

Army Programs

# **Army Finance and Accounting Quality Assurance Program**

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# ***SUMMARY of CHANGE***

AR 11-37

Army Finance and Accounting Quality Assurance Program

This publication was originally published on 11 March 1986 and now incorporates Change 1, dated 29 August 1988. All change data has been updated into this publication with no other highlighting. This change--

- o Will replace reference to 'Comptroller of the Army' with 'Director of Finance and Accounting' (para 1-5a).
- o Includes functions performed by the Special Review Branch of the Finance Network Quality Directorate (para 1-5b(3.1)).
- o Replaces 'Assistant Comptroller of the Army for Finance and Accounting' with 'Commanding General, U.S. Army Finance and Accounting Center' (para 1-5g(1)(b)).
- o Expands reviews to include 'external voucher certifying activities' per Disbursing Policy Message 87-15 (para 1-5h(1)).
- o Includes Quality Assurance Branch responsibility to reconcile indirect cash collections in non-integrated finance offices (para 1-5h(7)).
- o Replaces the term 'visit' and 'revisit' with new 'review' and 'follow-up review' terminology (chap 2).
- o Expands review to include 'technical and soldier skill training' (para 2-1b(11)).
- o Expands reviews to include 'data input sources which affect pay and entitlements (para 2-1b(12)).
- o Includes review ratings system (para 2-1f).
- o Explains external finding criteria (para 2-1g).
- o Revises Army National Guard Quality Assurance report distribution (para 3-1b(3)).

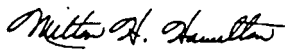
Army Programs

Army Finance and Accounting Quality Assurance Program

By Order of the Secretary of the Army:

CARL E. VUONO  
General, United States Army  
Chief of Staff

Official:



MILTON H. HAMILTON  
Administrative Assistant to the  
Secretary of the Army

**History.** This original regulation was published on 11 March 1986 and has been updated to include Change 1, dated 29 August 1988.

**Summary.** This regulation discusses the primary responsibilities of commanders and staff officers at installation and higher levels for execution of the Army Finance and Accounting Quality Assurance (QA) Program. It includes methods for the conduct of the QA Program by Headquarters, Department of the Army (HQDA), Major Army Command (MACOM), and installation personnel. This regulation clarifies and updates policy, and more clearly delineates responsibilities at all levels.

**Applicability.** This regulation applies to all

Active Army and U.S. Army Reserve commanders responsible for financial services (pay and accounting), finance and accounting officers (including those of the Corps of Engineers), finance officers, and Army National Guard property and fiscal officers. It does not apply to DA fiscal and disbursing stations that support only non-DA activities.

**Proponent and exception authority.**  
Not applicable

**Army management control process.** This regulation is subject to the requirements of AR 11-2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are being developed and will be published in a DA II-series circular at a later date.

**Supplementation.** Supplementation of this regulation and establishment of forms other than DA forms are prohibited without prior approval from the Commanding General, USAFAC, Attention: (SAFM-FAQ-B), Indianapolis, Indiana 46249-0001.

**Interim changes.** Interim changes are not official unless they are authenticated by the Administrative Assistant to the Secretary of the Army. Users will destroy interim changes

on their expiration dates unless sooner superseded or rescinded.

**Suggested improvements.** The proponent of this regulation is the Director of Finance and Accounting. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Commanding General, USAFAC, Attention: (SAFM-FAQ-B), Indianapolis, Indiana 46249-0001.

**Changes.** Changes to the basic publication are shown by strikethroughs, underscores, and tint. Old material that is being deleted is lined out (struck through). New material that is being added is underlined (underscored), or, if extensive, printed in a gray, shaded area (tinted). Material that is extensively rewritten and reorganized is tinted.

**Distribution.** Distribution of this issue has been made in accordance with DA Form 12-9A-R requirements for 11-series publications. The number of copies distributed to a given subscriber is the number of copies requested in Blocks 17 and 18 of the subscriber's DA Form 12-9A-R. AR 11-37 distribution is C, D for Active Army, D for ARNG, and USAR. Existing account quantities will be adjusted and new account quantities will be established upon receipt of a signed DA Form 12-9U-R (Subscription for Army UPDATE Publications Requirements) from the publications account holder.

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## Chapter 1 Introduction

### 1-1. Purpose

This regulation prescribes policies, responsibilities, procedures, and reporting requirements of the Army Finance and Accounting Quality Assurance (QA) Program. It establishes guidelines for implementation of the program at all Army levels. The QA Program is designed to improve Army financial operations and detect, deter, and prevent fraud and waste. This program complements and reinforces the Army Internal Control Program prescribed by AR 11-2. It focuses on those internal controls that serve to strengthen financial management practices and establish effective cash management programs. This regulation provides a system of reviews designed to improve finance and accounting operating procedures, to include the Joint Uniform Military Pay System-Army (JUMPS-Army), by directing command involvement in these and other related areas.

