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Financial Management**

**AUDIT PROCEDURES**

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This instruction implements AFI 65-301, *Audit Report Procedures*, and AFI 65-403, *Follow up on Internal Air Force Audit Reports*. It provides the 45th Space Wing (45 SW) and its customers a broad understanding of the audit process. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR). Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS) located at <https://www.my.af.mil/gcss-af61a/afirms/afirms/>.

**1. LOCAL POLICIES AND PROCEDURES.**

1.1. **Introduction:** The 45th Space Wing (45 SW) depends on measuring its performance and examining its procedures to sustain successful operations. Audits are accomplished to evaluate and improve programs; improve the accuracy of financial reporting; and promote economy, efficiency, and effectiveness of operations.

1.2. **Policies and Procedures:**

1.2.1. **Audit Focal Point:** The 45th Comptroller Squadron serves as the primary liaison between audit organizations and 45 SW. The primary responsibility of the Audit Focal Point (AFP) is to coordinate audits and monitor actions taken on audit recommendations.

1.2.2. **Audit Process:** The AFP receives notice of audit through an announcement memorandum from the audit organization and tasks the appropriate functional focal point.

1.2.2.1. The AFP coordinates with audit organization to schedule inbriefs with key personnel (e.g., Commanders, section chiefs, points of contact) as necessary.

1.2.2.2. The audit organization performs audit fieldwork, summarizes data, and prepares a draft report of audit (ROA) to discuss results with management prior to requesting management comments. The draft ROA is the normal reporting vehicle for communicating the results of an audit. If the audit only identifies positive conditions not requiring corrective action by management, the audit organization will issue a clear report or closure memorandum. Audit organizations performing a follow-up on significant findings and recommendations from prior reports will issue a report to inform management if corrective actions taken fixed the previously identified condition.

1.2.2.3. The audit organization will coordinate with AFP to schedule formal out-briefs with key personnel.

1.2.3. Report Process: The audit organization provides an installation-level draft ROA package for formal management comments to AFP. The AFP tasks the draft ROA for management comments to functional focal point. Once management comments have been prepared by the functional focal point, the AFP staffs comments through group and wing commanders using AF Form 1768, Staff Summary Sheet.

1.2.3.1. Management Comments: The AFP prepares a transmittal letter to request management comments. The AFP aids the functional focal point in preparing and providing responsive comments. Management has 30 days to prepare final management memorandum with wing commander or designee signature and provide to the audit organization. To complete quick-reaction audit reports, management must respond within the timeframe specified by the audit organization.

1.2.3.1.1. Management expresses explicit concurrence or nonconcurrence on each finding, recommendation, and potential monetary benefit (PMB) (if applicable). Management details all completed actions and planned corrective actions. Specifically, the management comment must include: (a) dates of all completed actions, (b) estimated completion dates (ECD) for planned corrective actions, (c) suspense dates for phases of corrective actions that require more than one year to complete, and (d) estimated monetary benefit.

1.2.3.1.1.1. If management agrees with finding, recommendation, and PMB, management will concur and describe corrective actions taken and/or planned with an ECD. ECDs should be at least 90 days from the date comments are provided.

1.2.3.1.1.2. If management agrees with finding and agrees action should be taken but not the action(s) recommended, management can concur with intent/principle and propose an alternative to correct report deficiencies.

1.2.3.1.1.3. If management agrees with findings and recommendations but disagrees with the PMB, management must clearly state the reason for disagreement and give a revised PMB estimate. If management cannot provide revised PMB by the due date, AFP may request an extension from the audit organization in 15-day increments not to exceed 30 days from the

original suspense date. If management disagrees there will be any PMB, the audit organization will evaluate the amount as a nonconcurrency for resolution.

1.2.3.1.1.4. If management nonconcur with findings, management comments should specify the reason for the nonconcurrency. The audit organization will evaluate the nonconcurrency for resolution.

1.2.3.2. AFP compiles the staff summary package for the Wing Commander or designee signature which includes, in order: (a) cover memo or Staff Summary Sheet signed by the Comptroller or designee and (b) official management comments with attachments (draft ROA, copy of organizational responses, and other pertinent information). The package is hand-carried to the command section for approval and signature. After the Wing Commander or designee signs the package, the AFP forwards the management comments to the audit organization for inclusion in the final ROA.

