

UNCLASSIFIED

# DEFENSE LOGISTICS AGENCY

*Established 1961*



## DFSP Support of the Financial Audit

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Audit Sustainment Support  
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THE NATION'S LOGISTICS COMBAT SUPPORT AGENCY

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WARFIGHTER ALWAYS

PEOPLE ★ PRECISION ★ POSTURE ★ PARTNERSHIPS

Last updated: January 08, 2026

# Commander FY26 Audit Update



## Purpose:

Provide information on how DLA Financial Audit effects DFSPs

## Agenda:

- Financial Statement Audit - Background
- Findings of Independent Public Auditor (IPA)
- DLA Energy Initiatives
- Noted Trends
- What to Expect

## Briefing Type:

- Information

# Financial Statement Audit Background



What is it?

- Examination of an entity's financial statements and accompanying disclosures by an Independent Auditor

What is the purpose?

- Add credibility to the reported financial position and performance of a business or organization

For FY26 audit cycle, EY communicated a strategic shift toward a substantive audit approach.

- Relies on gathering direct, verifiable evidence rather than testing internal control processes.
- EY's decision is based on prior-year challenges where control testing did not yield sufficient, appropriate audit evidence.
- EY aims to independently substantiate account balances and transactions, verify the completeness and accuracy of financial information, and reduce dependency on controls.

Federal regulations require DLA Energy to assure that activities – internal controls – are in place to account for and safeguard this material



## Policy updated pertaining to Monthly/Quarterly ATG validation

- P-7 updated requiring use of DL Form 2026
- P-3 updated providing retention guidelines
- DLA Energy monthly sampling program to provide HQ oversight of policy compliance

Print Form Email Form Clear Export Data Import Data About Check for Newer Version Contact Us

Automatic Tank Gauge (ATG) Verification for Inventory Control				Prescribed by: DLAP-7 Sponsor: DLA Energy
1. DFSP NAME/LOCATION		2. DoDAAC		
3. TANK ID-NAME/NUMBER		4. TODAY'S DATE (MM/DD/YYYY)		
5a. IS THIS A PRODUCT RECEIPT TANK? <input type="radio"/> Yes <input type="radio"/> No		6a. NAME/RANK OF INDIVIDUAL PERFORMING GAUGING		
5b. SELECT TYPE VERIFICATION <input type="radio"/> Monthly <input type="radio"/> Quarterly <input type="radio"/> Other		6b. SIGNATURE OF INDIVIDUAL PERFORMING GAUGING		
7. 1st Measurement	ATG System Reading	Manual Gauge Reading	1st Test Difference	
Product Level (ft, in, 16ths)	7a.	7b.	7c.	
Water Level (ft, in, 16ths)	7d.	7e.	7f.	
7g. REMARKS				
8. 2nd Measurement	ATG System Reading	Manual Gauge Reading	2nd Test Difference	
Product Level (ft, in, 16ths)	8a.	8b.	8c.	
Water Level (ft, in, 16ths)	8d.	8e.	8f.	
8g. REMARKS				
9. 3rd Measurement	ATG System Reading	Manual Gauge Reading	3rd Test Difference	
Product Level (ft, in, 16ths)	9a.	9b.	9c.	
Water Level (ft, in, 16ths)	9d.	9e.	9f.	
9g. REMARKS				
				10. AVERAGE OF FIRST THREE GAUGES
***If, after three (3) consecutive manual sticks the average difference is more than 3/16" (4mm) perform two (2) additional manual sticks and record results below:***				
11a. TYPE OF MANUAL MEASUREMENT DEVICE USED		11b. MEASURING GAUGE/TAPE NIST CERTIFICATION DATE		
11c. ATG SERIAL NUMBER				
12. 4th Measurement	ATG System Reading	Manual Gauge Reading	4th Test Difference	
Product Level (ft, in, 16ths)	12a.	12b.	12c.	
Water Level (ft, in, 16ths)	12d.	12e.	12f.	
12g. REMARKS				
13. 5th Measurement	ATG System Reading	Manual Gauge Reading	5th Test Difference	
Product Level (ft, in, 16ths)	13a.	13b.	13c.	
Water Level (ft, in, 16ths)	13d.	13e.	13f.	
13g. REMARKS				
				14. AVERAGE OF ALL FIVE GAUGES
15. If, after five (5) consecutive manual sticks the average difference is more than 3/16" (4mm) the ATG is not functioning correctly. DO NOT USE THE ATG - Revert to MANUAL measurements until the ATG is repaired or calibrated. Please demonstrate your math in this area.				
16. DLA HELP DESK TICKET NUMBER/DATE CALLED IN		17. NAME OF INDIVIDUAL WHO CALLED IN TICKET		
18. SYSTEM SUPERVISOR PRINTED NAME/SIGNATURE	DATE:	19. RO/IM PRINTED NAME/SIGNATURE	DATE:	

DLA FORM 2026, FEB 2018

PDF (DLA)