### 1-2. References

Required and related publications are listed in appendix A.

### 1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

### 1-4. Internal control

This regulation contains an internal control review checklist for the Quality Assurance Program. This checklist is located after the last chapter of this regulation.

### 1-5. Responsibilities

*a.* The Director of Finance and Accounting will furnish general staff supervision for the Army-wide QA Program.

*b.* The Commanding General, U.S. Army Finance and Accounting Center (USAFAC) will—

(1) Administer the QA Program Army-wide.

(2) Provide Headquarters, Department of the Army (HQDA) Finance and Accounting Quality Assurance Teams for review of finance and accounting offices (FAOs), external data sources affecting pay and entitlements, and other financial activities of the installation involved in financial management, to include tenants and JUMPS-RC input stations. (See chap 2.) The review is designed to provide an overall evaluation of the financial management system.

(3) Coordinate reviews by HQDA, National Guard Bureau (NGB), and major Army command (MACOM) Finance and Accounting Quality Assurance and Assistance Teams. This includes advising NGB and MACOMs of changes in the HQDA review schedule.

(3.1) Coordinate DA finance and accounting policy related to classified and other special programs, and perform associated on-site quality assurance reviews for such programs.

(4) Identify and resolve systems and regulatory problems. This includes initiating changes to HQDA and MACOM policies and procedures identified through HQDA and MACOM finance and accounting QA reviews and HQDA military personnel management team reports.

(5) Disseminate information concerning USAFAC operations, problem areas, financial regulations, Comptroller General of the Army decisions, and other items of interest to comptroller and FAO personnel. The All Points Bulletin (APB) is published monthly and distributed world-wide for this purpose.

(6) Develop model standing operating procedures (SOPs) for Army-wide distribution.

(7) Perform, on a sampling basis, an after-the-fact administrative examination of disbursement and collection transactions to ensure their accuracy, propriety, and completeness; issue formal adjustment documents when necessary; and provide reports to responsible officials summarizing the findings.

(8) Develop means for measuring and evaluating the quality and effectiveness of financial services provided throughout the finance network.

(9) Gather and analyze error data and trends in financial areas to determine cause. Appropriate commanders will be advised of action required when an analysis indicates significant problems.

(10) Review General Accounting Office (GAO), Department of Defense Inspector General (DODIG), U.S. Army Audit Agency (USAAA), Inspector General (IG), and other audit and inspection reports relating to administration of financial services in the field; advise the entire network of identified problem areas; and suggest corrective actions or develop guidance to clarify regulations.

(11) Determine JUMPS-Army training requirements, assign quotas to MACOMs, and monitor quota use of the JUMPS-Army Management Training Course.

(12) Provide JUMPS-Army Military Pay Entitlement Verification Listings (MPEVL) to installation and activity commanders and FAOs in order to reconcile data on the JUMPS-Army master file.

(13) Conduct HQDA Finance and Accounting Quality Assurance Team reviews to Army National Guard United States Property and Fiscal Offices (USPFOs) and U.S. Army Reserve (USAR) JUMPS-RC input stations.

(14) Conduct HQDA Finance and Accounting Quality Assurance Team reviews of both civil works and military division and district activities of the Corps of Engineers.

(15) Assist local internal review elements in their followup on audit and inspection report findings pertaining to financial operations.

(16) Comply with reporting requirements listed in paragraphs 4-3, 4-4, and 4-5.

(17) Identify and report finance personnel training deficiencies in both technical and soldier skill areas.

*c.* All commanders listed in *d* through *f* below will establish and actively support a QA program. QA Program reviews will be planned, budgeted, and performed even during periods of austerity. Carrying out requirements of this regulation will not depend on needs or requests for increased personnel.

*d.* MACOM commanders will—

(1) Ensure that financial services administration is a matter of command interest.

(2) Provide Finance and Accounting Quality Assurance Teams in accordance with chapter 2 to conduct reviews or assistance visits covering all functional areas of FAOs within their command. Provide schedules, schedule changes, and results of team reviews within the MACOM as required by chapter 2.

(3) Monitor the use and assignment of finance personnel Specialty Skill Identifier (SSI) 44 and 45 and Military Occupational Specialty (MOS) 73C, 73D, and 73Z in field FAOs within their command.

(4) Review GAO, DODIG, USAAA, IG, internal review, and other audit and inspection reports relating to financial services administration in the field to maximize the benefits of lessons learned.

(5) Monitor the resolution of problem areas and correction of deficiencies identified by HQDA and MACOM finance and accounting quality assurance reviews.

(6) Ensure the timely processing of JUMPS-Army MPEVLs by subordinate commands when reconciliation of data on the JUMPS-Army master file is directed.

(7) Analyze the results of the MPEVLs for possible corrective action or command guidance.