1.2.4. Procedures for Nonconcurrency: Management and audit officials must attempt to resolve disagreements (nonconcurrency) locally. If nonconcurrency is not resolved locally, the audit organization will elevate the nonconcurrency to the MAJCOM functional. If the MAJCOM and the audit representative do not resolve the nonconcurrency within 60 days of the final report date, the audit representative sends a copy of the report, applicable management comments and other information derived from previous resolution discussions for resolution at the Secretariat or Air Staff level.

1.2.5. Follow-up Process: The follow-up process begins after issuance of the final ROA. The follow-up process helps to ensure that management implements recommendations and corrects identified deficiencies.

1.2.5.1. The AFP (a) tracks open ECDs until the action is completed, (b) sends responses to MAJCOM AFP and audit organization until closed, and (c) forwards ECD extensions to MAJCOM AFP and audit organization.

1.2.5.2. After closure of all ECDs, AFP closes the audit file and maintains records for five years.

1.2.5.2.1. Formal follow-up records contain: (a) the audit report, (b) a signed copy of management's comments, (c) the name of the functional focal point responsible for implementing the agreed-on corrective actions, and (d) the current status of management actions, including an explanation for delays in any planned corrective actions.

1.2.5.2.1.1. For audit reports documenting completed management actions, include management's explicit written and signed confirmation that all agreed-on corrective actions are complete (or that on-site verification indicates completed actions).

1.2.5.2.1.2. For audit reports documenting estimated PMB, include management's explicit written and signed confirmation that the monetary benefits were actually realized. Include references to official budget or accounting data or, if such data isn't feasible, an updated estimate and its

rationale.

## **2. Functional Responsibility.**

2.1. **Introduction.** This chapter describes the responsibilities of the functional areas in respect to the audit process.

2.2. **Under Secretary of the Air Force.** Resolves nonconcurrences between management and audit organization that lower levels could not resolve.

### **2.3. MAJCOM Functional.**

2.3.1. Receives all audit reports and sends to appropriate command organizations.

2.3.2. Administers nonconcurrences between management and audit organization that lower level could not resolve.

### **2.4. Wing Workflow.**

2.4.1. Tasks audits to 45 SW personnel.

2.4.2. Receives staffed and coordinated comments from AFP.

2.5. **Installation Audit Focal Point.** The 45 SW Financial Management Policy and Programs Division (45 SW/FMAP) is the central focal point within the wing for all matters relating to Air Force Audit Agency, Office of Inspector General, Department of Defense, and Government Accounting Office.

2.5.1. Informs MAJCOM functional and Wing Commander of audit activity by developing a program for processing related correspondence and monitoring ROAs, including tracking PMB cost applicable to the wing.

2.5.2. Coordinates ROAs through wing tasker and staffs management comments through the wing.

2.5.2.1. Sends ROAs with detailed instructions and request the appropriate functional point of contact to accomplish reviews and responses within 30 days. Ensures every effort is made to meet established suspense for management comments. If 30-day suspense cannot be met, the AFP will request an extension.

2.5.2.2. Advises and assists functional offices in preparing responses to draft ROAs and other related correspondence to ensure management comments are valid and responsive, and procedures outlined above are followed.

2.5.2.3. Advises audit organizations of any disagreements, nonconcurrency, or needed clarifications that arise during response preparation.

2.5.3. Attends inbriefs and outbriefs on high visibility audits. Acts as an arbitrator between wing and audit personnel when necessary.

2.5.4. Determines when management has completed agreed-on corrective actions and realized monetary benefits and sends tracking summaries to follow-up focal points during the first 10 days of the month following the estimated completion date for a corrective action.

2.5.5. Complies with follow up requirements (AFI 65-403, *Follow up on Internal Air Force Audit Reports*) by maintaining wing formal audit follow-up files and records.

**2.6. Group Commander.**

2.6.1. Ensures management takes agreed-on corrective actions on all audit reports to meet projection dates and eliminate deficiencies.

2.6.2. Designates a functional focal point. Each group will appoint, in writing, a primary focal point for audit activity. As necessary, appoint an additional focal point at squadron level. Appointment letter must contain designee's name, grade, office symbol, telephone number, and e-mail address and be provided to AFP.

**2.7. Functional Focal Point:**

2.7.1. Serves as the group point of contact (or assigns POC) with the audit organization for all questions/requests during, and subsequent to, the field visit.

2.7.2. . Serves as the point of contact for receiving and distributing all reports to the proper office for action.

2.7.2.1. Advises and assists in preparing responses to draft ROAs and other related correspondence involving activities within their organization's purview to ensure responses are timely and accurate. Provides responses and correspondence to AFP for review and distribution.

