Financial Management FIAR Industry Day

Welcome

- Agenda
  - Opening remarks
  - FM FIAR Program Overview/What's Gone well/DAF Audit Challenges
  - FM FIAR Program Overview
  - Overview of current roadmap (living document)
  - Review/Discuss Draft PWS
  - Review/Discuss Draft Acquisition Strategy
  - Next Steps

- Please Note:
  - Requirements subject to modification based on evolving audit conditions & government direction
  - Acronyms can be found on slides 23 - 24

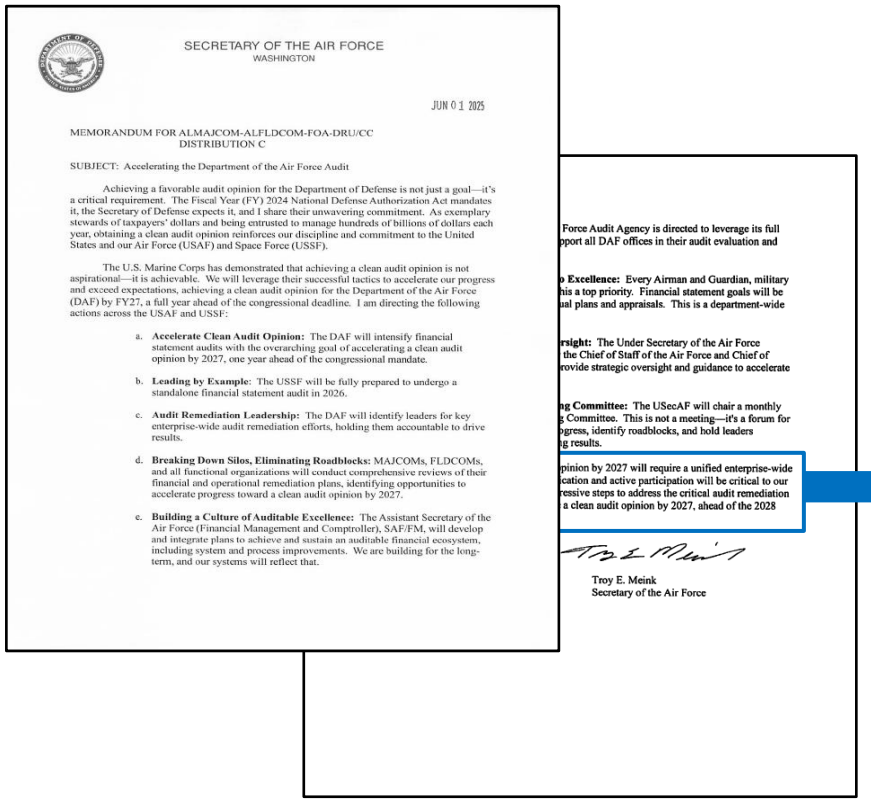
Ms. Lara C. Sayer

Principal Deputy Assistant Secretary of the Air Force

Financial Management and Comptroller

Opening Remarks

- **Financial Audits have the SECWAR and SECAF Focus**
- **This is one of my Top Priorities**
- **Accountability to the Taxpayer**



SECRETARY OF THE AIR FORCE
WASHINGTON

JUN 01 2025

MEMORANDUM FOR ALMAJCOM-ALFLDCOM-FOA-DRU/CC
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SUBJECT: Accelerating the Department of the Air Force Audit

Achieving a favorable audit opinion for the Department of Defense is not just a goal—it's a critical requirement. The Fiscal Year (FY) 2024 National Defense Authorization Act mandates it, the Secretary of Defense expects it, and I share their unwavering commitment. As exemplary stewards of taxpayers' dollars and being entrusted to manage hundreds of billions of dollars each year, obtaining a clean audit opinion reinforces our discipline and commitment to the United States and our Air Force (USAF) and Space Force (USSF).