(8) Assist local internal review elements in followup on audit and inspection reports pertaining to financial operations.

(9) Comply with reporting requirements listed in chapter 2.

*e.* Commanders of major Army subcommands (SUBMACOMs) will carry out the QA Program as directed by the MACOMs.

*f.* Installation and activity commanders will—

(1) Ensure that FAOs within their command carry out the QA Program as described in this regulation.

(2) Use available resources, including reports of QA reviews, to evaluate and improve internal controls as provided by AR 11-2.

(3) Ensure that an adequate system of fund control exists and a continuing review, in accordance with AR 37-108, is conducted of—

(*a*) All unliquidated obligations.

- (b) All unfilled orders.
- (c) All receivables.
- (d) All payables.
- (e) All unearned revenues.
- (f) All advance payments to contractors.
- (4) Require a continual review of local procedures and controls to ensure that all financial documents are properly processed.

(5) Provide a forum for dissemination of financial information through seminars, newsletters, Financial Executives, and Commanders' conferences.

(6) Ensure resolution of problem areas and supervise correction of deficiencies in the installation or activity financial management system identified by HQDA and MACOM finance and accounting quality assurance reviews.

(7) Ensure the timely processing of JUMPS–Army Pay Entitlement Lists when reconciliation of data on the JUMPS–Army master file is directed.

*g.* Finance and accounting officers will—

(1) Establish a QA section or branch as an integral part of their office.

(a) The QA section or branch will be directly responsible to the FAO for staff review of finance and accounting operations. The FAO will ensure subordinate class B agent offices, forward support teams, external voucher certifying activities and other financial input sources are included in the QA Program. Where an accounting policy office is part of the Comptroller or Director of Resource Management staff, the establishment of a QA branch within the FAO will not impinge on the responsibilities of the accounting policy office.

(b) When the limited size or scope of FAO operations does not warrant the establishment of a separate QA branch or section, the FAO must apply through the appropriate MACOM to the Commanding General, USAFAC, ATTN: SAFM–FAQ, Indianapolis, IN 46249–0701 for an exception to this requirement. If approved, such an exception does not change the requirement for the FAO to ensure adequate internal controls are in place.

(2) Ensure adequate staffing and proper utilization of personnel within QA. Assigned personnel must be qualified to effectively review all functional areas of the FAO. QA personnel will not be assigned to a functional area except—

(a) For training.

(b) On a temporary basis when special management or technical assistance external to the functional area is directed by the FAO.

(3) Approve and periodically review the annual QA plan.

(4) Resolve problem areas identified in reviews by providing written guidance for correction to the responsible section or branch chief and ensuring appropriate followup action. FAOs will maintain HQDA, MACOM, and local reports and the records of corrective action as prescribed in AR 340–18.

(5) Inform the installation/activity commander of serious financial management problems and request command assistance, as appropriate.

(6) Request through command channels Finance and Accounting Quality Assurance Teams from MACOM or HQDA to resolve temporary problems when local conditions warrant.

(7) Establish internal controls which provide reasonable assurance of accurate payments and accounting records and prudent cash management practices.

(8) Locally adapt model SOPs published by USAFAC. Develop additional SOPs as needed.

(9) Schedule and conduct technical training to complement available resident, nonresident and mobile training team instruction from external schools to ensure all functional areas of the office are staffed with qualified personnel.

(10) Review reports of the administrative examination of disbursement and collection transactions conducted in accordance with b(7) above, and take appropriate corrective action.

(11) Submit input to the JUMPS–Army master file to correct discrepancies detected through the JUMPS–Army Military Pay Entitlements Verification Program (MPEVP). These officers will also

certify action taken as required by the instructions received with each annual program.

(12) Review the QA Program periodically and introduce new management and review techniques where warranted.

(13) Comply with reporting requirements as identified in paragraphs 4–2 and 4–5.

*h.* QA section/branch chiefs will—

(1) Develop and execute an annual, written, time-phased QA plan of action. The plan will schedule QA reviews within all functional areas of the FAO and external voucher certifying activities, and establish estimated man-hours for each review. The QA plan will be flexible so QA personnel can conduct special reviews directed by the FAO. The FAO will personally approve the plan. QA Functional Review Guides will be used as appropriate. The following will receive priority consideration:

(a) Deterrence of waste, fraud, and abuse.

(b) Proper administration of funds.

(c) Accurate maintenance of financial records.

(d) Reconciliation of document files and reports required by AR 37–108.

(e) Timely, accurate service.

(f) Accurate computation and proper documentation of all disbursement vouchers.

(g) Identification of inadequate controls, improper use of systems, and inefficient use of resources.

(h) Report accuracy and compliance with financial regulations.

(i) Staffing adequacy.

(j) Identification of training needs.

