



Bureau of Naval Personnel (BUPERS)
Military Standard Requisitioning & Issue Procedures (MILSTRIP)-
Subsistence in Kind (SIK) Audit Fact Sheet

What

What is the MILSTRIP-SIK segment and what are its primary functions?

- MILSTRIP is used by all military services, defense agencies, and participating Federal agencies to obtain supply support from within the Department of Defense (DoD) and participating Federal agencies.
- The SIK portion of MILSTRIP are funds used to provide nutritious meals to Sailors afloat and ashore. The financial functions of SIK are centrally managed by BUPERS (PERS7).

What is a financial 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 means being prepared at all times to demonstrate that 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.
- BUPERS has conducted multiple rounds of internal audit testing on MILSTRIP-SIK transactions in order to achieve audit readiness.

Why

Why is it important for MILSTRIP-SIK to be audit ready?

- Audit readiness increases the accuracy of financial statements, produces more effective business processes, and prevents potential legal violations to better support the Sailor.
- Audit readiness enables the resource holder to make more timely decisions based on accurate and reliable information. In addition, audit readiness may result in cost avoidance which could increase the Department of the Navy’s purchasing capabilities to meet current requirements.

When

When must MILSTRIP-SIK be prepared for an audit?

- The 2010 National Defense Authorization Act (NDAA) mandated fully auditable DoD financial statements by 2017.
- On October 13, 2011, the Secretary of Defense issued a memorandum that emphasized the importance of being prepared for a full financial audit by 2017 and laid out a timeline for intermediate audit readiness milestones.
- The FY15 SBA Audit was awarded on December 3, 2014. Audit will consist of four phases over a period of 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 has a stake in MILSTRIP-SIK audit readiness?

- Achieving MILSTRIP-SIK audit readiness requires primary support from Food Service Officers and Galley personnel responsible for the approval and retention of documentation related to the requisition and receipt of SIK.
- PERS7 manages the budgeting and accounting for SIK.

How

How can Afloat/Ashore Galleys help to ensure that MILSTRIP-SIK is audit ready?

- Review and approve SIK requisitions and/or receipts.
- Always retain receipts and paperwork regarding SIK transactions.
- File receipts in a timely and accurate manner, entering all information in the relevant accounting system with 100% accuracy.
- Respond to audit requests in a timely manner.

How can Commanding Officers support MILSTRIP-SIK audit readiness?

- Ensure all personnel are compliant with Food Service Management policies and guidelines.

Example of SIK Receipt

The image shows a Sysco invoice/receipt form. At the top, there is a handwritten note: "203,710 = 30/31". The form includes fields for "CUSTOMER'S ORIGINAL INVOICE", "CONFIDENTIAL PROPERTY OF SYSCO", and "SYSCO ACCOUNT". It has a table with columns for "QTY", "PACK SIZE", "ITEM DESCRIPTION", "UNIT", "PRICE", "AMOUNT", "TAX", "TOTAL", "ORDER NUMBER", and "ORDER DATE". There are several rows of data in the table. At the bottom, there is a section for "I HEREBY ACKNOWLEDGE RECEIPT OF ITEMS LISTED HEREON FOR WHICH I HOLD MYSELF RESPONSIBLE TO THE UNITED STATES" with fields for "NAME" and "DATE". The name is signed and the date is "6/20/13".

Where

Where can one find additional information on MILSTRIP-SIK and Navy audit readiness?

- Additional information on audit readiness and MILSTRIP-SIK activities can be found via the following links:
 - [FMO FAQs](#)
 - [News Release Regarding SBA FY 15 Audit Contracts](#)