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DEFENSE LOGISTICS AGENCY

Established 1961



2026 Independent Public Accountant Defense Fuel Support Point Site Visit & Evidential Matter Collection

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THE NATION'S LOGISTICS COMBAT SUPPORT AGENCY

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DLA Energy Worldwide Breakout Session: DFSP Site Visits & EM Collection



Purpose:

The purpose of this session is to provide an overview of the Audit Process, Evidential Matter Collection and Quarterly Sample Program. We will discuss findings and lessons-learned in preparation for the 2026 Independent Public Accountant (IPA).

Agenda:

- Audit Process Overview
- Site Visits
- Roll-Forward Evidential Matter (EM) Collection
- Quarterly EM Sample Program
- Take-Aways
- Questions/Comments

Briefing Type:

- Information
- Guidance



Audit Process Overview

- Audit process is divided up into separate PBCs (Provided By Client)/taskers:
- Defense Fuel Support Point (DFSP) Site Visits:
 - Alternate Procedures
- Roll-Forward Evidentiary Matter (EM) Collection



Site Visits

- Teams comprised of independent auditors, Department of Defense Office of Inspector General (DOD OIG) and Defense Logistics Agency (DLA) Energy personnel perform site visits.
- During the site visits, the auditors will focus on validating the inventory measurement process, rolling stock inventory and the associated evidentiary matter (EM) to assert DLA Energy's Fiscal Year (FY) 26 end of year inventory balance.
- DFSP transaction processing is also a focus area this FY
- Prior to/during the site visits, the following will be collected:
 - Last completed DLA Form 2026s; DFSPs will be asked to complete a DL2026 from a selected tank during the site visit
 - Validation paperwork for tape and bobs
 - Strapping Charts
 - Pipeline Certifications
 - Related EM possibly including screen shots of FuelsManager Defense (FMD)/Electronic Point of Sale (EPoS) while transactions are being processed
- Roll Forward EM Collection
 - Sites will be instructed to begin sending EM to LIA@DLA.MIL ASAP upon conclusion of the visit. EM will be required for all transactions processed in FMD from the date of the site visit through the end of the fiscal year (30 September 2026).



FY26 DFSP Site Visit Focus Areas

Physical Inventory:

- Tank naming conventions should match across documents (DD2921, Automated Tank Gauge (ATG) Summary, Strapping Charts).
- Use manual tank gauge readings if the ATG reading exceeds the allowable tolerance (+/- 3/16") for physical inventory or receipts.
- Use DD Form 2921 (Dec 2024 version) which includes a drop down to select the gauging method-Manual (manual measurement performed) or Automated (ATG still functional but pulled reading from tank).

Strapping Charts:

- Identify tank number on strapping chart.
- If tanks are not certified, open a work order to have tanks re-strapped. Certification will be completed with the next scheduled API 653 inspection or tank cleaning.

Pipeline Certification:

- Certification is required for all bulk products. Service stations require computed quantities on DFSP letterhead.
- Both quantities must be reported daily and match the quantities reported on the DD 2921 and/or ATG Summary.

*Auditors may ask for any document referenced in 4140.25 or a DLA Energy P document.



Manual Tank Gauging:

- Train and practice tank gauging methods.
- 3 consecutive manual measurements that agree within a range of 1/16 inch or metric equivalent.
 - *Have required equipment on hand (tape/bob, fuel/water finding paste).
- Gauging equipment is required to be certified annually; Naval Information Warfare Center (NIWC) Atlantic can perform certification during the annual ATG calibration.
- ATG Monthly/Quarterly Verification (DLA Energy P-7, Section 7)
 - Complete all blocks of DLA Form 2026 (this will prevent extra auditor questions)
 - If manual gauge vs ATG exceeds the allowable variation (+/- 3/16" or 4mm), submit a Help Desk ticket ASAP (but no later than 1 business day).
 - Must stick for water in the same place as fuel is stuck for (datum plate, not at the sump).
 - If ATG is out of tolerance Manual gauge readings must be used until ATG is recalibrated for inventory and receipts.

