Presented by:
Director, Management Services and Internal Review
(Financial Operations)
28 June 2004
IR Services

- Assurance Services
  - Formal Review
  - Special Review
- Consulting & Advisory Services
- Risk Management
- Liaison
- Follow-up

Work Meets Professional Standards
Internal Audit and Oversight in The Army

U. S. Army Audit Agency

Internal Review

Heavy Artillery
- Major Programs
- Functionally Aligned
- Broad Objectives

Special Forces
- Light
- Flexible
- Adaptive
- Local
Customer Needs

- Reliable and timely information for decision-making
- Objective and creative solutions
- Efficiency and effectiveness assessments
- Performance measures and benchmarking
- Risk analysis
- Problem solving
<table>
<thead>
<tr>
<th></th>
<th>Total - Authorized</th>
<th>Total - Assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time</td>
<td>816</td>
<td>665</td>
</tr>
<tr>
<td>Part-Time</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Military</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Part-Time</td>
<td></td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>151</td>
<td></td>
</tr>
</tbody>
</table>
This statistic shows our overall staffing - as a percentage of authorized strength - decreasing from 88% in September 2003 to 80% in March of 2004. This should be of special concern to the IR community. We will continue to look at this issue with special interest.

<table>
<thead>
<tr>
<th>Summary of Personnel Strength</th>
<th>Mar'03</th>
<th>Sep'03</th>
<th>Mar'04</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Professional Authorized</td>
<td>859</td>
<td>840</td>
<td>909</td>
</tr>
<tr>
<td><em>Professional Assigned</em></td>
<td>741</td>
<td>742</td>
<td>726</td>
</tr>
<tr>
<td>Staffed %</td>
<td>86%</td>
<td>88%</td>
<td>80%</td>
</tr>
<tr>
<td>* Including Part-Time (Civ &amp; Mil)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Productivity: Completed Engagements

### Summary Of Completed Engagements

<table>
<thead>
<tr>
<th>TYPE ENGAGEMENT</th>
<th>Mar '03</th>
<th>Sep '03</th>
<th>Mar '04</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagements Completed</td>
<td>2716</td>
<td>3013</td>
<td>2501</td>
<td></td>
</tr>
<tr>
<td>Engagement In Progress</td>
<td>2076</td>
<td>1664</td>
<td>2178</td>
<td></td>
</tr>
<tr>
<td>Professionals Assigned</td>
<td>741</td>
<td>742</td>
<td>726</td>
<td></td>
</tr>
<tr>
<td>Engagements Per Auditor</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Professionals Assigned</td>
<td>Professionals Meeting Minimum Current CPE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>726</td>
<td>599</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>82.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Semi-Annual Report - March 04

### Potential Monetary Benefits

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>$ Benefits</th>
<th>Cost</th>
<th>ROI</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar '03</td>
<td>$130.70</td>
<td>$25.80</td>
<td>5.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Sep '03</td>
<td>$62.60</td>
<td>$25.30</td>
<td>2.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Mar '04</td>
<td>$200.00</td>
<td>$24.80</td>
<td>8.1</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Only 9 of 23 MACOMs Reported Monetary Benefits in Mar’04
# Semi-Annual Report

**March 04**

## Direct VS. Indirect Days

<table>
<thead>
<tr>
<th></th>
<th>Mar '03</th>
<th>Sep '03</th>
<th>Mar '04</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td>52318</td>
<td>50686</td>
<td>48925</td>
<td></td>
</tr>
<tr>
<td><strong>Indirect</strong></td>
<td>14260</td>
<td>11931</td>
<td>12830</td>
<td></td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td>66578</td>
<td>62616</td>
<td>61755</td>
<td></td>
</tr>
<tr>
<td><strong>% Direct</strong></td>
<td>78.6%</td>
<td>80.9%</td>
<td>79.2%</td>
<td>70.0%</td>
</tr>
</tbody>
</table>
**Customer Satisfaction Survey**

