Pam 710-2-1 (Para 2-33)**

a. Supplies issued from a Supply Support Activity (SSA) are normally issued with DD Form 1348-1 A (Issue Release/Receipt Document - Automated) or DD Form 1348-2 (DoD Issue Release/Receipt Document With Address Label). The customer acknowledges receipt of the supplies by signing his or her name, rank, and the Julian date in block 7.

DA Pam 710-2-2 (Para 8-3)

b. Check supplies actually received against the D6S card and the DD Form 1348-1A or DD Form 1348-2. Verify the stock number, quantity, condition of the item, and serial/registration number (when applicable). Sign and date blocks 22 and 23.

Interim Guidance Whenever supplies are issued from an SSA using a DD Form 1348-1A, the receiver will fill in block 10 with actual quantity received along with the receiver's full legal signature (manual or CAC) and date in block 22 and block 23, respectively.

DA FORM 1687 (NOTICE OF DELEGATION OF AUTHORITY-RECEIPT FOR SUPPLIES)

Army Policy **DA Pam 710-2-1 (Para 2-32)**

b. DA Form 1687 is used when an accountable/responsible person wants to designate personnel as authorized representatives to request and/or sign for supplies requiring formal accountability at the user level.

DA Pam 710-2-1 (Para 2-32)

g(4)(c) Assumption of command/accountable officer's orders: Will be retained after the change of command in active administration files (AR 25-400-2, file number 710-2i) for 1 year and will be destroyed after 2 years.

Army Records Information Management System (ARIMS)

Record Description - DA Forms 1687 (Notice of Delegation of Authority-Receipt for Supplies) or comparable forms or documents

identifying individuals authorized to draw or sign for supplies from a Supply Support Activity (SSA) or Self-Service Supply Center. The event is the preparation of the new authorization. Keep in current files area (CFA) until event occurs and then until no longer needed for conducting business, but not longer than 6 years after the event, then destroy.

Memorandum, Deputy Chief of Staff, G-4 (DALO-SUP) 08 SEP 2014, Subject: Clarification to the DA Form 1687 Signatory Requirements.

3. Effective immediately, the DA Form 1687 will require both hand written and digital signature for the identified authorized representatives. This dual requirement is necessary to ensure total identification for personnel and units taking rights to Army equipment in support of the existence and completeness standards for audit readiness. This measure will be required until all property accountability supporting forms and tactical logistics systems are electronic signature capable.

Memorandum, Deputy Chief of Staff, G-4 (DALO-SUP) 20 Mar 2015, Subject: Clarification of Guidance Regarding Dual Signature Requirements on DA Form 1687

6. The responsible supply officer (Commander or accountable officer) will also digitally and manually sign the DA Form 1687.

9. The requirement for both manual and digital signatures on the DA Form 1687 supersedes previously published interim guidance specified in the ALARACT message "Utilization of Electronic Signatures on DA Form 1678", dated 021515z Feb 12. This does not change any other Class V operating procedures implemented in ALARACT message "Applying electronic and Digital Signature Technology in Support of Munitions Operations", dated 051221Z Apr 12.

Interim Guidance RETENTION: All units/activities will retain the DA Form 1687 for the purpose of conducting business IAW the Assumption of Command / Accountable Officer orders disposition guidance. IAW AR 25-400-2, after the change of command/responsibility, Units/activities will maintain it in the active files for one year, and then maintain in the inactive files for 6 years after the expiration date on the DA Form 1687, and then destroy.

DUAL SIGNATURE: DA Form 1687 will require both hand-written and digital signatures for the identified authorized representatives. The responsible supply officer (Commander or accountable officer) will also digitally AND manually sign the DA Form 1687.

EXEMPTION FOR DUAL SIGNATURE: Contractor personnel (providing supply services to an accountable officer under contract), designated on DA Form 1687 as authorized representatives to receive and turn-in U.S. Government Title 10 property, will be exempt from the dual signature requirement if they are not issued a government Common Access Card (CAC). The DA Form 1687 will be annotated with “CONTRACTOR” in the authorized personnel block following their name.