# DLA Energy Initiatives (cont.)



- Updated DD Form 2921
  - Includes dropdown (Block 3) to identify gauging type
    - Manual Gauge Reading
    - Automatic Gauge Reading
- NOTE: Dated Dec 2024

TANK/FACILITY NUMBER	
(1) Tank/Gauge Reading	(2) QUANTITY (U.S. Gallons)
<div style="border: 1px solid black; padding: 5px;">                 Automated Gauge                  Manually Gauged             </div>	
DIFFERENCE (Fuel - water)	

Prescribed by: DoD 4140.25M

PHYSICAL INVENTORY PETROLEUM PRODUCTS		1.a. DFSP NAME AND TYPE (M/COCOI/GOCO/TOA)	b. DODAAC	c. DATE (MM DD YY)	
<b>PART I - FUEL INVENTORY STORED IN TANKS, BLADDERS, SCATS, ETC.</b>					
A		B		C	
2. PRODUCT		PRODUCT		PRODUCT	
3. TANK/FACILITY NUMBER		TANK/FACILITY NUMBER		TANK/FACILITY NUMBER	
(1) Tank/Gauge Reading	(2) QUANTITY (U.S. Gallons)	(1) Tank/Gauge Reading	(2) QUANTITY (U.S. Gallons)	(1) Tank/Gauge Reading	
a. Automated Gauge		FUEL		FUEL	
b. Manually Gauged		WATER		WATER	
c. DIFFERENCE (Fuel - water)		DIFFERENCE (Fuel - water)		DIFFERENCE (Fuel - water)	
(1) TEMPERATURE	(2) API @ 60 deg. F	(3) CONVERSION FACTOR	(1) TEMPERATURE	(2) API @ 60 deg. F	
e. TANK NET FUEL QUANTITY	0	TANK NET FUEL QUANTITY	0	TANK NET FUEL QUANTITY	
4. TANK/FACILITY NUMBER		TANK/FACILITY NUMBER		TANK/FACILITY NUMBER	
(1) Tank/Gauge Reading	(2) QUANTITY (U.S. Gallons)	(1) Tank/Gauge Reading	(2) QUANTITY (U.S. Gallons)	(1) Tank/Gauge Reading	
a. FUEL		FUEL		FUEL	
b. WATER		WATER		WATER	
c. DIFFERENCE (Fuel - water)		DIFFERENCE (Fuel - water)		DIFFERENCE (Fuel - water)	
(1) TEMPERATURE	(2) API @ 60 deg. F	(3) CONVERSION FACTOR	(1) TEMPERATURE	(2) API @ 60 deg. F	
e. TANK NET FUEL QUANTITY	0	TANK NET FUEL QUANTITY	0	TANK NET FUEL QUANTITY	
5. NET TANK FUEL TOTAL BY COLUMN	0	NET TANK FUEL TOTAL BY COLUMN	0	NET TANK FUEL TOTAL BY COLUMN	
<b>PART II - REFUELING UNIT AND FUEL TRANSPORT VEHICLE INVENTORY SUMMARY</b>					
6. PRODUCT		PRODUCT		PRODUCT	
a. GROSS REFUELING UNIT FUEL INVENTORY		GROSS REFUELING UNIT FUEL INVENTORY		GROSS REFUELING UNIT FUEL INVENTORY	
(1) TEMPERATURE	(2) API @ 60 deg. F	(3) CONVERSION FACTOR	(1) TEMPERATURE	(2) API @ 60 deg. F	
c. NET REFUELING UNIT FUEL INVENTORY	0	NET REFUELING UNIT FUEL INVENTORY	0	NET REFUELING UNIT FUEL INVENTORY	
<b>PART III - TOTAL FUEL INVENTORY SUMMARY BY PRODUCT</b>					
7. PRODUCT	TOTAL TANK NET INVENTORY THIS PAGE	TOTAL TANK NET INVENTORY OTHER PAGES	TOTAL CERTIFIED MANIFOLD/PIPELINE INVENTORY	TOTAL NET REFUELING UNIT INVENTORY	TOTAL INVENTORY REPORTED THIS PRODUCT
a. PRODUCT	(1)	(2)	(3)	(4)	(5)
b. PRODUCT	(1)	(2)	(3)	(4)	(5)
a. PREPARED BY (Printed Name and Signature)		b. APPROVING OFFICIAL (RO/ITM) (Printed Name and Signature)			Page of

DD FORM 2921, DEC 2024

PREVIOUS EDITION IS OBSOLETE.