(2) Prepare and submit written QA reports to the FAO containing findings of deficiencies and recommendations for remedial action by the operating element. The FAO will route the reports, along with written guidance for required corrective actions, to the responsible section or branch chief. Branch chiefs will annotate corrective action taken or planned and return the report to the QA section through the FAO.

(3) Establish a system to monitor and control the status of QA reports (FAO review, corrective actions outstanding, corrective actions completed, and so forth.)

(4) Perform follow-up reviews as directed by the FAO to ensure compliance with FAO written guidance; external audit reports; and HQDA, MACOM, or local review findings.

(4.1) Consolidate, review and substantiate feeder reports for the preparation of the Finance and Accounting Monthly Operations Report (RCS CSCOA-7).

(5) Review routine finance and accounting reports (JUMPS–Army Status Reports, Data Element Management Accounting Reports, and so forth) to identify existing or potential problem areas, and submit the results of these reviews and recommended actions to the FAO.

(6) Inform the FAO of problem areas identified.

(7) Verify indirect collections in non-integrated finance offices per AR 37–108, paragraph 6–21 and AR 37–103, paragraph 5–21a(3).

## **1–6. Financial administration and controls**

*a.* Financial administration and internal controls encompass FAO functions and related functions of activities serviced by FAOs.

(1) Timely, accurate service to military and civilian personnel and commercial vendors, and properly recording valid obligations and expenses (by the FAO), depend on external activities such as—

(a) Units.

(b) Personnel offices.

(c) Laundries.

(d) Supply activities.

(e) Purchasing and contracting offices.

(2) Proper administration of funds includes certification of available funds by program directors or others.

*b.* Inadequate use of financial information systems and failure to comply with prescribed financial procedures may cause loss or misuse of DA resources. Financial data recorded and displayed must be current, accurate, and conform to prescribed procedures. The QA

Program is designed to assist commands at all levels in the efficient use of resources through the review of all financial input sources.

c. To deter fraud, waste, and abuse, certain basic standards will be adhered to in the internal control systems established by the FAOs. These standards include but are not limited to—

(1) *Documentation.* Accountability for resources as well as all financial transactions will be clearly documented, and such documentation will be readily available.

(2) *Separation of duties.* Key duties such as authorizing, approving, and recording transactions; issuing or receiving assets; making payments; and reviewing or auditing will be assigned to separate individuals to reduce the potential for fraud. Effective internal control decreases the opportunity to conceal errors or illegal acts. No one individual should control all phases of a financial transaction.

(3) *Adequate supervision.* Qualified and continuous supervision will be provided to assure that approved procedures are followed and lines of personal responsibility are clearly established. Reasonable care will be taken so that key personnel possess high standards of integrity and are competent by education, training, or experience.

(4) *Reasonable assurance.* Internal control systems will provide reasonable assurance that the objectives of the system will be accomplished.

## Chapter 2 Field Quality Assurance Reviews Within the Active Army

### 2-1. QA review and assistance visits

Each FAO will be reviewed once each fiscal year by either HQDA or the MACOM. HQDA Finance and Accounting Quality Assurance Teams will review finance and accounting activities at each FAO once every 2 years or when serious deficiencies are otherwise detected. The MACOM will review or conduct assistance visits at each FAO at least every other year, normally in the year the HQDA QA review is not scheduled.

a. The terms “review” and “assistance” require specific definition as they apply to the QA Program.

(1) *Review.* This is a comprehensive on site evaluation of all FAO functional operations designed to identify policy, procedural, and situational weaknesses and strengths. Techniques closely parallel those of an inspection. The primary objective of the review is evaluation. Assistance will be provided for specific problems. The reviewing team will complete QA Functional Review Guides for each functional area to supplement the review. The FAO will receive a copy of each completed QA Functional Review Guide prior to the command exit conference.

(2) *Assistance.* This is onsite aid, provided by MACOM or HQDA representatives to resolve field FAO problems. This aid may take the form of training, recommendations for policy or procedural improvements, or hands-on assistance. Reports on assistance provided will not be written unless fraud, waste or abuse is found to exist, or incompetence is determined to be a contributing factor.

b. Reviews are conducted to ensure continuing efforts are made to improve the quality of finance and accounting services. Review teams will evaluate all phases of financial activities to include—

- (1) Military pay and allowances.
- (2) Travel and transportation allowances.
- (3) Civilian pay and allowances.
- (4) Accounts Payable.
- (5) Disbursing.
- (6) Appropriated fund accounting.
- (7) Nonappropriated fund accounting.
- (8) Quality assurance.
- (9) Overall management of financial operations both internal and external to the FAO.
- (10) Internal controls.
- (11) Technical and soldier skill training.
- (12) Data input sources which affect pay and entitlements.

