

**BY ORDER OF THE COMMANDER
SPACE AND MISSILE SYSTEMS
CENTER**

**SPACE AND MISSILE SYSTEMS CENTER
INSTRUCTION 65-3011**



**20 APRIL 2012
Certified Current, 16 October 2019
Financial Management**

SMC AUDIT PROGRAM

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

ACCESSIBILITY: Publications and forms are available on the e-Publishing website at www.e-publishing.af.mil for downloading or ordering.

RELEASABILITY: There are no releasability restrictions on this publication.

OPR: SMC/FMP

Certified by: SMC/FM
(Colonel Roman H. Kent)

Pages: 7

This instruction provides the Space and Missile Systems Center (SMC) and its customers a broad understanding of the audit process and implements requirements set forth in AFI 65-301 and AFI 65-403. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AD 847s from the field through base level 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/afrims/afrims/afrims/rims.cmf>.

1. LOCAL POLICIES AND PROCEDURES.

1.1. **Introduction:** Audits are accomplished to evaluate and improve programs, ensure the accuracy of financial reporting; and to promote economy, efficiency, and effectiveness of operations.

1.2. **Policies and Procedures:**

1.2.1. **Audit Focal Point (AFP):** The FM Comptroller Directorate serves as the installation AFP, the primary liaison between audit organizations and SMC Commander. The primary responsibility of the AFP is to coordinate, monitor audit reports processing and manage follow-up actions/recommendations. The AFP fulfills the role of the Subordinate Level-Command Focal Point as defined in AFI 65-403, paragraph 2.10.

1.2.2. Audit Process: In most circumstances, the AFP receives notice of audit through an announcement memorandum from the audit agency and tasks the appropriate organization focal point.

1.2.2.1. If an organization receives a notice of audit directly from an agency outside the SMC, the organization's focal point must notify the AFP as soon as possible so the audit can be officially tracked and to maintain senior leadership awareness.

1.2.2.2. The AFP will coordinate with the audit organization to schedule in-briefs with key personnel (Commanders, section chiefs, points of contact, etc.) as necessary. The AFP coordinates out-briefs with audit organization key personnel and focal point when requested.

1.2.2.3. SMC offices undergoing an audit will coordinate with the AFP to schedule formal out-briefs with key personnel. The AFP will remain in contact with any/all auditors inspecting a SMC activity to ensure formal out-briefs are properly scheduled.

1.2.3. Report Process: The audit organization provides an installation-level draft Report of Audit (ROA) package for formal management comments to the AFP. The AFP will then task the draft ROA for management comments to the organizational focal point. Once management comments have been prepared by the organizational focal point, the AFP staffs comments through the appropriate directorates, group commander, and/or operating locations using AFSPC Form 1768, Staff Summary Sheet.

1.2.3.1. Management Comments: The AFP prepares a transmittal letter to request management comments. The AFP will provide help to the organizational focal point with preparing and providing responsive comments. Management will normally have 10 calendar days to prepare the final management memorandum with appropriate signature and provide to the AFP, who will then forward to the audit organization. If the audit organization provides less (or more) time to prepare the final memorandum, the AFP will set a specific due date.

1.2.3.2. The AFP will compile the staff summary package for the 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). After the directorate/group/staff agency 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 Non-concurrence: Management and audit officials must attempt to resolve disagreements (non-concurrence) locally. If non-concurrence cannot be resolved locally, refer to AFI 65-403.

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

1.2.5.1. After closure of all ECDs, the AFP closes the audit file and maintains records as required by applicable GAO, DoD and AF regulations, including the AFRIMS Records Disposition Schedule.

1.2.5.2. Formal follow-up records will contain: (a) the audit report, (b) a signed copy of management's comments, (c) the name of the organizational 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. 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). This information will then be forwarded to through AFSPC to SAF/FMPF.

1.2.5.2.2. For audit reports documenting estimated Potential Monetary Benefit (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. This information will then be forwarded to through AFSPC to SAF/FMPF.

