



SECRETARY OF THE ARMY
WASHINGTON

14 JUN 2013

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Key Supporting Documents Required for Army Military Pay Audit Readiness

1. References:

a. Government Accountability Office, Report GAO-12-406, subject: The Army Faces Significant Challenges in Achieving Audit Readiness for Its Military Pay, dated 22 March 2012.

b. Memorandum, Secretary of Defense, subject: Improving Financial Information and Achieving Audit Readiness, dated 13 October 2011.

c. Memorandum, Secretary of the Army, subject: Army Audit Readiness Efforts, dated 18 February 2011.

d. General Officer Management Office Message, Army Chief of Staff, subject: CSA Sends – Army Financial Improvement and Audit Readiness, dated 16 April 2012.

e. Military Pay Key Supporting Document Listing, dated 19 April 2013.

2. Our Congressional and Defense leaders have placed a priority on achieving a state of audit readiness for the Department's financial statements. The first milestone requires the Army to assert auditability for the general fund Statement of Budgetary Resources by 30 September 2014.

3. One of the largest components of our budgetary resources is the funding to pay our Soldiers' military pay entitlements. Each entitlement must be supported by documentation that justifies its payment. As indicated in reference a, the Army has struggled to provide complete and timely supporting documentation. To support Army military pay audit readiness, the Army G-1 and Office of the Assistant Secretary of the Army (Financial Management & Comptroller) (OASA (FM&C)) developed, in coordination with Defense Finance & Accounting Service, Office of the Under Secretary of Defense (Comptroller) and Army Audit Agency, the required key supporting documents (KSDs) to substantiate military pay expenditures (see reference e).

4. Effective immediately, appropriate supporting finance or human resource offices within your commands will maintain these KSDs electronically for a period of six years and three months from the date of a Soldier's separation or retirement. The Army's enduring storage solution is the Interactive Personnel Electronic Records Management

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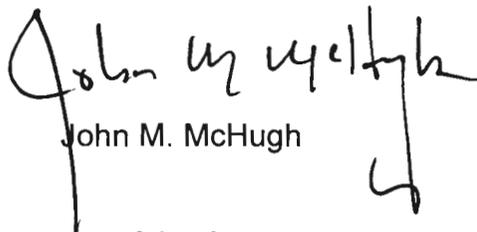
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System (iPERMS). The Army G-1 will publish implementing instructions for storing KSDs in iPERMS and conducting an annual record review with Soldiers.

5. Compliance with this directive does not preclude the continuance and/or addition of local procedures determined as necessary by commanders.

6. The OASA (FM&C) and Army G-1 are making updates to Army Regulation (AR) 600-8-104, *Army Military Human Resource Records Management*, and AR 37-104-4, *Military Pay and Allowances Policy*, to reflect these changes.

7. My points of contact are Mr. J.D. Riley, Army G-1, at (703) 571-7117 or james.d.riley14.civ@mail.mil and Mr. Richard Adamy, OASA (FM&C), at (703) 601-3992 or richard.c.adamy.civ@mail.mil.



John M. McHugh

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