c. The MACOM may schedule assistance visits to fulfill the biennial review requirement, on the basis of an FAO request, or upon MACOM determination of the need for assistance. HQDA may also provide special assistance as coordinated with the appropriate MACOM and FAO. HQDA will use management reports such as JUMPS-Army Status Reports, as well as reports of deficiencies noted during HQDA or MACOM reviews to determine if assistance is needed. Assistance visits may be made in one or as many functional areas as deemed appropriate by the MACOM or the FAO.

d. USAFAC will coordinate the HQDA schedule of reviews with MACOMs. MACOMs will delay scheduling until the HQDA schedule is published. SUBMACOMs should participate in QA reviews and assistance visits. Each MACOM will provide a copy of the MACOM schedule and changes to the Commanding General, USAFAC, ATTN: SAFM-FAQ-B, Indianapolis, IN 46249-0718.

e. Reviews will include an evaluation of each functional area (listed in (b) above) sufficient in length to ensure QA Program objectives are met. Assistance visits may include any number of functional areas. Objectives to be accomplished will determine the length of time on site.

f. HQDA will assign overall ratings to review results based on the significance of findings within functional areas. Each functional area will receive a rating of “commendable”, “very good”, “satisfactory”, “marginal” or “unsatisfactory” MACOMs may use this same rating scheme for reviews. Ratings do not apply to assistance visits.

g. Review teams will schedule an exit conference with the installation or activity commander at the conclusion of each QA review. The commander will receive an overview of the review results, to include both positive and negative aspects of the FAO operation. Only serious deficiencies, uncorrected deficiencies (repeat findings) and those beyond the control of the FAO (problems not resolved despite prior coordination with the local command) will be brought to the attention of the commander. Review teams will not schedule an exit conference for an assistance visit except to meet the requirements of protocol. Assistance visit results will normally be confined to the technical channel (USAFAC, the FAO, and the MACOM staff FAO).

### 2-2. Reports of Finance and Accounting Quality Assurance Team reviews

a. *QA reviews.* Review teams will prepare and send two reports, in memorandum format within 60 days of the completion of each review.

(1) A memorandum providing a general overview will be addressed to the commander. A copy of the commander’s memorandum will be furnished as an enclosure to the FAO’s memorandum. This memorandum will be limited to a nontechnical discussion of any serious deficiencies noted during the review and their effect on finance and accounting services. Positive aspects will also be highlighted. The commander’s memorandum will include a discussion of any deficiency caused by activities outside the control of the FAO. In these cases, command attention will be requested.

(2) The second memorandum will be addressed directly to the FAO. This memorandum will provide a comprehensive discussion of significant deficiencies noted during the review, the effect of the deficiency if not self-evident, and recommendations for corrective action. A copy of the FAO’s memorandum, together with completed copies of all QA Functional Review Guides, will be furnished to the MACOM Comptroller/Deputy Chief of Staff for Resource Management for each HQDA review. When MACOMs perform a review, a copy of the FAO’s memorandum together with copies of all QA Functional Review Guides, will be forwarded to the Commanding General, USAFAC, ATTN: SAFM-FAQ-B, Indianapolis, IN 46249-0718.

b. *Assistance visits.* A memorandum report is required for assistance visits only when fraud, waste, abuse, or incompetence is indicated. Under these circumstances, the reviewing team will send reports through command channels and furnish a copy to the Commanding General, USAFAC, ATTN: SAFM-FAQ-B, Indianapolis,



IN 46249-0718. This does not preclude providing a written report directly to the FAO when a report is not otherwise required.

### 2-3. Followup reviews

a. A followup review is required within 6 months when serious deficiencies are noted. Serious deficiencies may exist in one or more functional areas within the FAO or in command financial management outside the FAO.

b. A deficiency is serious if—

(1) Dollar amounts involved are significant or have the potential to be significant.

(2) Nonexistent or erroneous systems or procedures have caused, or have the potential to cause, erroneous reports, significant monetary budgetary discrepancies, or great hardship to serviced personnel and activities.

(3) The timeliness, accuracy, or quality of service is affected by late or inaccurate financial reporting, late or uncontrolled document processing, or high error or reject rates.

(4) It causes or creates the potential for fraud, waste, losses of funds, or misappropriation of funds. For example, the mismanagement of fund resources, improper segregation of authorization and computation duties, or cash held in excess of immediate needs may create the potential for such abuse.

(5) It is the result of major organizational or procedural deviations that jeopardize the integrity of a standardized system.

(6) It has existed for an extended period of time, is a repeat finding or deficiency from a prior QA review, or is chronic rather than the result of cyclical or seasonal fluctuations in work load or operational requirements.

c. USAFAC has primary responsibility to conduct followup reviews when serious deficiencies are identified during HQDA reviews; however, where appropriate, USAFAC may request the MACOM conduct followup reviews resulting from HQDA-identified deficiencies. The MACOM will conduct followup reviews when the need is determined during MACOM reviews.