The U.S. Marine Corps has demonstrated that achieving a clean audit opinion is not aspirational—it is achievable. We will leverage their successful tactics to accelerate our progress and exceed expectations, achieving a clean audit opinion for the Department of the Air Force (DAF) by FY27, a full year ahead of the congressional deadline. I am directing the following actions across the USAF and USSF:

a. **Accelerate Clean Audit Opinion:** The DAF will intensify financial statement audits with the overarching goal of accelerating a clean audit opinion by 2027, one year ahead of the congressional mandate.

b. **Leading by Example:** The USSF will be fully prepared to undergo a standalone financial statement audit in 2026.

c. **Audit Remediation Leadership:** The DAF will identify leaders for key enterprise-wide audit remediation efforts, holding them accountable to drive results.

d. **Breaking Down Silos, Eliminating Roadblocks:** MAJCOMs, FLDCOMs, and all functional organizations will conduct comprehensive reviews of their financial and operational remediation plans, identifying opportunities to accelerate progress toward a clean audit opinion by 2027.

e. **Building a Culture of Auditable Excellence:** The Assistant Secretary of the Air Force (Financial Management and Comptroller), SAF/FM, will develop and integrate plans to achieve and sustain an auditable financial ecosystem, including system and process improvements. We are building for the long-term, and our systems will reflect that.

Force Audit Agency is directed to leverage its full
pport all DAF offices in their audit evaluation and

o Excellence: Every Airman and Guardian, military
his a top priority. Financial statement goals will be
ual plans and appraisals. This is a department-wide

rsight: The Under Secretary of the Air Force
the Chief of Staff of the Air Force and Chief of
rovide strategic oversight and guidance to accelerate

ng Committee: The USecAF will chair a monthly
g Committee. This is not a meeting—it's a forum for
ogress, identify roadblocks, and hold leaders
g results.

pinion by 2027 will require a unified enterprise-wide
cation and active participation will be critical to our
ressive steps to address the critical audit remediation
a clean audit opinion by 2027, ahead of the 2028

Troy E. Meink
Secretary of the Air Force

"Success in achieving a clean audit opinion by 2027 will require a unified enterprise-wide focus and renewed commitment.
Your dedication and active participation will be critical to our success.
I am confident that if we take aggressive steps to address the critical audit remediation efforts, we will accelerate action to achieve a clean audit opinion by 2027, ahead of the 2028 congressional mandate."

Mr. Michael W. Smiley

Associate Deputy Assistant Secretary (Financial Operations)

FM FIAR Program Overview

- **Comprehensive beginning-to-end support for audit remediation, sustainment, & financial statement reporting**
- **Contract supports SAF/FM (DAF for GF), AFMC for DAF WCF, & DSCA audit remediation efforts**
- **#1 Objective is achieving unmodified (clean) audit opinions by accelerated timelines**
  - **DAF GF: Clean opinion by FY2027**
  - **DAF WCF: Clean opinion by FY2027**
    - **Potentially 2-year audit**
  - **DSCA: Clean opinion by FY2028**

Data provided by SAF/FM & is current as of 01OCT2025

What's Gone Well

- **Leadership Commitment**
  - Audit Executive Steering Committee chaired by USecAF and MAJCOM/FLDCOM Deputy Commanders attend
- **Key Focus Areas**
  - The path to a clean opinion is well defined, just needs to be executed
- **Sustainment**
  - Successfully sustained Funds Balance with Treasury and Military Equipment material weakness downgrades

DAF Audit Challenges

- **Siloed Systems (GF & WCF)**
  - Disconnected financial feeder systems with poor data quality
- **Beginning Balances (GF & WCF)**
  - Lack of Existence and Completeness and Valuation for General Equipment, Operating Materials and Supplies, and Inventory
- **Contractor held Inventory (GF & WCF)**
  - Lack of Existence and Completeness, Valuation, and Reporting
- **DLA held Inventory (WCF)**
  - Lack of Existence and Completeness, Valuation, and Reporting

Ms. Jennifer McCann

Director, Financial Reporting and Compliance

Overview of Current Roadmap (Living Document)