GOVERNMENT FURNISHED PROPERTY (GFP): Use of the DA Form 1687 does not apply to GFP. Property included in Annex J (Equipment Annex) of a contract may only be issued using the DD Form 1149, Requisition and Invoice/Shipping Document; DD Form 250, Material Inspection and Receiving Report; or DD Form 1348-1A, Issue Release/ Receipt Document. (Federal Acquisition Regulation (FAR) Part 45, Government Property; AR 735-5)

UNIT IDENTIFICATION CODE (UIC) LISTINGS: DA Form 1687 will include all UICs associated with the delegation of authority to include parent and derivative UICs.

DD FORM 444 (INVENTORY ADJUSTMENT REPORTS) CLARIFICATIONS

Army Policy

AR 710-2 (Para 3-24)

n. All discrepancies (not covered above) in stock record balances found during inventories will be adjusted and reported on DA Form 444 (Inventory Adjustment Report (IAR)). Inventory adjustment reporting and approval policy is contained in AR 735–5. IARs will be used to document condition code changes (except Class V) and re-identification of assets. Because these transactions do not represent an actual gain or loss to the account, approving authority signature is not necessary. However, the IAR will be signed by the stock record officer (SRO) and a copy maintained in the voucher file.

DA Pam 710-2-2 (Para 9-1)

An adjustment is any change to the recorded balance that is not the result of any of the following: a correction (chap 3); receipt (chap 8); issue (chap 10); turn in (chap 14); or shipment (chap 16).

a. Correct posting errors when discovered as shown in chapter 3. These posting errors are not adjustments; they are corrections.

b. Four adjustments that need not be the result of an inventory are shown below. They can be made as the result of an inventory;

however, this is not mandatory. These adjustments normally are made as they occur. The reasons are as follows:

- (1) Assembly or disassembly.
- (2) Stock number or unit of issue change.
- (3) Condition changes due to acts of God, enemy action, fire, major disaster, repair, shelf-life, or suspension. Adjust condition changes due to other causes using AR 735–5.
- (4) Re-identification of an improperly identified item.

c. Two adjustments that can only be the result of an inventory are listed below.

- (1) Correction of undiscovered posting errors.
- (2) Correction of operational gains and losses.

d. Special inventory, reporting and adjustment procedures for classified COMSEC equipment and keying materiel are contained in AR 380–40(O) and TB 380–41.

Interim Guidance All DA Form 444, Inventory Adjustment Report, will have a stock record officer's (SRO) signature and an Approving Authority's Signature. Use AR 735-5 and AR 740-26 when deciding whether or not a DA Form 444 or DA Form 200, Transmittal Record, is required for inventory adjustment. See [Table 1, Inventory Administrative Adjustments](#) below for additional guidance. For ammunition, arms and explosives (AA&E), refer to AR 190-11, Physical Security of Arms, Ammunition, and Explosives, 5 September 2013.

VOUCHER CLARIFICATION FOR AMMUNITION

Army Policy

DA Pam 710-2-2

(Para 24–15, Vouchers)

The voucher is the evidence of a transaction in a Stock Record Account (SRA). Documents processed as adjustments, issues, shipments, turn-ins, or receipts, whether posted to the records or not, are vouchers.

a. There are three types of vouchers:

- (1) Adjustment voucher. This voucher is used to make the recorded condition or quantity agree with the actual condition or quantity of items on hand. Post adjustment vouchers to the stock accounting record.

(2) Credit voucher. This voucher lists items deducted from the account. Credit vouchers decrease assets; post them as losses. Issues and shipments are credit vouchers. Post credit vouchers to the stock accounting record.

(3) Debit voucher. This voucher lists items added to the account. Debit vouchers increase assets; post them as gains. Receipts and turn-ins are debit vouchers. Post debit vouchers to the stock accounting record.

(Para 24-21)

a. File all vouchers in SSA-document-number sequence. Mark vouchers requiring posting to the stock records to show they were posted before they were filed. After posting the voucher, the posting clerk writes the word "POSTED," the Julian date, and his/her initials in any blank space on the face of the voucher. When a posting block is provided on the voucher, use it.