Transaction Processing:

- EPoS
- FMD
- Relevant key supporting documents for transactions



Site Visit Focus Areas (cont.)

EPoS to FMD Reconciliation (IAW P-25 and EPoS to FMD Reconciliation Desk Guide)

Responsible Officer (RO)/Terminal Manager (TM) Daily Gain/Loss Limit Letter

Receipt Process (auditors will want to see the out of tolerance process)

RO/TM Daily Checklist (DLA Form 2061)

- The current version is DLA Form 2061, MAY 2023.
- The RO/TM must initial blocks 4-9.
- If the RO/TM chooses to have someone else perform the 2nd level review, the reviewer's name is written in blocks 4-6.
- IAW P-25, justification for all EPoS transactions updated, changed, or deleted in FMD must be included under "10. NOTES" for RO/TM review.

RO/TM EOM Checklist (DLA Form 2056)

- A separate EOM checklist (DLA 2056) is required for each product for the last day of the month.
- End of Month (EOM) checklists must be submitted with the EOM DD Form 1348-8 to applicable Region office no later than (NLT) the 10th business day following EOM, with a copy retained in the document control file (DLA Energy P-1, encl. 4).



FY25 DFSP Site Visit Lessons Learned:

- DFSPs are still annotating the quantity shipped as quantity received for ground products when the quantity is out of tolerance 0.5%.
 - Make sure that you are inputting the actual quantity received in FMD if the receipt is out of tolerance, unless there is something in the contract or a related waiver. If that is the case, they will want to have it available when an Audit or Compliance visit occurs. IAW DLA Energy P-2, 7 May 2025, 3.3 Contract PC&S Receipts Into Stock, f.
- DLA 2061/2056 should not be pre-filled. RO/TM should be able to explain why they are initialing it or marking it N/A, and not just state that they trust their accountant.



Evidential Matter Collection

Roll-Forward Evidential Matter (EM) Collection

- During Site Visits, sites will be instructed to begin sending EM to LIA@DLA.MIL ASAP upon conclusion of the visit.
- EM will be required for all transactions processed in FMD from the date of the site visit through the end of the fiscal year (30 September 2026).
- Source Documentation is required for all transactions that are input into FMD, except for VIL Key and EPoS transactions.
- Documentation must be complete, accurate and legible.

Evidential Matter Collection Focus Areas



FY26 EM Collection Focus Areas:

- Daily, EM supporting ALL transactions processed is sent to DLA Energy:
 - Sales/Credits (DD1898, DD1149)*
 - Shipments (DD1348-7, DD1149, DD250/250-1, Meter Ticket)
 - Receipts (DD250/250-1, Vendor BOL, Meter Ticket, DD1149, WAWF Receiving Report, DLA 2046, DD361 TDRs if applicable)
 - Determine/EOM Determine (DD1348-8)
 - Regrade (DD1348-8)
 - Daily Physical Inventory (DD2921 and/or ATG, AFHE Summary, sounding report)
 - EPoS to FMD Reconciliation (IAW P-25 and EPoS to FMD Reconciliation Desk Guide)
 - Daily and EOM RO Reconciliation Checklists (DL2061 & DL2056)

*Any update made to an EPoS transaction in FMD must be recorded on a manual DD1898 or DD1149 with a note placed in both the new and reversed transactions in FMD. The update must also be annotated on the EPoS to FMD Reconciliation and DL2061.



Evidential Matter Collection Lessons Learned

FY25 DFSP Site Visit Lessons Learned:

- EM (all fields) must match FMD: DoDAAC, Grade, Quantity, Date/Julian Date, Refuel/Defuel Indicator.
- If FMD is changed due to a reject, the DD1898 must be changed to match.
- Follow P-25 and EPoS to FMD Reconciliation Desk Guide
 - Updated EPoS transactions in FMD not recorded on a DD1898 per P-25, and without a note included on the DL2061 or FMD Memo block.
 - Transaction date different in EPoS and FMD without there being a note on included on the DL2061, FMD Memo block or FMD to EPoS Reconciliation.