Sent out **315** surveys

Possible responses:

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>5</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>Neither Agree Nor Disagree</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

**Goal** = 4.5
122 (39 percent) responded

Average Score 4.5

Range of Average Scores 1 - 5

74 of 122 (69 percent) > 4.5
Survey Scores

IR products and services -
Average

Score

Are useful to me and my staff.
4.6

Are received in a timely manner.
4.4

Are of high quality.
4.5

Meet my and the organization’s needs.
4.5

Result in more efficient and economical operations.
4.4

Help promote/improve local stewardship.
4.5
Survey Scores

The IR office -

Average Score

Provides a number of services to this command.
4.4

Knows my needs.
4.3

Is staffed with highly skilled professionals.
4.4

Provides me a valuable management control tool.
Survey Scores

IR personnel -

Average Score

Are perceived as part of my management team.  
4.4

Interact effectively with management.  
4.4

Display a positive attitude.  
4.5

Perform valuable audit liaison services with External audit organizations.
In the future, I will -

Average

Score

Request additional IR products and services.

4.3

Promote the use of IR products and services.

4.5

It is important to me that IR be staffed with professionals and complies with auditing standards.
If the name of your command was kept in confidence, would you be willing to share information, i.e., results of IR reviews, IR review programs, etc. with other IR commands?

Yes 95  (78 %)
No  27  (22 %)
Customer Satisfaction Survey Comments

How do IR services compare to other audit organizations?

Better  77  (63 %)
Same   42  (35 %)
Worst  3   (2 %)
It is important you understand the services that IR can perform for you. Do you believe IR does a good job of marketing their services?

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>85</td>
<td>(70 %)</td>
</tr>
<tr>
<td>No</td>
<td>37</td>
<td>(30 %)</td>
</tr>
</tbody>
</table>
I get weak IR support. Employee too timid to make an impact. My IR person needs better interpersonal skills.

Don't see this organization as value added. Their products are not synchronized with commander priorities and generally seem to work their own agendas. Not helpful. Take the resources and provide back to installations to perform value added work. Eliminate the function and put resources toward a product that has value.

Make the response time from review to brief out a faster process.
The key will be for upcoming commanders, managers and other leaders to know how to use the IR program. This component of the management team should be briefed continually to all levels of leadership.

Our IR team is much more competent than the USAAA team. I would recommend that USAAA field offices be abolished and those resources transferred to the installation IR where they can be effectively used.
Survey Comments

I need additional staff to include administrative support.

As part of the team, they understand the issues better, particularly important when serving overseas and dealing with a foreign environment. They are also extremely responsive since they are physically present and part of the daily team.

I am very dependent on advice from my Command IR office to make informed financial decisions. I am also dependent and rely heavily on them to assist in preventing incidents of waste, fraud and abuse.
Retaining the IR Office separate from AAA was a Godsend. Thanks to all who made it happen. We have prompt support from our organization that I don't believe we would get from the organization that was being proposed.

Internal marketing is the area where most improvement could be realized.
**Build more teamwork**

A successful team is a group of many hands but of one mind.”

---Bill Bethel

“When building a team, I always search first for people who love to win. If I can’t find any of those, I look for people who hate to lose.”

---H. Ross Perot
Here are some things I want to leave with you:

• Our IR service is a valuable management tool to YOUR command.

• Our service is **most effective** when our information (internal reviews and/or external audits) is timely and reliable. (Automation will do this for you.)

• Involve your customers in your planning, information sharing techniques, and developing recommendations based on your reviews. (There is power here - folks!)

• Compliment good work; especially that of the IR staff, but that of our customers too! (Follow up with a written note.)

• Set goals. Goals give us focus. Sometimes goals create competition. I loved to compete! Ask Frank Bono.

• Finally, make your own Good Luck! Plan for it - Make it happen!!!!!
To Serve and Be Effective

We Must be . . . .

More Team Oriented !

More Flexible !!

We Must Use . .

. .

More Technology