Interim Guidance These forms are considered vouchers and are subject to the rules in DA Pam 710-2-2 (Para 24-15 and Para 24-21):

DA Form 444, Inventory Adjustment Reports
DA Form 581, Request for Issue and Turn-In of Ammunition
DA Form 1298, Due Out Record (Manual Processing)
DA Form 2064, Document Register For Supply Actions (Unit Level)
DA Form 3151-R, Ammunition Stores Slip
DA Form 4508, Ammunition Transfer Record
DA Form 4999, Due In Record (Manual Processing)
DA Form 5203, DODIC Master/Lot Locator Record (Manual Processing)
DD Form 1348-1A, Issue Release/Receipt Document
DD Form 1348-2, Issue Release/Receipt Document with Address Label
DD Form 1384, Transportation Control and Movement Document

5. General Audit Guidance

SIGNATURE AND DATES

Army Policy **AR 25-50, Preparing and Managing Correspondence, 17 May 2013, (Para 6-3)**

a. Use the regulation or directive governing the action involved to decide on the appropriate signature. If the signature is not prescribed, write the signature as desired, which normally includes the full name. The individual may use an initial or initials in place of first and middle names. The typed name will match the signature.

Once individuals decide on their official signature, they should use the same signatures for official actions throughout their employment or service with DA.

Interim Guidance b. A signature is the name of the individual written by hand (see para 6–10 for use of auto-pen signatures). Full legal signatures (not initials) and dates are required when conducting Army business using various forms and correspondence. Signatures will include the signatory's first initial or first name with full last name. The signature can be either handwritten or electronic using a Common Access Card (CAC).

ASSUMPTION OF COMMAND

Army Policy **AR 600-20, Army Command Policy, 6 November 2014 (Para 2-5)**

d. Announcement of assumption of command (AOC). Assumption of Command will be announced in a memorandum and will contain the information shown in figure 2–2. To preclude two separate documents, appointment (applies only to three- and four-star general officers) and assumption announcements may be included in a single memorandum, as shown in figure 2–3. Senior commander designation will be indicated on the individual's permanent change of station (PCS) orders published by GOMO.

AR 600-20 (Para 2-5, Figure 2-2)

An Assumption of Command will be on unit letterhead and include a statement to this effect: "The undersigned assumes command of (complete unit designation and unit identification code (UIC)), effective (time/date)". The signature block will have Name, Grade, Branch, and position (Commanding or Acting Commander).

Interim Guidance Clarification of "complete unit designation and unit identification code", for audit purposes: for Battalions and above who have multiple subordinate UICs, there is a requirement for an audit trail between the parent UIC and their subordinate units. Depending on the number of subordinate UICs, there are two ways of recording all corresponding UICs to the Commander.

1) Place the parent AA or FF UIC on the Memo and create an attachment to identify the UICs and derivatives that are subordinate to the parent unit

2) Use a range format such as "W1AA00 through W1AAZZ".

The format is at the discretion of the Commander. Current orders lacking itemized derivatives will be republished as a "Corrected Copy" (see AR 600-20 Para 2-5 d(4)).

QUALITY ASSURANCE INSPECTIONS

DoD Policy **Financial Improvement and Audit Readiness (FIAR) Guidance April 2015 (Sec 3.c, Page37)**

The five components of entity-level controls are (1) Control Environment (Structure and Culture), (2) Risk Assessment (Internal and External), (3) Control Activities (Policy and Procedures), (4) Information and Communication (Relevant, Reliable and Timely), (5) Monitoring (Periodic, Reviews Reconciliations or Comparisons).

Army Policy **AR 11-2, Managers' Internal Control Program, 4 January 2010 (Para 2-1)**

a. All commanders and managers have an inherent responsibility to establish and maintain effective internal controls, assess areas of risk, identify and correct weaknesses in those controls, and keep their superiors informed. The FMFIA and OMB Circular A-123, Appendix A codify this inherent responsibility.

h. No Army activity or program is exempt from the requirements of the FMFIA and OMB Circular A-123, Appendix A. This includes all personnel assigned to Army organizations and reporting organizations for which the Army serves as the executive agent.

