



## A-123 Internal Controls and Year-End Accruals Audit Readiness

### PROBLEM STATEMENT

OMB Circular A-123 requires RD to maintain a documented internal-control posture for financial reporting, and year-end accrual entries (interest on borrowings from Treasury, financing-account interest, undelivered orders, accrued grants, accrued payroll) drive material AFR positions auditors examine in detail — but accrual documentation is uneven across program offices and NFAOC.

### WHY IT MATTERS

A-123 deficiencies escalate into audit findings; year-end accrual misstatements drive AFR restatements; both feed the same OIG / GAO finding loop that drove the FY 2023 and FY 2025 ULO findings.

### HSG'S APPROACH

1. Stand up an audit-ready evidence repository with version control, role-based access, and immutable audit-trail logging.
2. Map every material year-end accrual to its supporting calculation, source data, and journal entry, with OMB A-123 internal-control linkage.
3. Use AI tooling to surface accrual outliers (year-over-year variance, seasonal pattern break, missing supporting documentation) for analyst review.
4. Document Treasury USSGL Credit Reform Guidance, TFM Part 2 Chapter 4600, and FASAB credit-reform guidance traceability for every material entry.
5. Produce a year-end close calendar with daily / weekly milestones, owner assignments, and exception escalation paths.

### EXPECTED DELIVERABLES

- Audit-ready evidence repository (SharePoint / OneDrive / version control)
- A-123 internal-control crosswalk to material accruals
- Accrual outlier surveillance dashboard
- USSGL / TFM / FASAB traceability log
- Year-end close calendar with milestone tracking

### EXPECTED OUTCOME

**Reduce audit-finding risk by 50% on year-end accruals and accelerate AFR sign-off by two weeks.**

### ENGAGEMENT TEAM

#### PRIMARY LEAD

**Jelani House**

Engagement Manager · Business Development Lead · AI Lead · FCRA & Budget Execution Lead

#### CONTRIBUTORS

**Brad Dillman**

Senior Quantitative Modeler · Federal Credit-Reform Modeling Lead