



UNITED STATES MARINE CORPS
MARINE CORPS INSTALLATIONS COMMAND
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

IN REPLY REFER TO:
7500
G-8/REA
JUN 16 2016

MARINE CORPS INSTALLATIONS COMMAND POLICY LETTER 5-16

From: Commander
To: Distribution List

Subj: AMPLIFYING GUIDANCE FOR AUDIT ASSURANCE PREPARATIONS FOR GARRISON
PROPERTY AND GARRISON MOBILE EQUIPMENT

Ref: (a) FY2010 National Defense Authorization Act
(b) Financial Improvement and Audit Readiness (FIAR) Guidance dated
April 2016
(c) Statement of Federal Financial Accounting Standards 6
(d) Fiscal Director of the Marine Corps memorandum dated 28 Jul 2015
(e) MCICOMO 10100.1 Standard Operating Procedures for Garrison
Property and Garrison Mobile Equipment Audit Preparation and Asset
Management

1. Situation. References (a) and (b) established a deadline of 30 September 2017 and provided guidance for Department of Defense (DoD) to complete all audit readiness preparations for General Plant, Property, and Equipment (GPP&E). Per reference (b), reporting entities must ensure all assets recorded in their Accountable Property System of Records (APSRs) exist (Existence) and all of the reporting entities' assets are recorded in their APSRs (Completeness). Furthermore, reporting entities must demonstrate an effective combination of control activities and supporting documentation to meet the financial related objectives for valuation of assets, including associated depreciation and amortization expenses. Reference (c) directs that all GPP&E will be recorded at cost to include all costs incurred to bring the GPP&E to a form and location suitable for its intended use. Given that all ancillary costs may not be presently recorded in the current valuation of capitalized assets, it is imperative to extend preparation efforts beneath the capitalization threshold of \$100K. Reference (d) established a single capitalization threshold of \$100K for all Marine Corps General and Military Equipment. Per reference (e), commands must ensure all assets acquired after 30 September 2015 are recorded in an APSR with appropriate supporting documentation.

2. Mission. All commands will continue audit preparation efforts for all Garrison Property (GP) and Garrison Mobile Equipment (GME) valued at \$84K and above. Furthermore, commands will immediately integrate a quarterly Increase Decrease Action Report (IDAR) review which will be conducted by Regional and Command Resource Evaluation and Analysis (REA) offices and the Regional and Command Personal Property Management (PPM) to demonstrate an effective combination of control activities and supporting documentation availability for valuation of acquired GPP&E in accordance with reference (b).

3. Execution

a. Commander's Intent. Commanders and staff at all levels will actively and personally support efforts to achieve audit assurance. Preparation for an external audit requires disciplined and sustainable practices by placing

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all processes and controls, not just financial, under close scrutiny. These efforts will be coordinated and executed throughout MCICOM's chain of command and they will ensure we can reasonably account for all assets assigned to this Command.

b. Concept of Operations

(1) Deputy Commandant, Programs and Resources (DC, P&R) has the authority and responsibility for oversight of the Marine Corps' Financial Improvement and Audit Readiness (FIAR) efforts. As such, DC, P&R will assert audit readiness on behalf of the Marine Corps for the full financial statement. The Deputy Commandant, Installations and Logistics (DC, I&L) has been designated as the primary stakeholder for multiple business segments, to include GP and GME. Commander, Marine Corps Installations Command, (COMMCI) as Assistant Deputy Commandant, Facilities (ADC, LF), maintains oversight of all GP and GME matters.

(2) MCICOM previously implemented an incremental approach to asserting audit readiness. For GP and GME assets, phase 1 referred to capitalized assets valued at \$100K and above. Phase 2 asset efforts refer to minor property assets valued between \$84K and \$100K. Due to average ancillary costs, review of this minor property segment is necessary to confirm accurate valuation of assets near the capitalization threshold. This incremental approach will allow commands to focus their efforts on a smaller record population and achieve milestones while supporting DoD objectives.

(3) Commencing 2nd quarter of fiscal year 2016, REA offices will conduct quarterly IDAR reviews to confirm the accuracy of APSR records and availability of key supporting documentation focusing on current transaction values of \$5K and above. A Defense Property Accountability System (DPAS) systems access request is required and will be submitted to MCICOM G4 for Information Systems Owner approval. REA personnel will conduct the reviews using the DPAS Increase/Decrease Action Report. Samples will be selected in accordance with FIAR Guidance methodology; a maximum of 45 transactions will be selected for testing. Following the review, REA will provide a certification statement attesting to the accuracy and completeness of items sampled as well as discrepancies to be addressed. In response, the PPM will provide a certification statement on the disposition of action items identified by REA. Beginning with the third quarter of Fiscal Year 16, results of the reviews will be submitted to MCICOM G-8 within thirty days following the end of each quarter.

c. Tasks

(1) Regional Commanders

(a) No later than 30 September 2016, conduct audit readiness preparations for all phase 1 and 2 GP and GME.

(b) Immediately commence 2nd Quarter IDAR reviews which will be conducted by Resource Evaluation and Analysis.

(2) Marine Corps Base Quantico and Marine Barracks Washington
Commanding Officers

(a) No later than 30 September 2016, conduct audit readiness preparations for all phase 1 and 2 GP and GME.

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(b) Immediately commence 2nd Quarter IDAR reviews which will be conducted by Resource Evaluation and Analysis.

(3) Assistant Chief of Staff, G-8

(a) Coordinate MCICOM audit assurance preparations among the staff, Regions and TECOM.

(b) Receive annual assertion statements from subordinate commands for GP and GME. Analyze and consolidate responses for COMMCICOM approval.

(c) Prepare the MCICOM audit assertion statement to HQMC, DC, P&R upon approval of content by COMMCICOM.

(d) Receive and evaluate quarterly review results to assess the Existence and Completeness of ongoing maintenance of GPP&E asset records.

(4) Assistant Chief of Staff, G-4

(a) Lead the audit assurance efforts for GP and GME across subordinate commands; validate all submissions.

(b) Publish amplifying guidance and direction as necessary.

(c) Establish and direct further intermediate and enabling objectives within the GP and GME arenas.

d. Coordinating Instructions

(1) Commands will submit audit assertion statements for all capitalized assets using the format contained on the MCICOM G-8 REA SharePoint policy section at the following website:
<https://il.usmc.mil/MCICOM/G8/REA/SitePages/Home.aspx>

(2) Audit assertion statements will confirm the demonstration of the following financial statement assertions in reference (b) for each command: Existence, Completeness, and Rights and Obligations. Commands unable to provide assertion for all capitalized assets will specify which records, if any, that cannot be asserted and a description of the problem.

(3) Accountable Property Systems of Record (APSR) for GP and GME is the Defense Property Accountability System (DPAS).

4. Administration and Logistics. The points of contact at HQ MCICOM are:

a. General Equipment - Ms. Trish Mathena, MCICOM G-4/LFS, phone: (703) 695-6965, email: trish.mathena@usmc.mil

b. Audit Coordination - Mr. David Pearson, MCICOM G-8/REA, phone: (703) 695-7542, email: david.pearson@usmc.mil.

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5. Command and Signal

a. Command. Questions regarding this guidance should be directed to the MCICOM points of contact listed above. This policy is applicable to all organizations within MCICOM.

b. Signal. This policy is effective the date signed and will remain in effect until superseded or cancelled.



T. D. WEIDLEY

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