DRAFT

As of 31 OCT 2025

Audit Roadmaps

General Fund

FY21	FY22	FY23	FY24	FY25	FY26
Contingent Legal Liabilities *(AF/JA)*		Fund Balance with Treasury *(SAF/FM)*	Military Equipment *(SAF/AQ)*		Real Property *(AFCEC)*
Internal Controls A-123 *(SAF/FM)*			Contingent Legal Liabilities *(AF/JA)*		Accounts Payable, Expenses, and Accounting for Contract Financing Payments *(SAF/FM)*
					Other General Equipment *(AF/A4)*
					Reimbursable Programs *(SAF/FM)*
					Environmental & Disposal Liabilities *(AFCEC)*
					Financial Information Systems *(SAF/FM)*
					Property and Materials Held by Others **(AF/A4)**
					Operating Materials & Supplies *(AF/A4)*
					Integration and Reconciliation of Financial Systems *(SAF/FM)*
					Entity-Level Controls *(SAF/FM)*
					AUDIT OPINION

LEGEND

- Material Weakness or Significant Deficiency Closure
- Material Weakness to Significant Deficiency downgrade
- Material Weakness Anticipated Closure
- Significant Deficiency Anticipated Closure

Working Capital Fund

FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
GPP&E, Net *(AF/A4)**	Oversight and Monitoring of Internal Control (A-123) *(SAF/FM)***		Fund Balance with Treasury *(AFMC/FM)*		Inventory Held by DAF WCF *(AF/A4)**	Earned Revenue *(SAF/FM)***	Integration and Reconciliation of Systems *(SAF/FM)***
					Accounts Payable, Gross Costs and Contract Financing Payments *(SAF/FM)*		Entity-Level Controls *(SAF/FM)***
					Financial Information Systems *(SAF/FM)*		GPP&E, Net *(AF/A4)*
					Inventory Held by Others *(AF/A4)**		AUDIT OPINION

* Delegated to AFMC/A4/10 ** Delegated to AFMC/FM

One Team, One Fight!

Ms. Theresa Terry

Director, Enterprise Program Solutions

Review/Discuss Draft PWS

Draft Acquisition Strategy

Informational

- All information provided in these charts is in DRAFT form. The purpose of this is to receive feedback from industry on the DRAFT acquisition strategy
- Any teaming arrangements or money spent preparing proposals or responses is at the sole discretion of any potential offeror or organization and is not the responsibility of the government
- Releasing this DRAFT does not obligate the Government to any subsequent contract action or guarantee thereof
- Any feedback or information provided from industry may be considered
- Please send any feedback or comments to:
  - Program Manager - Ms. Jenn McCann, jennifer.mccann.3@us.af.mil

Draft Acquisition Strategy

- FAR Parts 8, 12
- GSA MAS – Multiple Award BPA
  - Customers: SAF/FM (includes Space Force), DSCA, AFMC
    - Potential to expand to DAF-wide
- Competitive – Full and Open Competition
- Contract Type: Firm Fixed Price
- NACIS: 541211 (Discussion Point)
- PSC: R499 (Discussion Point)

Evaluation Steps

Evaluation Area:	Assessment Type:	Criteria / Focus Areas:
Step 1: **Technical Expertise w/ Federal Agencies**	**Written** See Scoring Matrix, Minimum Score 70	• Depth of FIAR Experience • Agency Size & Complexity • Specific Audit Areas • References • Experience w/ Federal Audits • FIAR IT Expertise • Internal Control Expertise
Step 2: **Technical Methodology**	**Oral** Technically Acceptable: 3 or less weakness Technically Unacceptable: 4 or more Weakness	• Audit Readiness Methodology • Knowledge Transfer • Integration of Price Proposal into Audit Approach
Step 2: **Small Business Participation Plan**	**Written** Acceptable/Unacceptable	• The extent to which such firms are specifically identified in proposals • The complexity and variety of the work small firms are to perform
Step 2: **Price**	**Written** • Fair • Reasonable • Balanced	• Labor Categories in accordance with GSA MAS Schedule • Any discounts