Quarterly Evidential Matter Sample Program

Quarterly EM Sample Program

- The program was developed by FENA to prepare DFSPs for the Audit EM collection effort.
- 68 DFSPs and 3 days are randomly selected each FY quarter.
- The timeframes for DFSPs to provide EM mirrors audit requirements.
- Goals of the program:
 - Improve completion of source documentation
 - Identify source documentation deficiencies
 - Policy familiarization
 - Provide feedback/training on source document requirements
- Overall intent is to improve audit readiness.



Ensure Personnel are Prepared:

- Policy familiarization
 - DLA Energy Policy, APIs, DoD 4140.25
- Procedural training

Important Policy Updates:

- RO/TM Daily and EOM Reconciliation Checklist (DLA Energy P-7, Section 4)
- EPoS to FMD Reconciliation Desk Guide
- EPoS requirements (DLA Energy P-25, 29, 30)

Upcoming Audit Cycle: IPA PBCs (June to EOM Sept 2026)

Process Walkthroughs

If you have any questions or for more information, please contact

LIA@DLA.MIL



Questions/Comments



Site Visit Focus Areas-Policy References



ATG Monthly/Quarterly Verification (DLA Energy P-7, Sec 7/4140.25, Vol 6)

ATG Annual Calibration/Certification (DLA Energy P-7, Sec 7/4140.25, Vol 6)

Manual Tank Gauging (DLA Energy P-7, Sec 7/4140.25, Vol 6)

Processing Physical Inventory in FMD (DLA Energy P-1, Encl 2/4140.25, Vol 9)

EOM DD Form 1348-8 (DLA Energy P-1, Encl 3/4140.25, Vol 9)

Establish Daily Gain/Loss Limit (DLA Energy P-7, Sec 4/4140.25, Vol 6)

RO/TM/PA Certify Inventory Transactions (DLA Energy P-7, Sec 4/4140.25, Vol 6)

MUI/DD Form 361 (DLA Energy P-7, Sec 4/4140.25, Vol 6)

RO/TM/PA Daily and EOM Reconciliation Checklist (DLA Energy P-7, Sec 4/4140.25, Vol 6)



Alternate Procedures (COCO Sites)

- A sample group of DFSPs will be selected to have their end of year (EOY) balances validated using alternate procedures, vice an actual site visit completed by the auditors, DOD OIG and DLA Energy.
- The alternate procedures include:
 - Signed KO letter sent to DFSPs from auditors that requires a direct response from the DFSPs
 - Provide Sept 2026 EOM physical inventory (DD2921, ATG Summary, etc.)
 - Provide Sept 2026 EOM DD Form 1348-8 for each product
 - Complete auditor questionnaire, provide last completed ATG Verification (DL 2026), and EM for any associated product movements that occurred during EOY.

Site Visit Process Improvement Areas



| Issue | Notes |
|--------------------|---|
| ATG Verification | <ul style="list-style-type: none"> - Verifications not performed or annotated properly - No documentation of manual gauge, ATG reading and variations - No work orders submitted to re-calibrate ATG if exceeds allowable variation - ATG measurements/quantities used for inventory when exceeds allowable variation - Not checking for water or not reporting when water is found - Tank reference points not posted or available for gauging - Monthly/quarterly verification not being completed |
| Strapping Charts | <ul style="list-style-type: none"> - Single strapping chart used for multiple tanks - Tanks not identified on strapping charts - Obtain work order to have tanks re-strapped |
| Physical Inventory | <ul style="list-style-type: none"> - ATG exceeds allowable variation, measurements/quantities used for daily inventory - Tank names differ from strapping charts to DD2921 and/or ATG Summary - Pen/ink changes handwritten on ATG summary for IO failures - Tanks not labeled with tank number or product code - Comingled fuel tanks (DLA and other customers) allow for negative balance - Used liquid level tank gauge for daily inventory - Water in tanks not removed from physical inventory - Balanced carried as "owed to DLA" not part of inventory |