AR 710-2 (Para 1-4)

m. Commanders, civilian supervisors, and managers.

(1) Commanders, civilian supervisors, and managers at all levels will ensure compliance with applicable policies prescribed by this regulation and outlined in the internal control checklists in tables B-1 through B-6.

DA PAM 710-2-2 (Para 17-2)

Each Supply Support Activity (SSA) must be inspected. This inspection is made by the staff of the next higher commander. Installation commanders may use their staff to inspect their installation SSA when Major Army Command (MACOM) personnel are not available. Installation commanders will make sure that the inspectors are not members of the SSA being inspected. Inspectors must be technically qualified in functions that they inspect. The inspecting commander may combine command inspections with other visits, except those made by the inspector general (IG).

Interim Guidance All Army organizations and activities will have an external Quality Assurance (QA) inspection program. The inspection team will provide written documentation of the findings of their inspection. This documentation can be in the form of memorandums,

checklists, Automated Inspection Program, Quality Assurance Surveillance Plan or other similar command approved format. The senior inspector will personally sign and date thru digital or manual means (full legal signature). The report must contain the following identifying information:

1. UIC and Unit Name of inspected unit
2. Date of inspection
3. Name, rank, position of the Senior Inspector
4. Senior Inspector Signature with date

STANDARD OPERATING PROCEDURES (SOPs)

DoD Policy

FIAR April 2015 (Para 6.B.1, Table)

5. Maintain SOPs - Reporting Entities and Service Providers should maintain and update all standard operating procedure (SOP) manuals for key business processes. These SOPs may ultimately be requested by an audit team during the course of an audit. The existence and regular maintenance of SOPs demonstrates that a Reporting Entity is committed to minimizing variation in performing fundamental processes.

(Sec 3.c, Page37)

The five components of entity-level controls are (1) Control Environment (Structure and Culture), (2) Risk Assessment (Internal and External), (3) Control Activities (Policy and Procedures) (4) Information and Communication (Relevant, Reliable and Timely), (5) Monitoring (Periodic, Reviews Reconciliations or Comparisons).

Army Policy

AR 11-2 (Appendix B-1, Standards)

The Comptroller General of the United States established these standards for defining the minimum level of quality acceptable for internal control in government and providing the basis against which internal control is to be evaluated. These standards apply to all aspects of an agency's operations: programmatic, financial, and compliance. However, they are not intended to limit or interfere with duly granted authority related to developing legislation, rule making, or other discretionary policy making in an agency. These standards provide a general framework. In implementing these standards, management is responsible for developing the detailed policies, procedures, and practices to fit their agency's operations and to ensure that they are built into and are an integral part of operations. Paragraphs B-2 through B-6, below, present short, concise statements for each of these standards and provides

additional information to help managers incorporate the standards into their daily operations.

AR 385-10, The Army Safety Program, 27 November 2013,
(Para 1-5)

a. Soldiers and Department of the Army (DA) Civilians at all levels. Soldiers and DA Civilians at all levels will—

(1) Stop unsafe acts detrimental to Army operations.

(2) Be responsible for accident prevention by applying RM.

(3) Comply with this regulation, the OSH Act, safety regulations, the Army Occupational Health Program, work practices, and standing operating procedures (SOPs).

c. (13) Ensure written safety SOPs are established as prescribed in this regulation and DA Pam 385–10 in areas of responsibility.

AR 710-2 (Para 1-4)

f. (12) Assist in the development of local standing operating procedures (SOPs) to assist Army working Capital Fund-Supply Management Army (AWCF–SMA) SSA accountable property officers in inventory management of secondary items.

m. Commander's, civilian supervisors, and managers.

(7) Develop standard operating procedures (SOP) detailing specific functional responsibilities for handling ammunitions and explosives (A&E) amnesty items.

