



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

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MEMORANDUM FOR DISTRIBUTION

SUBJECT: Audit Organizations Access to Other Component Entities and Reports with Recommendations to Other Component Entities

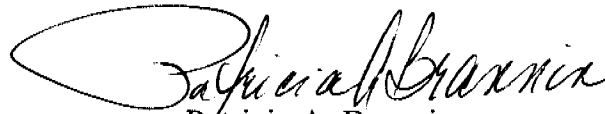
REFERENCES: (a) IG Act of 1978, as amended
(b) Policy Statement: Requests by Audit Organizations for Access to Non- Components Entities, and Reports with recommendations to Non- Components Entities, March 14, 2002
(c) DoD Directive 7600.2, Audit Policies, March 20, 2004
(d) DoD Instruction 7050.3, Access to Records and Information by the Inspector General, Department of Defense, April 24, 2000

Purpose: This memorandum supersedes reference (b) and implements reference (c), paragraph 4.3.3.3. to provide guidance and procedures for DoD audit organizations to obtain audit information outside their Department or Component (other component entity) and to report recommendations to other component entities. The guidance also applies to work by independent public accountants conducting an audit(s) for a DoD Component and to non-DoD Federal audit organizations that need audit information from DoD entities. For purposes of this memorandum, a Component is the office of the Secretary of Defense, a Military Department, Defense agency, field activity or joint staff organization.

Guidance: It is the policy of the DoD Office of the Inspector General (OIG) to promote effective and efficient audit of Defense programs and functions by ensuring that auditors have access to records or other information expeditiously in accordance with References (c) and (d). To avoid duplication and ensure consistency, the DoD OIG will coordinate access for Component auditors, non-DoD Federal auditors, and contracted auditors to other component entities for any audit that requires access to records or other information from other component entity (ies).

Attachment 1 provides procedures for accessing other component entities and contractor information and for issuing reports with and mediating recommendation to other component entities. DoD OIG Points of Contact for DoD Components can be found at Attachment 2.

Effective Date: This memorandum is effective upon issuance.

A handwritten signature in black ink, appearing to read "Patricia A. Brannin". The signature is written in a cursive style with a large, prominent initial "P".

Patricia A. Brannin
Assistant Inspector General
Audit Policy and Oversight

Attachments:
As stated

DISTRIBUTION:

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Procedures to
Access Other Component Entities and Contractor Information
Issue, Followup and Mediate Recommendation to Other Component Entities

Procedures to Access Records or Other Information When Required From an Other Component Entity.

The requesting audit organization will provide to the DoD OIG Point of Contact the objectives of the audit and an explanation of how the information requested is necessary to the audit objective. The information requested must be related to an audit of the requesting organization operations; there must be no intent to evaluate the other component operations or to develop finding(s) and recommendations on the other component operations. The request should be provided in writing. E-mail is acceptable.

The DoD OIG Point of Contact will decide whether to obtain the information for the requesting auditor or to facilitate direct access to the Defense agency or other component entity. To make its determination, the DoD OIG Point of Contact will consider, among other factors,

- the schedule developed by the requesting audit organization for completing the audit and issuing the report,
- the complexity of the audit information involved, the significance of the work and its priority relationship to other Office Deputy Inspector General for Auditing (ODIG-AUD) workload, and
- ongoing or recently completed audits of the area being considered for audit.

The organization doing the audit will consider the work previously performed by the other component entity's internal audit or review organization and other audit and inspection organizations in determining audit information to be collected. If the organization has questions concerning the other component entity's audit organization or audits, they can contact the Office of Audit Policy and Oversight, DoD OIG.

The DoD Component requesting the information must ensure that auditors have the proper clearances and that the information is safeguarded in accordance with DoD and DoD Component security procedures.

Non-DoD Auditors. These procedures also apply to contracted audit services and to non-DoD Federal auditors. The contracting officer should work with their internal audit or internal review organization to comply with this policy. The Contracting Officer must ensure that contracted auditors have the necessary clearances to access the information. If the defense agency or field activity issuing the contract does not have an

internal audit or internal review organization, the contracting officer should contact the DoD OIG Point of Contact at Attachment 2. The non-DoD Federal auditor should contact the DoD OIG Point of Contact at Attachment 2.

Access to Defense Contractor Data. DoD Directive 7600.2, Audit Policy, stipulates that to avoid duplication of work, the DoD audit organizations should coordinate all reviews involving contractor records with Defense Contract Audit Agency (DCAA) and with the appropriate contract administration office. In addition, whenever data must be obtained directly from contractors, the DoD audit organizations may request the services of DCAA. The Office of the Assistant Inspector General for Audit Policy and Oversight, Office of the Deputy Inspector General for Inspections and Policy, can provide assistance and facilitate discussions with DCAA.

