



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

SEP 21 2007

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Contracting for Audit Services

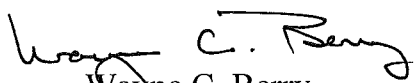
In accordance with the Inspector General Act of 1978, as amended, the Inspector General is required to establish guidelines for determining when it is appropriate to use non-Federal auditors and take appropriate steps to assure that any work performed by non-Federal auditors complies with Government Auditing Standards. Also, the Inspector General is statutorily required to coordinate audits throughout the Department and assure that all non-Federal audit work complies with DoD guidelines. Therefore, we are reemphasizing the provisions of DoD Instruction 7600.02, "Audit Policies."

DoD Instruction 7600.02 paragraph 6.5 states: "The DoD Components shall be permitted to contract for audit services when applicable expertise is unavailable within the DoD audit organization, augmentation of the DoD audit organization's audit staff is necessary to execute the annual audit plan, or temporary audit assistance is required to meet audit reporting requirements mandated by law or DoD Regulation." Audit services include financial audits, attestation engagements, and performance audits conducted in accordance with Government Auditing Standards. Solicitations for procuring audit services from outside sources, other than for audits of nonappropriated funds and related activities, are to be submitted to the *Office of the Assistant Inspector General for Audit Policy and Oversight* for review prior to release to prospective bidders. This review will assist you by ensuring the appropriate use of outside auditors and compliance with applicable auditing standards.

As part of our statutory responsibility to assure work is performed in accordance with Government Auditing Standards, the *Office of the Deputy Inspector General for Auditing, Assistant Inspector General for Defense Financial Auditing Service (AIG-DFS)* should be designated as the contracting officers' technical representative (COTR) to oversee the financial statement audits. For the related attestation engagements, a qualified COTR should be recommended, along with a summary of the individual's qualifications, to the AIG-DFS. If a qualified COTR can not be provided by the component being reviewed, the AIG-DFS may provide the COTR. Also, the AIG-DFS should be notified of any auditability assessments regardless of the organization

performing oversight. If you need additional information specific to oversight of financial statement audits, please contact Daniel R. Blair at (703) 325-6120 (daniel.blair@dodig.mil).

If you need additional information on this matter or plan to contract for audit services, please contact Ms. Carolyn R. Davis, Deputy Assistant Inspector General for Audit Policy and Oversight at (703) 604-8877 (carolyn.davis@dodig.mil).



Wayne C. Berry

Acting Assistant Inspector General
for Audit Policy and Oversight



Patricia A. Marsh
for Paul J. Granetto, CPA

Assistant Inspector General and Director
Defense Financial Auditing Service

cc:

Deputy Chief Financial Officer, Office of the Under Secretary of Defense (Comptroller)
Director, Financial Improvement and Audit Readiness Directorate, Office of the Under
Secretary of Defense (Comptroller)

Principal Deputy Inspector General, Department of Defense Office of the
Inspector General

Deputy Inspector General for Auditing, Department of Defense Office of the
Inspector General

Acting Deputy Inspector General for Policy and Oversight, Department of Defense
Office of the Inspector General

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UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS
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