2. Functional Responsibility.

2.1. Installation Audit Focal Point (AFP). Fulfills the role of the Subordinate Level-Command Focal Point for the SMC. The Installation AFP:

2.1.1. Informs senior leadership and MAJCOM functional of audit activity by processing related correspondence and monitoring ROAs, including tracking PMB cost applicable to the center.

2.1.2. Coordinates ROAs through the SMC and staffs management comments through the center.

2.1.2.1. Sends ROAs with detailed instructions and requests the appropriate functional point of contact to accomplish reviews and respond back to the AFP within the time allotted by the audit agency. The AFP will ensure that every effort is made to meet established suspense for management comments.

2.1.2.2. 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.

2.1.2.3. Advises audit organizations of any disagreements, non-concurrence, or needed clarifications that arise during response preparation.

2.1.2.4. Is responsible for ensuring all suspenses set by the audit agency are met. If the suspense given by audit agency cannot be met, the AFP will request an extension through the respective agency before the suspense date.

2.1.3. Attends audit in-briefs and out-briefs. The AFP will act as an arbitrator between directorates/groups/staff agencies and audit personnel when necessary.

2.1.4. Determines when management has completed agreed-on corrective actions and realized monetary benefits and sends tracking summaries to follow-up with focal points

during the first 10 calendar days of the month following the estimated completion date for a corrective action.

2.1.5. Maintains a record of all organization focal points throughout the SMC, and reviews organization focal point appointment letters quarterly to ensure accuracy/currency.

2.2. **Commanders/Directors.** Commanders and Directors will designate an organizational focal point. Each group will appoint, in writing, a primary focal point for audit activity. They will appoint an additional focal point at squadron/division level as necessary, by appointment letter containing the designee's name, grade, office symbol, telephone number, and e-mail address. All organizations will provide the organizational focal point appointment letter to the AFP when established or updated.

2.3. **Organizational Focal Point:** The Organizational Focal Point:

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

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

2.3.3. 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. They will provide responses and correspondence to the AFP for review and distribution.

2.3.4. Establishes records for all installation-level report recommendations and monitors their status until implemented. They will provide progress reports on implementation status or extension request with revised ECD to the AFP. Note: The AFP maintains all formal followup records.

2.3.5. Tasks audits to responsible personnel within the organization.

2.3.6. Receives and coordinates staffed comments from and to the AFP.

2.3.7. Identifies a point of contact to prepare and/or consolidate responses to draft ROAs and other related correspondence involving their activity, provide Organizational Focal Point responses and correspondence for distribution, and complete the audit quality service survey.

ELLEN M. PAWLIKOWSKI, Lt Gen, 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 33-363, *Management of Records*, 1 March 2008

AFPD 65-3, *Financial Management*, 21 Apr 2010

Prescribed Forms

None.

Adopted Forms

AF Form 847, *Recommendation for Change of Publication*

AFSPC Form 1768, *Staff Summary Sheet*

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**FIGURE A2 SAMPLE REQUEST FOR MANAGEMENT COMMENTS**

MEMORANDUM FOR AUDIT ORGANIZATIONAL FOCAL POINT

FROM: SMC/FM

SUBJECT: Request for Management Comments, Report of Audit, Title, Directorate, 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 non-concurrence with each finding and recommendation is specifically indicated. Alternative corrective actions are acceptable if it corrects the problem and will not be considered a non-concurrence. 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 calendar days out. Interim milestones every 120 calendar 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 directorate or commander for review and signature. After the directorate or 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 non-concurrence 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

Attachments:

1. Sample responses
2. Draft Report of Audit

Attachment 3

FIGURE A3 SAMPLE MANAGEMENT COMMENTS MEMORANDUM TO AUDIT

(Date)

MEMORANDUM FOR AUDIT ORGANIZATION

FROM: Directorate, Commander or Vice Commander
Address

SUBJECT: Management Comments, Report of Audit, Title, Organization, 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).

e. Audit Result 3. Not Concur. 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
Commander