2.7.3. Establishes records for all installation-level report recommendations and monitors their status until implemented. Provides progress reports on implementation status or extension request with revised ECD to AFP. Note: AFP maintains formal follow-up records.

**2.8. Point of Contact.**

2.8.1. Serves as the squadron POC with the audit organization for all questions/requests during, and subsequent to, the field visit.

2.8.1.1. Grants auditors access to information according to AFPD 65-3.

2.8.2. Prepares and/or consolidates responses to draft ROAs and other related correspondence involving their activity. Provides Functional Focal Point responses and correspondence for distribution.

2.8.3. Accomplishes the audit quality service survey.

B. EDWIN WILSON, Brigadier General, USAF  
Commander

**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFAA 65-104, *Air Force Audit Agency Focal Point Guidance*, 30 November 2006

AFI 65-301, *Audit Report Procedures*, 28 May 2010

AFI 65-403, *Financial Management*, 2 June 1994

AFMAN 37-123, *Management of Records*, 15 April 2004

AFPD 65-3, *Financial Management*, 25 July 2005

***Abbreviations and Acronyms***

**AFAA**—Air Force Audit Agency

**AFI**—Air Force Instruction

**AFP**—Audit Focal Point

**AFPD**—Air Force Policy Directive

**DoD**—Department of Defense

**ECD**—Estimated Completion Date

**FMAP**—Financial Management Policy and Programs Division

**MAJCOM**—Major Command

**PMB**—Potential Monetary Benefit

**POC**—Point of Contact

**ROA**—Report of Audit

**SECAF**—Secretary of the Air Force

**Attachment 2**

**SAMPLE REQUEST FOR MANAGEMENT COMMENTS**

MEMORANDUM FOR AUDIT FUNCTIONAL FOCAL POINT

FROM: 45 CPTS/CC

SUBJECT: Request for Management Comments, Report of Audit, Title, Wing, Location  
(Project #) (Suspense: Date)

1. The attached draft report of audit is provided for your review and response.
2. Request you provide written comments to comply with the requirements of AFI 65-301, which states that comments should identify action taken or planned and be suitable for verbatim inclusion in the final report. Request concurrence or nonconcurrence with each finding and recommendation is specifically indicated. Alternative corrective actions are acceptable if it corrects the problem and will not be considered a nonconcurrence. Comments must include actual completion dates for completed actions and initial estimated completion dates (ECD) for each planned action. These ECDs must be at least 90 days out. Interim milestones every 120 days are necessary if action cannot be completed within 12 months of your response.
3. After we receive your comments, they will be forwarded to the wing commander for review and signature. After the wing commander signs, management comments will be sent to the AFAA Area Audit Office at (location), for inclusion in the final report of audit.
4. If your OPR needs to contact the auditors to discuss any nonconcurrence or other points in the report, or needs additional assistance with the formats for answering the report, contact me at phone number as soon as possible. Please forward your formal comments NLT date.

COMPTROLLER NAME  
COMPTROLLER

Attachements:

1. Sample responses
2. Draft Report of Audit

**Attachment 3****SAMPLE MANAGEMENT COMMENTS MEMORANDUM TO AUDIT**

(Date)

MEMORANDUM FOR AUDIT ORGANIZATION

FROM: Wing Commander or Vice Wing Commander  
Address

SUBJECT: Management Comments, Report of Audit, Title, Wing, Location, (Project #).

1. Reference your subject, date, memorandum requesting written comments on subject audit report. The following management comments are submitted for inclusion in the final audit report.

a. Audit Results 1. Concur with intent.

(1) Recommendation A.1. Concur. An Action Officer will be appointed to provide oversight for the program. ECD: (Date)

(2) Recommendation A.2. Concur with intent. In lieu of the audit recommendation, a working group has been established to develop local operating instructions pertaining to all assigned units and tenant organizations. The instruction will outline procedures required to comply with regulatory requirements to include a procurement process. ECD: (Date)

b. Audit Result 2. Concur.

c. Recommendation B.1. Concur. Training will be conducted for all members assigned to the flight. ECD: (Date).

d. Audit Result 3. Nonconcur. The audit does not take into account the unique operations overseas, i.e. 2-year tours for unaccompanied Airmen destabilizes the workforce's overall qualification/proficiency level and to a great degree impedes the organization's production capacity the manpower required and recent increases in demands placed on the organization as result from manpower cuts.

2. If you have any further questions, please contact our audit focal point, Name, and phone number.

NAME  
Rank, USAF  
Wing or Vice Commander