DA PAM 710-2-2, (Para 5-2)

b. External SOP. Each SSA will develop and provide to all its customers an SOP that outlines the SSA's operations and the procedures to be followed. At a minimum, a typical external SOP should cover how to get supplies, how to turn in parts, hours of operation, STAMIS interfaces, and safety.

c. Commander authentication. The unit commander should sign the approved copy of the external SOP.

Interim Guidance Commands and Senior Civilians at all levels will develop SOPs to address property accountability, security, segregation of duties and other key business processes in order to mitigate exposure to the potential loss of assets. Army leaders will review SOPs on an annual basis and document evidence of the review with a signature and date of the approving authority.

6. Property Accountability

CAMPAIGN ON PROPERTY ACCOUNTABILITY REPORTING REQUIREMENTS

Army Policy **ALARACT 210/2010 - EXORD 259-10: Campaign on Property Accountability**, (DTG 111958Z NOV 05) (Para 3.G.)

(2) Quarterly Reports. ACOMs, ASCCs and DRUs will submit to the HQDA, Deputy Chief of Staff (DCS), G-4 a quarterly status report of actions directly related to this campaign. The information from these quarterly reports will enable the Army to assess campaign progress and also identify potential problem areas that require adjustment or policy revisions. The first quarterly report is due on 14 October 2010 utilizing the prescribed format in Annex A. Subsequent quarterly reports are due in two weeks after the end of each quarter.

ALARACT 152/2012 - New Metrics for Annex A of ALARACT 210-2010 - EXORD 259-10: Campaign on Property Accountability (DTG 111530Z JUN 12)

1. The purpose of this message is to establish new metrics for the Campaign of Property Accountability – EXORD 259-10. These new metrics will better measure the health of property accountability across the United States Army. The new metrics were directed by the VCSA in his VCSA Sends – Property Accountability is Everyone’s Responsibility.
2. ANNEX A of ALARACT 210-2010 - EXORD 25-10 Campaign on Property Accountability is immediately replaced with the attached Annex A.

ALARACT 204/2013 – New Metrics for Annex A of ALARACT 210-2010 - EXORD 259-10: Campaign on Property Accountability (DTG 271426Z AUG 13)

1. The purpose of this message is to establish new metrics for the Campaign of Property Accountability – EXORD 259-10. These new metrics will better measure the health of property accountability across the United States Army.
2. ALARACT 152/2012 – New Metrics for Annex A of ALARACT 210-2010 - EXORD 25-10 Campaign on Property Accountability is rescinded and immediately replaced with the enclosed Annex A.

ALARACT 271/2014 – New Metrics for Annex A of ALARACT 210-2010 - EXORD 259-10: Campaign on Property Accountability (DTG 171814Z DEC 14)

Unclassified

1. The purpose of this message is to establish new metrics for the Campaign of Property Accountability – EXORD 259-10. These new metrics will better measure the health of property accountability across the United States Army.

2. ALARACT 204/2013 – New Metrics for Annex A of ALARACT 210-2010 - EXORD 25-10 Campaign on Property Accountability is rescinded and immediately replaced with the enclosed Annex A.

4. This message will expire 17 DEC 15.

FRAGO 1 TO HQDA EXORD 259-10: Campaign on Property Accountability. HQDA, G-4 Establishes new metrics and Annex A (Reporting Format) to measure the health of property accountability across the United States Army.

3.G.2. Change to Read, Quarterly Reports, as outlined in Annex A, are due to HQDA, G-4 Property Accountability Division (PAD) 30 days after then end of the current Quarter. Suspense Dates are listed below.

6. This message will expire 31 July 2020. Unless superseded by official guidance from HQ, Department of the Army.

Interim Guidance Annex A (Reporting Metrics) of EXORD 259-10 (Establishing the Army's Campaign on Property Accountability) is rescinded along with the associated reporting requirements later established in:

- ALARACT 152/2012, New Metrics for Annex A of ALARACT 210/2010
- ALARACT 204/2013, New Metrics for Annex A of ALARACT 210/2010
- ALARACT 271/2014, New Metrics for Annex A of ALARACT 210/2010
- FRAGO 1 to EXORD 259-10, Campaign on Property Accountability

Commands are relieved from Campaign on Property Accountability associated reporting requirements to HQDA. The base order requirements established in EXORD 259-10 remain in effect and documentation of required actions will continue to be completed and collected by the responsible headquarters for inspection under the Command Supply Discipline Program and for their internal use.