Step 1: Technical Experience (Written)

- This is a GATE
  - Shall have SECRET Facility Clearance at RFP Release
  - Must meet minimum score to advance to Step 2
- Submissions must have been performed within the last 3 years from the date of issuance of RFP
- Provide 3 experience examples demonstrating managing 3 call orders/contracts simultaneously with a minimum of 50 FTEs (can be a separate submission of 3)
- Provide 3 experience examples supporting any federal agency(ies)
  - Will validate through provided POC
    - Validate proposed experience and validate success
    - Through performance of all 8 PWS tasks
- Minimum Matrix Score: 75

PWS Task	1	2	3	4	5	6	7	8
Example 1	X	X	X	X				
Example 2		X	X	X	X	X		
Example 3							X	X

Step 1: Technical Experience Matrix

Reference Contract Number(s)	Reference PWS Paragraph (where applicable)	Element	High	Medium	Low	No Submission	Max. Possible Points
		Past Performance	**5**	**3**	**1**	**0**	**100**
		General					
		Managing three (3) contracts/call orders/task orders simultaneously with at least 50 FTEs (each) - Can submit 3 separate examples that are non-FIAR related.	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Federal audit support contracts providing support with 150 or more FTEs (DoW examples gain 1 extra point each)	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Federal audit support contracts supporting audit of an organization with an annual budget of over $100B	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Audit support contracts that have supported all PWS tasks (Across 3 examples)	**Cover 8 PWS tasks**	**Cover 7 PWS tasks**	**Cover 6 PWS tasks**	**0/3 Examples**	
		Number of material weaknesses downgraded or remediated	10	5	3	0	
		Audit Administration and Support					
		Prepared executive briefings at the Congressional, Office of the Secretary of War (OSW), Office of the Secretary of the Air Force (SECAF) or equivalent level	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Cradle to grave support working notice of findings and recommendations (NFRs); identifying root cause, developing corrective action plans (CAPs), and implementing remediation activities	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Engaged with the IPA Auditors and assisting in discussions, documenting meeting minutes, decision points, action items, and requests for documentation	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Financial Mission Support					
		Developed quarterly Statement of Assurance (SoA) deliverables	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Developed and maintained Process Cycle Memorandums (PCMs), control documentation, and documenting end-to-end DoD business processes to include, but not limited to procure-to-pay (P2P) and order-to-cash (O2C).	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Developed and managed Integrated Master Schedules (IMS) with detailed audit project plans	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Tested process level controls, entity level controls, and fraud and risk controls, conducting walkthroughs, test of design, test of operating effectiveness & substantive procedures and documenting within ServiceNow™	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Assessed third-party service providers for materiality, scope, risk assessment and mitigation	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Developed and published annual Agency Financial Reports (AFRs) including formulation of the Balance Sheet, Statement of Changes in Net Position, Statement of Net Cost, and Statement of Budgetary Resources, footnote schedules and disclosures utilizing the Defense Departmental Reporting System (DDRS).	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Reconciled financial data across multiple General Ledger and feeder systems to include, but not limited to legacy, Enterprise Resource Planning (ERP), and logistic systems	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Reviewed journal vouchers at the general ledger level as well as reporting level to ensure compliance with the Treasury Financial Manual	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Provided system posting logic updates as required to become DoD Standard Financial Information Structure (SFIS) compliant	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Analyzed General ledger trial balances to include Treasury tie-point reconciliations, abnormal balances, fluctuation analysis, and variance remediation	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Technical					
		Utilized or developed reconciliations in the OSD Advana platform to include, but not limited to, using databricks and python	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	
		Updated, maintained, and sustained audit tools, to include tools to answer auditor requests, process NFRs, schedule and coordinate site visits	**3/3 Examples**	**2/3 Examples**	**1/3 Examples**	**0/3 Examples**	

Step 2: Technical Approach (Oral)

If advance past the Gate (Step 1)

Audit Readiness Methodology: How does the firm approach audit readiness? Provide detailed description of their process, including assessment, gap analysis, remediation, testing, and documentation. It should align with our DAF FIAR roadmap but offer potential improvements. Provide innovative solutions incorporating improvements in efficiencies and effectiveness.

