

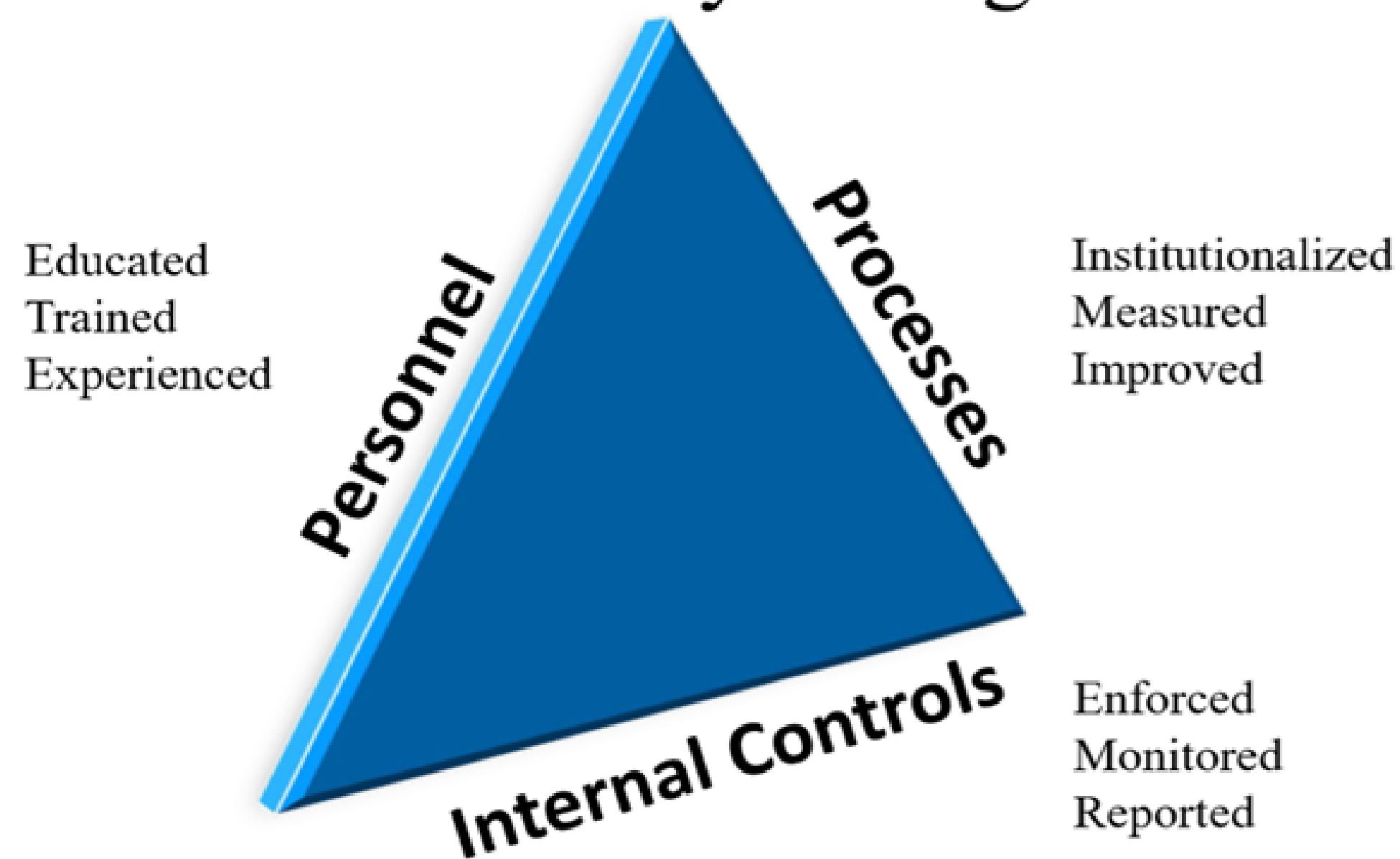
Abstract

The purpose of this research is to identify financial systematic issues surrounding the DoN's lack of auditability and its inability to obtain an unqualified opinion. Issues related to financial system frameworks in order to be audit-ready are explored. This research study explores and further analyzes possible reasons the DoN failed the audit, using the process and internal controls components of the auditability triangle. Audit reports, DoN financial reports, accounting error reports, subject matter expert interviews, and reported financial systematic issues that contribute to audit issues are reviewed.

Methods

This research study was conducted using a mixed-method strategy that included a literature review, subject matter expert interviews, and an analysis of financial data obtained from operational commands.

Auditability Triangle



(Rendon & Rendon, 2015)

Findings

Research Questions	Findings
RQ1. Audit Readiness	Accuracy and Completeness 1. DoN lacks accurate financial statements 2. DoN lacks or has failed to provide complete evidence and documentation to support the financial statements
RQ2. Feeder Systems and Processes	Consolidation and Standardization 1. DoN has an extensive amount of feeder systems 2. DoN lacks standard feeder systems and processes
RQ3. Internal Controls	Reliability, Effectiveness and Compliance 1. DoN lacks reliable internal controls 2. DoN lacks effective internal controls 3. DoN is not complying with current internal control policies and procedures

Recommendations

Section	Recommendations
Audit Readiness	Compliance 1. DoN should focus on complying with directed policy to be audit ready
Feeder Systems and Processes	Consolidation and Standardization 1. DoN should consolidate financial and feeder systems 2. DoN should standardize processes for the execution of financial resources
Internal Controls	Enforcement, Implementation, and Training 1. DoN should enforce existing regulations 2. DoN should implement new Internal Controls regulations 3. DoN should train appropriate personnel in Internal Control procedures and regulations