## Chapter 3 Quality Assurance Program within the Reserve Components

### 3-1. QA policy

In addition to the policy defined elsewhere in this regulation, the following applies within the Reserve Components:

a. *U.S. Army Reserve.* HQDA and MACOM Finance and Accounting Quality Assurance Teams will conduct reviews of each USAR JUMPS-RC input station. Normally, these reviews will be done at the same time as the respective Active Army FAO review.

b. *Army National Guard (ARNG).*

(1) *Responsibilities.*

(a) In general, the Chief, NGB, will assume the functions of the MACOM Commander as described in this regulation. Specific responsibilities of the Chief, NGB, as applicable to the ARNG, will parallel those described in paragraph 1-5d.

(b) In general, the State adjutant general will assume the functions of the installation commander as described in this regulation. Specific responsibilities of the State adjutant general, as applicable to the ARNG, will parallel those described in paragraph 1-5f.

(c) As used in this regulation, the USPFO corresponds to the FAO. Specific responsibilities of the USPFO, as applicable to the ARNG, will parallel those described in paragraph 1-5g.

(d) When authorized by the Chief, NGB, USPFOs will establish a QA element as an integral part of the comptroller division. If a separate QA element is not established, the QA function must still be performed. Where established, the USPFO QA element will be directly responsible to the Financial Manager for the review of finance and accounting operations within the comptroller division and other offices or activities within the State as they interface with

finance and accounting operations. The establishment of a QA element within the comptroller division will not impinge upon the responsibilities of the USPFO analysis and internal review division. Specific responsibilities of the QA element within USPFOs, as applicable to the ARNG, will parallel those described in paragraph 1-5h.

(2) *Field quality assurance reviews within the ARNG.*

(a) Each USPFO will be reviewed once each fiscal year by either HQDA or the NGB. HQDA Finance and Accounting Quality Assurance Teams will review finance and accounting activities at each USPFO once every 2 years or when serious deficiencies are otherwise detected. The NGB will conduct assistance visits at each USPFO at least every other year, normally in the year the HQDA QA review is not scheduled.

(b) HQDA reviews will cover all financial operations to include ARNG JUMPS-RC input station activity. NGB assistance visits will either cover all financial operations at the USPFO, or concentrate assistance within identified problem areas.

(c) An exit conference will be scheduled with the USPFO and Financial Manager at the conclusion of each HQDA review and NGB assistance visit. They will receive a complete briefing of results, to include both positive and negative aspects of the comptroller division operation. The State Adjutant General will also receive an overview of the review results to include both positive and negative aspects of the comptroller division operation. Only serious deficiencies, uncorrected deficiencies (repeat findings) and those beyond the control of the Financial Manager and USPFO (problems not resolved despite prior coordination with the State command) will be brought to the attention of the State Adjutant General.

(3) *Reports of reviews.*

(a) HQDA will prepare a memorandum report addressed through the Chief, NGB, to the State Adjutant General within 60 days of the completion of the review. The USPFO will receive a copy of the State Adjutant General's memorandum as an enclosure to the USPFO memorandum. This memorandum will discuss strong points and serious deficiencies noted during the review, and their effect on finance and accounting services. The State Adjutant General's memorandum also discusses and requests command attention for uncorrected deficiencies (repeat findings) and external deficiencies (caused by activities outside the control of the USPFO). An external deficiency should be included only when the Financial Manager and USPFO have exhausted all internal means of resolving the problem without result. HQDA will send a second memorandum through the Chief, NGB to the USPFO. This memorandum will provide a comprehensive discussion of significant deficiencies noted during the review and the effect of each deficiency if not self-evident. HQDA will furnish a copy of the USPFO's memorandum and copies of all QA Functional Review Guides to the Chief, NGB for each review.

(b) The Chief, NGB will prepare and send a letter to the State Adjutant General within 60 days of each NGB assistance visit. The Chief, NGB will also forward a copy of the NGB letter with copies of all QA Functional Review Guides to the Commanding General, USAFAC ATTN: SAFM-FAQ-B, Indianapolis, IN 46249-0718.

### 3-2. Not Used

## Chapter 4 QA Program Information Sources, Reports, and Data Reconciliation

### 4-1. Information sources for command use in improving the quality of financial services

a. The Director of Finance and Accounting will use internal review and IG audit reports to identify areas requiring concentrated effort to improve financial operations at specific activities and commands.

b. USAFAC will provide data concerning accuracy and timeliness of accounting input to MACOMs, accounts offices, and FAOs for correction.

c. USAFAC will provide the MACOM commanders and FAOs the results of postpayment examinations of travel, military pay and final separation vouchers, and disbursing officer money account papers submitted to USAFAC.

d. Information letters and articles in the APB will focus attention on the elements below. Commanders and comptrollers may obtain initial or increased distribution of the APB by submitting a request to the Commanding General, USAFAC, ATTN: SAFM-FAQ, Indianapolis, IN 46249-0701.