7. Summary

The purpose of this document is to provide Army Commands and supporting activities with interim procedural guidance in preparation for the Congressionally-mandated Department of Defense audit readiness validation. Since current applicable Army Regulations (AR) and Department of the Army Pamphlets (DA Pam) do not specify certain audit-ready requirements necessary to comply with Federal Accounting Standards Advisory Board (FASAB) standards, this guide will be the interim bridge between outdated ARs/DA PAMs and targeted FASAB standards until the Army publishes applicable policy updates. These new procedures will have a direct impact on the following auditing logistics focus areas: Army Working Capital Fund (AWCF) (Class IX); General Equipment (GE) (Class VII); and Operating Materials and Supplies (OM&S) (Class V). By following this procedural guide, Army units and activities will have a better chance of passing the Congressionally-mandated independent audit.

Table 1: Inventory Administrative Adjustments

Minimum research requirement for potential or actual physical inventory adjustments					
Condition of discrepancy	Required Actions				Army Policy
	Create DA Form 444	Post-count validation	Pre-adjustment research	Causative research	
1. <i>Less than</i> \$1000 for all activities except depots with the exception of Controlled Inventory items and/or negligence or willful misconduct is known or suspected. <i>Less than</i> \$5000 by NSN, not classified, sensitive, pilferable or CIIC other than J or U for depots only	No	No	No	No	AR 735-5 Par 14-34 May 2013 AR 740-26 Table F-1 FEB 2013
2. > \$1000 but ≤ \$5,000 and ≤ 10 percent unit variance	Yes	Yes	No	No	AR 740-26 Table F-1 FEB 2013
3. > \$1000 but ≤ \$5000 and > 10 percent unit variance	Yes	Yes	Yes	No	AR 740-26 Table F-1 FEB 2013
4. > \$5,000 but ≤ \$16,000 and > 25 percent unit variance	Yes	Yes	Yes	Sample ¹	AR 740-26 Table F-1 FEB 2013
5. < \$5,000 but ≤ \$16,000 and > 25 percent unit variance	Yes	Yes	Yes	Yes	AR 740-26 Table F-1 FEB 2013
6. > \$16,000	Yes	Yes	Yes	Yes	AR 740-26 Table F-1 FEB 2013
7. Controlled inventory items adjustments (<i>A DD Form 200 is mandatory</i>).	No	Yes	Yes	Yes ²	AR 735-5 13-3a(6) AR 740-26 Table F-1 FEB 2013
8. Suspected fraud, waste, or abuse. (<i>A DD Form 200 is mandatory</i>).	No	Yes	Yes	Yes	AR 740-26 Table F-1 FEB 2013
9. Annual statistical sample <i>physical inventory</i> for all variances <i>is greater than</i> \$100	Yes	Yes	Yes	Yes	AR 740-26 Table F-1 FEB 2013

Notes:

1. Sample causative research instead of complete causative research for pilferable item (*that is, a CIIC of 7, I, J, M, N, V, W, X, Y, or Z*) discrepancies with a value from \$1 to \$2,500 may be accomplished to serve as a deterrent to fraud, waste or abuse and to identify systemic inventory and security problems. Causative research will be conducted on all adjustments (gains and losses) of classified and sensitive items (*that is, a CIIC of 6, 8, 9, A-H, K, L, or O-T*) regardless of dollar value of item or extended dollar value of adjustment. Causative research will be conducted on all adjustments (gains and losses) of pilferable items with an extended value of greater than \$2,500, and all adjustments with an extended value of greater than \$16,000 or greater than 25 percent unit variance and greater than \$5,000.

2. See explanation of SA quarterly causative history summaries AR 740-26 paragraph 2-10 a.