Audits of and Findings and Recommendations Addressed to Other Component Entities.

DoD Components will generally not initiate audits to evaluate other component operations, functions, or programs.

Audit of Other Component Entities. If a DoD component needs audit of other component entity work because of that component's work impact on the DoD component or if it becomes evident while gathering audit information and data and analyzing the information and data that evaluation of the other component operations, functions, or programs will be required, the audit organization will immediately contact the DoD OIG Point of Contact at Attachment 2. The DoD OIG Point of Contact will determine whether it should perform the needed audit or will sponsor and assist the audit organization in doing the audit work. In making its determination, the DoD OIG Point of Contact will use the same criteria as stated above. Also, because of the availability of non-component auditors, the DoD OIG may determine that it is in the best interests of the Department for non-component auditors to perform audit work in a non-component entity. In all cases, the non-component entity should be provided the OIG's endorsement of the non-component auditors' effort in the non-component entity.

Audit Findings and Recommendations Addressed to Other Component Entities. Audit reports will not contain recommendations directed to other component entities without the approval of the OIG DoD. If an audit organization proposes to issue a report with recommendations to organizations outside their department or agency (other component entity), the audit organization should contact the OIG DoD Point of Contact. The OIG DoD Point of Contact will review the draft report and when appropriate, staff reports with the other component entity.

Follow-up and Mediation of Audit Reports with Recommendations to Other Component Entities. Consistent with DoD Directive 7650.3, "Followup on General Accounting Office, DoD Inspector General, and Internal Audit Reports," June 3, 2004, followup on agreed-upon audit recommendations to other component entities is the responsibility of the DoD Component officials that are responsible for following up on Component audit recommendations. The results of followup activity on other components entity findings and recommendations should be included in the semiannual follow-up status reports provided to the DoD OIG.

If a DoD audit organization needs to pursue a finding or recommendation that is disputed by the other component entity, the audit organization will refer the matter to the Audit Followup and Technical Support Directorate, ODIG-AUD. The referral package should include all relevant background information needed to mediate the issues, including explicit rationale on why the management position is considered non-responsive. The DoD OIG Point of Contact will review the referral request, advising the Audit Followup and Technical Support Directorate on whether the OIG will support the auditor position and participate actively in support of the auditor position during further attempts to resolve the matter.

- If the OIG chooses to participate actively in the mediation process, the Analysis and Followup Office and audit organization officials responsible for mediating disputed audit reports will jointly lead mediation efforts.
- In those cases where the OIG does not support the auditor position, the rationale for this decision will be provided to the head of the requesting audit organization. The head of the audit organization may then request its Component head to pursue the auditor position as a Component position.
 - If the head of the Component decides to elevate the auditor position, the head of the Component will ensure that the views of the DoD OIG are included in the decision package before transmittal to the mediating official.
- If the head of the audit organization or the Component of the audit organization does not wish to pursue the issue, it will be considered decided and reported as such for followup purposes.

**OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDITING
POINTS OF CONTACT FOR AUDIT ACCESS TO DEFENSE AGENCIES**

Defense Agency/Activity

ODIG-AUD Point of Contact

Defense Commissary Agency (DeCA)

Michael Joseph, Program Director,
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Defense Contract Management Agency
(DCMA)

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**OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDITING
POINTS OF CONTACT FOR AUDIT ACCESS TO DEFENSE AGENCIES
(continued)**

Defense Agency

ODIG-AUD Point of Contact

Defense Finance & Accounting Service
(DFAS)

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Alternate

Patricia Marsh, Deputy Director
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Defense Information Systems Agency
(DISA)

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Defense Logistics Agency (DLA)

Wanda Scott, Asst. Inspector General,
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**OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDITING
POINTS OF CONTACT FOR AUDIT ACCESS TO DEFENSE AGENCIES
(continued)**

Defense Agency

ODIG-AUD Point of Contact

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Defense Security Cooperation Agency
(DSCA)

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Defense Threat Reduction Agency
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Defense Security Service (DSS)
National Geospatial-Intelligence Agency
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National Security Agency (NSA)

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**OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDITING
POINTS OF CONTACT FOR AUDIT ACCESS TO DEFENSE AGENCIES
(continued)**

Defense Agency

ODIG-AUD Point of Contact

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