- (1) New regulations.
- (2) Decisions of the Comptroller General of the United States.
- (3) Improved methods of performing assigned duties.
- (4) Shortcomings in complying with directives.

e. HQDA-developed QA Functional Review Guides will be used as a supplement in developing and executing the QA Program. HQDA will send QA Functional Review Guides to MACOMs for distribution as needed. HQDA and MACOM teams will use QA Functional Review Guides when conducting reviews. MACOMs may modify QA Functional Review Guides for use in MACOM and installation-level QA Programs.

f. Paragraphs 4-2, 4-3, and 4-4 describe other information sources for commanders in improving the quality of finance service.

#### **4-2. Finance and Accounting Monthly Operations Report (RCS CSCOA-67)**

a. The monthly operations report provides the Commanding General, USAFAC with factual and timely data about the effectiveness and efficiency of the Active Army finance and accounting network. In addition, the report provides MACOMs and FAOs with management data to assist in daily operations. Specifically, this report will be used to—

- (1) Improve the world-wide finance and accounting network.
- (2) Provide data for determining manpower requirements in accordance with AR 570-5.
- (3) Analyze staffing and grade distribution.
- (4) Identify resource management training needs.

b. Monthly operations reports are the primary input for the Finance Information Network Evaluation System (FINES). FINES is a management information system providing HQDA the capability to compile and analyze operating data from USAFAC and FAOs. This system is designed to improve management of the finance network and provide feedback to FAOs, MACOMs, and SUBMACOMs.

c. USAFAC will eliminate data required by the monthly operations report as information becomes available through standardized reports, new systems, or current systems redesign.

d. FAOs, central accounting offices, Class B offices, central non-appropriated funds (NAF) payroll offices, forward support teams, and selected fiscal stations will prepare the report monthly.

e. Activities required to provide a monthly operations report will—

- (1) Prepare an original and three copies of the report.
- (2) Submit the original and one copy of the report with a letter of transmittal to the Commanding General, USAFAC, ATTN: SAFM-FAQ-B, Indianapolis, IN 46249-0718, to arrive not later than the 20th calendar day following the report month.
- (3) Submit one copy of the report to the MACOM.
- (4) Retain one copy as prescribed in AR 340-18.

f. MACOMs can supplement the operations report with command unique items as required. MACOMs will report this supplemental data in the MACOM and "Local Work Load" portion of Section A (Work load), or in the "Remarks" section. USAFAC will enter data reported in the MACOM and Local Work load portion of Section A in FINES and make it accessible for subsequent automated retrieval and analysis by the submitting MACOM.

g. Detailed procedures for completing the monthly operations report are in separate letters of instruction provided by the Director, Finance Network Quality.

#### **4-3. JUMPS-Army Status Report and Payment Statistics (RCS CSCFA-292)**

a. This report is a monthly summary of the following:

- (1) JUMPS-Army input data.
- (2) Information on rejected input by reject code.
- (3) Aging of pay change data.
- (4) Payment statistics indicating, by grade, categories of net entitlement, and midmonth and end-of-month method of payment.

b. JUMPS-Army Status Reports are used to identify problem areas, improve internal controls, and take corrective actions. The Director, Finance Network Quality, will distribute these reports as they are produced by JUMPS-Army and send a copy to each MACOM for those disbursing station symbol number/B agent identification number (DSSN/BIDN) under their jurisdiction. Another copy will be sent to each DSSN/BIDN.

#### **4-4. JUMPS-RC Status Report (RCS CSCOA-3)**

a. This report is a monthly summary of the following:

- (1) JUMPS-RC input data.
- (2) Information on rejected input by reject code.
- (3) Late transactions.

b. JUMPS-RC Status Reports are used to identify problem areas, improve internal controls, and take corrective action. The Director, Finance Network Quality, will distribute these reports as they are produced by JUMPS-RC. Report copies will be sent to the Office of Chief, Army Reserve and U.S. Army Forces Command for each USAR input station, and to the National Guard Bureau for each ARNG input station. One copy will also be sent to each USAR and ARNG input station.

#### **4-5. Reconciliation of JUMPS-Army Military Pay Entitlement Verification Lists (MPEVL) (RCS CSCFA284 (R3))**

a. USAFAC will furnish MPEVLs quarterly to installation and activity commanders for reconciliation of selected data on the JUMPS-Army master file with entitlement data in personnel files and related files that provide source information to JUMPS-Army. The transmittal letter forwarding MPEVLs to the field will provide specific instructions for establishing controls, procedures, and cost reporting. USAFAC will publish the annual schedule for MPEVLs in a JUMPS-Army message. The responsible official authorizing the entitlement is required to review, annotate, and attest to the accuracy of pay entitlement lists and to report the cost of processing.

b. The servicing FAO will check the returned certified listings to ensure that a proper and complete review was accomplished, process the corrective actions, attest to the actions performed, and prepare a consolidated cost report. FAOs will refer suspected irregularities to local internal review or IG personnel for independent verification.