Site Visit Process Improvement Areas



| Issue | Notes |
|-------------------------|--|
| Pipeline Certification | <ul style="list-style-type: none"> - No pipeline/manifold certification available <ul style="list-style-type: none"> - Unfamiliar with DLA Energy Policy requirements - Incorrect quantities used on daily inventory (DD2921 or ATG Summary) |
| Manual Tank Gauging | <ul style="list-style-type: none"> - Personnel unfamiliar with tank gauging methods - Personnel unfamiliar with DLA Energy Policy - Personnel lacked experience - Calibrated/verified tape and bob <ul style="list-style-type: none"> - Noticeable kink/bends in tape - No fuel and/or water finding paste on hand - Water issues with tank truck shipments, did not gauge for water |
| Rolling Stock Inventory | <ul style="list-style-type: none"> - Truck inventory incorrect on ATG Summary (Comm. issue with FMD/FMD Operate) |
| Sales | <ul style="list-style-type: none"> - Shipments to DFSP documented and processed as a sale transaction - Not completing EPoS to FMD Reconciliation and filling copy in daily folder. - Not following P-25 when EPoS transactions are deleted or edited in FMD (when deleted add FMD memo and DLA2061 note) (when edited New EM DD 1898/DD1149 uploaded to EPoS and added to daily folder, FMD memo, and DLA 2061 note) |
| Auditor Interactions | <ul style="list-style-type: none"> - Openly discussing concerns/complaints not pertaining to the audit - Maintain Professional Attitude - Not prepared for site visit, personnel not available or unwilling to assist |

Site Visit Process Improvement Areas



| Issue | Notes |
|----------------------|---|
| Process Walkthroughs | <ul style="list-style-type: none"> - Not properly completing RO/TM Daily Document Review Checklists - Not properly completing RO/TM EOM Reconciliation Checklists - Daily gain / loss letters not completed or have a daily tolerance - Exceed established gain / loss and no follow up or investigation completed - TDRs not being completed for ground product receipts - Editing service station PRN file prior to upload to FMD <ul style="list-style-type: none"> - Update DODAACs - Editing service station transactions after upload to FMD |



EM Process Improvement Areas

| Issue | Notes |
|-------------------------|--|
| EM Not Matching FMD | <ul style="list-style-type: none"> - Document Number on 1149 does not match FMD. - Some grade codes used by the Navy do not match FMD (DFM=F76, etc.) - FMD Sale Date does not match EM Julian Date. - DoDAAC/Location name on 1149 Sale EM does not match FMD. - Sale, Shipment EM dates do not match FMD. |
| Unacceptable EM | <ul style="list-style-type: none"> - Unsigned 2921s - Unsigned pipeline receipts - Illegible Sale EM (1898s) |
| EM Submission | <ul style="list-style-type: none"> - EM not submitted in a timely manner. |
| Incorrect Documentation | <ul style="list-style-type: none"> - If VIL transactions are manually entered into Dispatch, an 1898 must be completed to document the sale. |

Alternate Procedures Process Improvement Areas



| Issue | Notes |
|----------------------|--|
| Alternate Procedures | <ul style="list-style-type: none"> - DLA 2026 not completed correctly <ul style="list-style-type: none"> - Missing tape/bob certification - Gauge readings not converted to inches or mm - Tanks exceed allowable variation; no work order provided - Missing signatures - Gauging not completed at actual close out, so follow-up documentation had to be requested - If allowable variation is exceeded, 5 manual gauges need to be completed/recorded - Must use manual gauge readings until ATG re-calibrated - Measured for water at same height as fuel level vs tank bottom - Overdue annual ATG PM - Tape/bob not verified annually - Pictures did not meet standards |