

14C.118 Improve Financial Management & Practices

Description

Obtain an unmodified audit opinion on the FAA's FY14 financial statements. This goal requires both an unmodified audit opinion and no material weaknesses identified by external independent auditors. Due September 30, 2014.

Special Designations: OSI

Commentary (March 2014)

Achievements: (1) The auditors have just about completed their planning phase for the FY 2014 audit, and have given FAA an exhaustive list of work products ("PBC items") that we are required to deliver to support their audit testwork. (2) We continue to make progress toward resolving prior year audit findings. (3) ESC may have resolved a prior significant challenge in that we were unable to identify intra-FAA transactions that must be eliminated in the financial statements. However, we have not actually gotten that entire process to fully run and complete yet (in our working environment).

Challenges: The accounting system, Delphi, will be down the first two weeks of May for an upgrade to release 12. That presents two challenges (1) We have many deliverables due to the auditors during this window that are dependent upon Delphi data, and we are working to ensure that we can deliver the work products as required. (2) Success of the audit will depend upon a successful R12 implementation.

Next Steps: In the next period, we will be preparing the Q2 financial statements, fine tuning our ability to deliver work products to the auditors while Delphi is down, preparing for Q3 reporting, and initiating planning for the production of the annual Performance and Accountability Report.

Commentary (February 2014)

The entrance meeting for the audit of FAA's FY 2014 financial statements took place on March 10. The auditors have begun work. FAA POCs have been working on their corrective actions related to prior year audit findings and good progress has been made. At this time, the biggest risks to the success of the current year audit pertain to two areas:

(1) When Treasury's new reporting system (called "GTAS") was implemented in December, our ability to identify transactions between FAA organizations was lost (e.g. parts issued by the Logistics Center to ATO/Tech Ops). These transactions must be removed from the financial statements. ESC has been working on a solution for this. They currently estimate that a report (with the needed data) will be available for our review and testing by March 15. Since we must prepare second quarter (Q2) financial statements in early April, and the auditors will be reviewing those statements, failure to deliver the solution before the Q2 financial statements are prepared will trigger an audit finding. Failure to deliver the solution before the year-end financial statements are prepared will cause an audit failure since our financial statements would not be in accordance with generally accepted accounting principles.

(2) Success of the audit also depends upon a successful R12 implementation. R12 is

scheduled for implementation mid-May. The auditors' entrance conference briefing package points to R12 as a success factor to the audit.

Status Table (Qualitative Metric)

Period	Actual
12/2013	Yellow
01/2014	Yellow
02/2014	Yellow
03/2014	Yellow

✓ Indicates that the item is complete.