## **Appendix A References**

### **Section I Required Publications**

**AR 11-2**  
Internal Control Systems. (Cited in paras 1-1 and 1-5f(2).)

### **Section II Related Publications**

A related publication is merely a source of information. The user does not have to read it to understand this publication.

**AR 37-101**  
Organization and Functions of Finance and Accounting offices

**AR 37-101-1**  
Field Organization and Operating Instructions Under the Joint Uniform Military Pay System—Army (JUMPS-Army)

**AR 37-101-2**  
Field Organization and Operating Instructions Using the JUMPS-Army Automated Coding System (JACS)

**AR 37-103**  
Finance and Accounting for Installations: Disbursing Operations

**AR 37-104-3**  
Military Pay and Allowances Procedures: Joint Uniform Military Pay System Army (JUMPS-Army)

**AR 37-104-10**  
Military Pay and Allowances Procedures for Inactive Duty Training—Joint Uniform Military Pay System-Reserve Components (JUMPS-(RC)-Army)

**AR 37-105**  
Finance and Accounting for Installations: Civilian Pay Procedures

**AR 37-106**  
Finance and Accounting for Installations: Travel and Transportation Allowances

**AR 37-107**  
Accounts Payable

**AR 37-108**  
General Accounting and Reporting for Finance and Accounting Offices

**AR 215-5**  
Nonappropriated Funds Accounting Policy and Reporting Procedures

**AR 335-15**  
Management Information Control System

**AR 340-18**  
The Army Functional Files System

**AR 570-5**  
Manpower Staffing Standards System

**NGR 37-101**  
Fiscal Accounting and Finance Services: Army National Guard

**NGR 37-104-3**  
Military Pay and Allowances: Army National Guard

**NGR 37-105**  
Standard Army Technician Payroll System

**NGR 37-108**  
Fiscal Accounting and Reporting: Army National Guard

**Department of Defense Military Pay and Allowances Entitlements Manual**

**Joint Federal Travel Regulations: Volume 1**

**Joint Travel Regulations: Volume 2**

## **Glossary**

### **Section I Abbreviations**

#### **ARNG**

Army National Guard

#### **BIDN**

B agent identification number

#### **COA**

Comptroller of the Army

#### **DA**

Department of the Army

#### **DODIG**

Department of Defense Inspector General

#### **DSSN**

disbursing station symbol number

#### **FAO**

finance and accounting office(r)/finance office(r)

#### **GAO**

General Accounting Office

#### **HQDA**

Headquarters, Department of the Army

#### **IG**

Inspector General

#### **JUMPS–Army**

Joint Uniform Military Pay System–Active Army

#### **JUMPS–RC**

Joint Uniform Military Pay System–Reserve Components–Army

#### **MACOM**

major Army command

#### **MILPERCEN**

U.S. Army Military Personnel Center

#### **MOS**

military occupational specialty

#### **MPEVL**

Military Pay Entitlements Verification Listing

#### **MPEVP**

Military Pay Entitlements Verification Program

#### **MTOE**

Modification table of organization and equipment

#### **NAF**

nonappropriated funds

#### **NGB**

National Guard Bureau

#### **QA**

quality assurance

#### **SOP**

standing operating procedure

#### **SSI**

specialty skill identifier

#### **SUBMACOM**

subordinate major Army command

#### **TAG**

The Adjutant General

#### **TDA**

tables of distribution and allowances

#### **TOE**

Tables of organization and equipment

#### **USAAA**

U.S. Army Audit Agency

#### **USAFAC**

U.S. Army Finance and Accounting Center

#### **USAR**

U.S. Army Reserve

#### **USPFO**

U.S. Property and Fiscal Office

### **Section II Terms**

#### **Fraud**

Any willful or conscious act that adversely affects the Government's interest. Fraud includes, but is not limited to, acts of dishonesty that contribute to loss or injury to the Government.

#### **Internal controls**

The plan of organization and all methods and measures adopted within an agency to safeguard its resources; ensure the accuracy and reliability of its information; ensure adherence to applicable laws, regulations, and policies; and promote operational economy and efficiency.

#### **Military Pay Entitlement Verification Lists (MPEVL)**

A list of a particular item of entitlement produced from the master military pay file at USAFAC and sent to an installation commander for review, verification, and, if required, corrective action.

#### **Waste**

The extravagant, careless, or needless expenditure of Government funds or the consumption or misuse of Government property resulting from deficient practices, systems, controls, or decisions. This term also includes abuse of authority and other improper practices not involving prosecutable fraud.

### **Section III Special Abbreviations and Terms**

There are no special terms.

**Unclassified**

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