

<Place the Assertion Letter on Defense Component Agency Letterhead>

<MONTH, DAY, 20XX>

Management of the AGENCY is responsible for preparing the Statement of Budgetary Resources and Balance Sheet for the six months ended March 31, 2017, as presented in Appendix A, and for the design, implementation, and operating effectiveness of the controls over the preparation of the Statement of Budgetary Resources and Balance Sheet in accordance with the U.S. Department of Defense (DoD) Financial Improvement and Audit Readiness (FIAR) Guidance dated April 2017 (the DoD FIAR Guidance).

The AGENCY asserts that the Statement of Budgetary Resources and select Balance Sheet line items including General Property, Plant and Equipment; Inventory and Other Related Property; and Other Assets are audit ready as defined by the AGENCY having control activities and supporting documentation in accordance with the following criteria based on the Audit Readiness “Audit Capabilities” from the April 2017 DoD FIAR Guidance, *Section 4.A, Methodology*:

- a) Universe of Transactions (UoT) exists for each financial statement line item and there are reconciliations to each individual financial statement line items
- b) Journal Vouchers (JVs) exist and there is support for material JVs and other adjustments made to financial transactions, trial balances, and financial statements
- c) Open obligations have appropriate supporting documentation
- d) Existence & Completeness and Rights of General Property, Plant, and Equipment; Inventory and Related Property; and Other Assets
- e) Valuation of General Property, Plant, and Equipment; Inventory and Related Property; and Other Assets
- f) Information Technology (IT) general and application controls are effective for IT systems and/or micro-applications
- g) Testing of transaction samples back to the source documents that cover all material transaction types, sub-processes and locations, and are extensive enough to draw conclusions consistent with the effectiveness of controls
- h) All financial statement assertions and relevant risks are addressed either through control or substantive testing
- i) Reconciliations, transaction populations, and supporting documentation can be provided in a timely manner
- j) Control activities for high transaction volume areas are designed and operating effectively
- k) Supporting documentation testing can overcome ineffective or missing IT general and application controls when transaction evidence is electronic and only maintained within a system or the key supporting evidence is system generated reports.
- l) Service provider processes, risks, and controls are integrated within the scope of testing for material assessable units.
- m) Management has established retrieval and storage procedures for financial data that will support management evaluation and future examinations/audits.
- n) Material Balances Brought Forward/Opening Balances are evaluated through appropriate testing.

This assertion of audit readiness is limited to the specific Statement of Budgetary Resources and Balance Sheet line items noted herein and the assertion documentation is intended solely for the use of the AGENCY, the FIAR Directorate, and the DoD Office of Inspector General.

The AGENCY point of contact is INSERT POC, who can be reached at INSERT PHONE NUMBER or by electronic mail at INSERT EMAIL.

SIGNATURE

Comptroller/Chief Financial Officer