

## IT'S YOUR TAX MONEY

REPORT FRAUD, WASTE, ABUSE,  
AND MISMANAGEMENT

### Mission

Conduct independent, objective, and timely oversight across the DIA Enterprise to:

- » promote economy and efficiency
- » detect and deter fraud, waste, abuse, and mismanagement
- » inform DIA and Congress

We do this through audits, inspections, investigations, and proactive engagement.

### Do you have a complaint?

- » Procurement Fraud
- » Misuse of Government Resources
- » Fraud, Waste, Abuse, and Mismanagement
- » Personnel Issues
- » Reprisal & Retaliation
- » Employee Misconduct

### Call or Email the IG Hotline

#### Phone

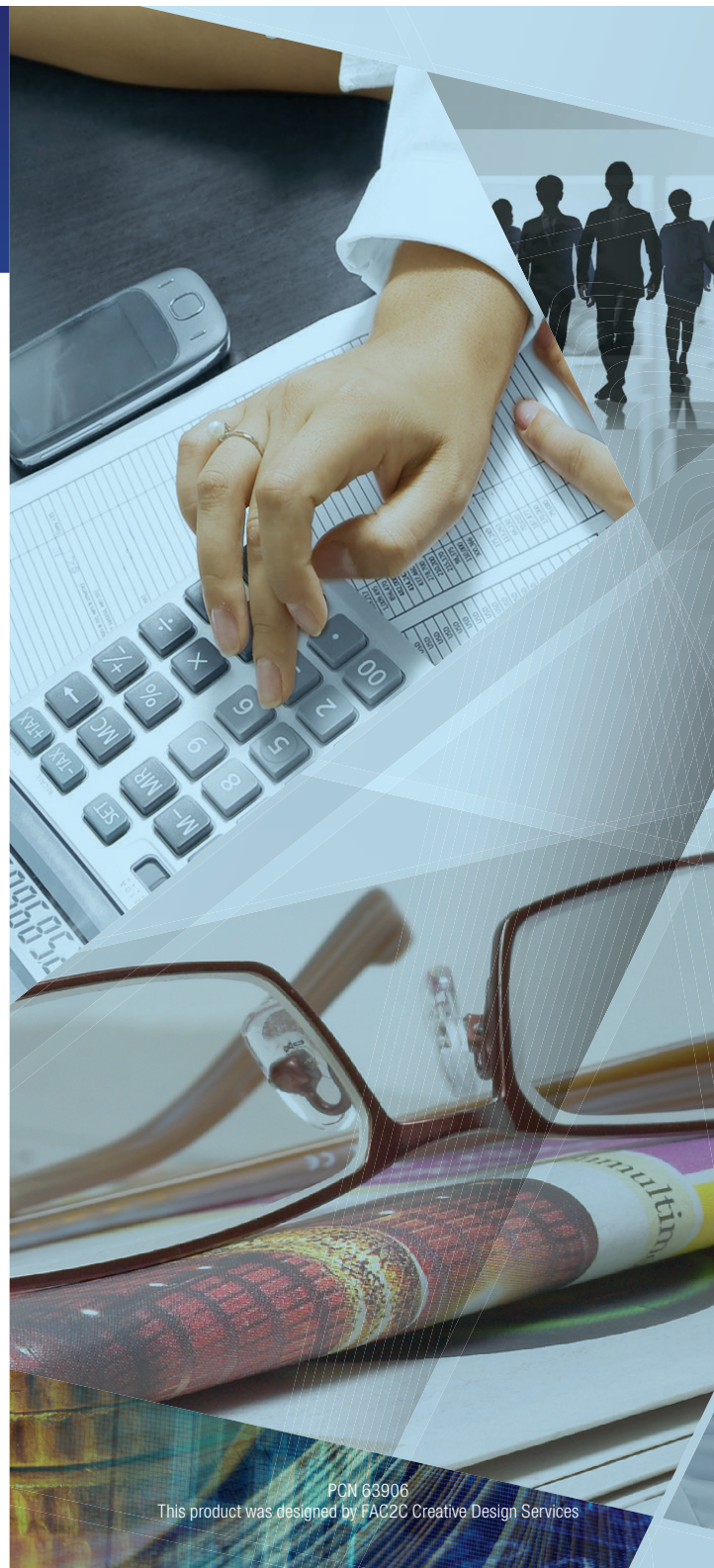
202-231-1000

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## DEFENSE INTELLIGENCE AGENCY

Office of the Inspector General



## Financial Statement Audit FAQs

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COMMITTED TO EXCELLENCE IN DEFENSE OF THE NATION

# QUESTIONS & ANSWERS

## What is a Financial Statement Audit?

This annual independent audit tells decisionmakers whether financial statements are presented fairly and in accordance with Generally Accepted Accounting Principles (GAAP). The audit also includes reports on any deficiencies in internal control and compliance with laws and regulations that have a material effect on the financial statements.

## Why does DIA need to be audited? Is the audit ongoing or a one-time thing? What is the law?

The Chief Financial Officers (CFO) Act of 1990, as amended by the Government Management Reform Act of 1994, and the Office of Management and Budget (OMB) Circular A-136, require federal agencies, including DIA, to prepare financial statements in accordance with GAAP.

The CFO Act and OMB Bulletin 14-02 require DIA Office of Inspector General (OIG) to conduct an annual financial statement audit. OIG may also select an Independent Public Accountant (IPA) to conduct the audit.

## Do auditors tell DIA Management the controls that need to be implemented to get a clean opinion?

Auditors will provide notices of findings and recommendations for issues identified during the audit; however, DIA Management is responsible for developing, testing, and asserting to the operating effectiveness of the controls around financial reporting.

## What are the possible audit outcomes?

There are four possible outcomes of a financial statement audit:

- » **Unmodified opinion**—referred to as a “clean” opinion, which means the agency’s financial statements are presented fairly.
- » **Modified opinion**—financial statements are presented fairly with certain exceptions.
- » **Disclaimer**—agency could not provide sufficient, appropriate audit evidence to support account balances and disclosures.
- » **Adverse opinion**—rare type of opinion, which states that the financial statements are not presented fairly.

## What happens if DIA does not receive a “clean” opinion?

DIA Management will develop corrective actions to mitigate identified issues related to financial statement line items. The OIG or IPA will verify the implementation of those corrective actions in subsequent audits.

## Who is involved in the financial statement audit and what is my role?

OIG is responsible for the financial statement audit; however, an IPA may perform the audit with OIG oversight. Although the level of involvement will vary, the auditors will need the help of DIA employees to answer questions and provide supporting documentation as needed.

## Are the auditors independent of DIA Management?

Yes, OIG auditors are independent. By law, the OIG exercises broad administrative authorities, including hiring and management of its personnel and direct reporting authority to both the agency head and Congress.

## Are the auditors just trying to find mistakes or are they looking at the big picture?

The auditors render an opinion as to whether DIA’s financial statements are free from material misstatements or “reliable.” To render this opinion, auditors must gain an understanding of and test the processes that are represented in the financial statements. These processes are evaluated objectively and any issues are examined and reported based on financial statement impact.

## Is there a specific timeline set forth for DIA to achieve a clean audit opinion?

DIA’s first financial statement audit occurred in FY 2015; while DIA has not reached a clean opinion, it continues to make progress towards meeting the requirements that could result in a clean opinion in the future.