PRINT EMAIL CLEAR

# DLA Energy Initiatives (cont.)



- Implemented Responsible Officer Daily and Monthly Document Review Checklists
  - DLA Form 2061 and DLA Form 2056
  - Checklists include a Notes section to document anything found & corrected during review

3. PAPERWORK CLOSEOUT DATE (MM/DD/YYYY)	
<p><b>RO/TM MUST WRITE IN 2ND LEVEL REVIEWER'S NAME, THEN INITIAL TO CONFIRM COMPLETION OF THE REVIEW. (Enter N/A for tasks not applicable at the DFSP.)</b></p>	

Completeness and accuracy, Accountable Property System of

[Print Form](#)    [Email Form](#)    [Clear](#)

RESPONSIBLE OFFICER (RO) / TERMINAL MANAGER (TM) / RESPONSIBLE PERSON (RP) END-OF-MONTH (EOM) RECONCILIATION CHECKLIST		Prescribed by: DoDM 4140.25 and Energy P-7 Sponsor: DLA Energy
<b>SECTION I - HEADING</b>		
1. DFSP NAME AND DFSP DODAAC		4. GRADE
2. RO/TM/RP NAME (LAST, FIRST)		
3. DATE (MM/YYYY)		
<b>SECTION II - INSPECTION ITEMS</b>		
BLOCK #	TASKS	RO/TM INITIAL WHEN COMPLETED. (Enter N/A for tasks not applicable at the DFSP).
5	All transactions were processed in Accountable Property System of Record (APSR) product ledger.	
6	Out of tolerance account was successfully researched to determine cause and appropriate remedies applied.	
7	Excessive inventory losses have been investigated and a Financial Liability Investigation of Property Loss (FLIPL) determination has been made in accordance with DoDM 4140.25, Volume 11, with results recorded in the DD Form 1348-8 memo section.	
8	Coordinated regrade and/or determinable adjustments in advance with DLA Energy.	
9	Processed physical inventory within two business days following the last calendar day of the month.	
10	Verified all Automatic Tank Gauges (ATG) against manual gauging and documented each on the DLA Form 2026.	
11	RO/TM compared the cumulative volumes on the DD Form 1348-8 to those posted on the product ledgers in the APSR.	
12	The DD Form 1348-8 has been signed and a copy has been forwarded to the DLA Energy Region Office with the completed DLA Form 2056 for each product for the last day of the reporting month.	
<p><small>NOTE: THIS PROCESS IS ALSO REQUIRED WHEN A PREVIOUSLY RECONCILED ACCOUNT BECOMES UNRECONCILED. DFSP PERSONNEL WILL RECONCILE THE ACCOUNT AGAIN AND FILL OUT A NEW DLA FORM 2056 AND SUBMIT THE UPDATED 1348-8 AND DLA FORM 2056 TO THE REGION OFFICE. THE RO/TM/RP MUST FILE THE ORIGINAL DD FORM 1348-8 AND DLA FORMS 2056, ALONG WITH THE UPDATED DD FORM 1348-8 AND DLA FORM 2056 IN THE DAILY DOCUMENT CONTROL FILE.</small></p>		
13. MEMO		
<b>SECTION III - SIGNATURE</b>		
14. RO/TM SIGNATURE	15. RO/TM PRINTED NAME	16. RO/TM REVIEW DATE (MM/DD/YYYY)
<p><small>NOTE: FOR CONTRACT LOCATIONS, BELOW SECTION IS FOR PROPERTY ADMINISTRATOR ACKNOWLEDGEMENT OF VALIDATION.</small></p>		
17. PA SIGNATURE	18. PA PRINTED NAME	19. PA VALIDATION DATE (MM/DD/YYYY)

DLA FORM 2056, NOV 2023

PDF (DLA)



- Electronic Point of Sale (EPoS)
  - Automates sale and credit transactions using purchase media
  - Decreases errors found when manually inputting transactions
  - Removes errors in documentation
  - Maintains a log of changes made to transactions

### EPoS Mobile Device





All EPoS Devices will require customers to provide proof of identification



Custody Transfer & Header Operations



Point of Sale Operations



Purchase Media



Consumer

### EPoS Fixed Device





All EPoS Devices will require customers to provide proof of identification



Purchase Media



Consumer

# Trends of 2025 Site Visits



- Transportation Discrepance Reports (TDR) DD 361
  - DLA Energy Policy P2 states if quantity received difference is greater than 0.5% the quantity determined by the Government using receipt tank measurements at destination will be used for acceptance
  - TDRs are being completed, but at time not being forwarded to Region office
- DFSP Oversight (NFR 055)
  - Pipeline inventory memorandum not signed/certified; inventory not matching what is being reported on DD Form 2921
  - DL Form 2061 second level reviewer name not being documented along with RO/TM initials
  - RO/TM completing 2061 and 2056 without reviewing account in FMD
- ATG Verification (NFR 010)
  - Missing or outdated Gauge Tape certification
  - ATG Serial numbers incorrect
  - Not having Water finding paste



- Site Visits
  - DLA Energy Site Visits with emphasis on Audit Findings
  - Process Walkthroughs and Inventory visits by the Independent Public Auditor
  - Requests for transaction documentation
- How can you help us
  - Attention to detail when completing transaction documentation
  - Diligent reviews of daily documents and document those reviews
  - Keep DLA Energy informed of any issues

# DLA Energy Audit Support Contact Info



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