What

What is the MILPAY segment and what are its key functions?
- The MILPAY segment is the official business process responsible for effectively paying all Active and Reserve Sailors. This segment is aligned to Bureau of Naval Personnel (BUPERS).

What is an audit and what does it mean to be "audit ready"?
- A financial audit is an independent evaluation of whether an organization's financial statements are fairly presented and in accordance with appropriate accounting standards.
- Audit readiness is a state of being prepared at all times to demonstrate proper manual and automated processes and documentation (e.g., process/financial controls, Information Technology (IT) controls) are carried out accurately and consistently, per current policies and accounting standards.

What audits or examinations have been conducted for MILPAY?
- From October 2013 to June 2014 an examination of the MILPAY segment was conducted by an Independent Public Accounting (IPA) firm. In the examination report dated 26 September 2014, the IPA stated "In our opinion, management's assertion that the Navy MILPAY assessable unit is audit ready as of March 29, 2013, is fairly stated in all material respects, based on the criteria established in the DoD FIAR Guidance".
- Currently, the Government Accountability Office (GAO) is also reviewing the files from the MILPAY examination.

Why

Why is it important for MILPAY to be audit ready?
- There is a growing public expectation that tax dollars are to be used efficiently as the Department of Defense (DoD) has not successfully obtained a "clean" audit opinion.
- Audit readiness increases the accuracy of financials and produces more effective, transparent business processes, and prevents potential legal violations. It also enables the larger DON to make more timely decisions based on accurate and reliable information.

When

When must MILPAY be prepared for an audit?
- On October 13, 2011, SECDEF issued a memorandum that emphasized the importance of being prepared for a full financial audit by 2017 and laid out a timeline for key audit readiness milestones.
- The FY15 Statement of Budgetary Activities (SBA) Audit was awarded on Dec. 3, 2014. Audit will consist of four phases over 12-17 months.

Phase	Time*	Description
Planning	4-6 Mos	IPA seeks explanatory information to familiarize itself with Navy
Control	1-3 Mos	IPA walk-through of key business processes and internal controls
Test	4-7 Mos	IPA performs substantive, control and compliance test and develop workbooks
Reporting	2 Mos	IPA evaluate the test results and issue an opinion to DON on findings

* Time frame subject to change

Who

Who is responsible for ensuring MILPAY is audit ready?
- The Vice Chief of Naval Operations (VCNO) has designated BUPERS as the Functional Lead for the MILPAY segment covering all Active and Reserve Sailors. The Office of Financial Operations supports BUPERS in responding to requests from the IPA.

Who has a stake in MILPAY's audit readiness?
- Everyone! MILPAY audit readiness is a team effort and requires support from all Navy service members as well as all civilian support personnel and Navy Command leadership from all levels.

How

How can Commands help to ensure that the MILPAY segment maintains audit readiness?
- Review and validate personnel records for Sailors specific to their Command in accordance with current policies and procedures.
- Update personnel and pay records in NSIPS, ESR, and OMPF.
- Submit supporting documentation for all personnel actions impacting pay transactions in a timely manner.
- Retain all pay and personnel documentation indefinitely as prescribed by FMO.
- Monitor gains, losses, and separations.
- Restrict Personally Identifiable Information (PII) to authorized personnel only.
- Review the most current MILPAY KSD Matrix to ensure the correct KSDs are submitted.
- Validate transactions and activities are captured and transmitted with 100% accuracy.

How can Sailors make an impact to ensure that the MILPAY segment maintains audit readiness?
- Review and validate pay records against personnel records in NSIPS, ESR, and OMPF.
- View this video from the Navy Personnel Command (NPC) reminding Sailors to update their OMPFs.

Where

Where can one find additional information on MILPAY, policy, and audit readiness?
- MILPAY Entitlements Guidance and Financial Improvement and Audit Readiness (FIAR) Guidance
- FMO FAQs and Announcing the SBA
- NPC Career Toolbox (includes instructions to check your OMPF and ESR for completeness and accuracy)

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