- **Knowledge Transfer: How do you ensure your staff gains the knowledge and skills needed to achieve a clean audit opinion and sustain a clean audit opinion after the engagement ends?**

- **Integration of price proposal into audit approach: Explain pricing approach from a technical expert. The contractor can provide such information as quantities of licenses, savings from automation, or and any other information to support your pricing.**
  - **DO NOT INCLUDE any dollar amounts or cost elements such as profit, G&A, Overhead, etc.**
- **Small Business Participation Plan (applicable to all offerors)**
  - **Provide annual minimum quantitative requirement (MQR) percentage for small businesses concerns and explain how they intend to meet the proposed MQR percentages for the overall BPA**
    - **SB, WOSB, SDVOSB, HubZone, VOSB, SDB**

Step 2: Technical Approach
Price - Written

Price (Written)

- **Fair, Reasonable, Balanced**

Next Steps

- 19 Nov – LIVE Draft RFP review with Industry
- Discussion on RFP Released Date and Submittal
  - RFP Released
    - 28 Nov 25
  - Proposal Submittals
    - 19 Dec 25
  - Oral Presentations
    - Week of 5 Jan 26

Acronyms (1 of 2)

- AAP — Accelerated Audit Plan
- ADVANA — Advancing Analytics
- AFAA — Air Force Audit Agency
- AFLCMC — Air Force Life Cycle Management Center
- AFMC — Air Force Material Command
- AFM — Automated Funds Management
- AFR — Agency Financial Report
- AI/ML — Artificial Intelligence/Machine Learning
- APSR — Accountable Property System of Record
- AU — Assessable Unit
- A123 — OMB Circular No. A-123
- CAP — Corrective Action Plan
- CFO — Chief Financial Officer
- CMCS — Case Management Communications System
- CRIS — Commanders' Resource Integration System
- DAF — Department of the Air Force
- DEAMS — Defense Enterprise Accounting & Management System
- DoD — Department of Defense
- DSCA — Defense Security Cooperation Agency
- FBwT — Fund Balance with Treasury
- FIAR — Financial Improvement & Audit Readiness
- FISCAM — Federal Information System Control Audit Manual
- FRPG — Financial Reporting Policy Group
- GAFS-BQ — General Accounting & Finance System- Base Level
- GAFS-R — General Accounting and Finance System –Reengineered
- GAO — Government Accountability Office
- GE — General Equipment
- GF — General Fund
- GL — General Ledger
- GPP&E — General Plant, Property & Equipment
- IPA — Independent Public Accountant
- IT — Information Technology
- JSF — Joint Strike Fighter
- JV — Journal Voucher
- MD&A — Management's Discussion & Analysis
- ME — Military Equipment
- MEV — Military Equipment Valuation
- MOU — Memorandum of Understanding
- MRL — Management Representation Letter
- NIST — National Institute of Standards & Technology
- NFR — Notice of Findings & Recommendations
- ODCFO — Office of the Deputy Chief Financial Officer
- OMB — Office of Management & Budget
- OM&S — Operating Materials & Supplies
- PEO — Program Executive Officer
- R&D — Research & Development
- RMIC — Risk Management & Internal Control
- RPA — Robotic Process Automation
- SAF/FM — Assistant Secretary of the Air Force (Financial Management and Comptroller)

Acronyms (2 of 2)

- **SAMIS** Security Assistance Management Information System
- **SDA** Space Development Agency
- **SFFAS** Statements of Federal Financial Accounting Standards
- **SoA** Statement of Assurance
- **SOP** Standard Operating Procedure
- **SSC** Space Systems Command
- **UoT** Universe of Transactions
- **USAF** United States Air Force
- **USSF** United States Space Force
- **VAULT** Visible Accessible Understandable Linked and Trusted
- **WCF** Working Capital Fund