



Department of Defense INSTRUCTION

NUMBER 7650.03

December 18, 2014

IG DoD

SUBJECT: Follow-up on Government Accountability Office (GAO), Inspector General of the Department of Defense (IG DoD), and Internal Audit Reports

References: See Enclosure 1

1. PURPOSE. This instruction:

a. Reissues DoD Directive (DoDD) 7650.03 (Reference (a)) as a DoD instruction (DoDI) in accordance with the authority in DoDD 5106.01 (Reference (b)) to update established policy and assigned responsibilities for follow-up on the findings and recommendations of the GAO; the Inspector General of the Department of Defense (IG DoD); and other DoD internal audit organizations (referred to collectively in this instruction as “auditors”).

b. Implements Reference (b); Inspector General Act of 1978, as amended, Title 5, United States Code, Appendix and its Note (Reference (c)); Office of Management and Budget Circular A-50 (Reference (d)); Government Auditing Standards (Reference (e)); and DoDI 7600.02 (Reference (f)).

2. APPLICABILITY. This instruction:

a. Applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the IG DoD, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the DoD (referred to collectively in this instruction as the “DoD Components”).

b. Does **not** apply to:

(1) The formulation of DoD positions on GAO reports. Applicable policies and procedures are contained in DoDI 7650.02 (Reference (g)).

(2) Reports issued by the Defense Contract Audit Agency that are designated as contract audit reports. Follow-up policies and procedures for contract audits are contained in DoDI 7640.02 (Reference (h)).

3. POLICY. It is DoD policy that:

a. Managers within the DoD Components recognize, support, and use auditors as important elements of DoD management systems.

b. Timely decisions and responsive actions will be taken and documented on audit findings and recommendations to reduce costs, manage risks, and improve management processes.

c. Follow-up is an integral part of good management and is a responsibility shared by DoD managers and auditors.

d. An effective, credible decision process will be maintained to:

(1) Resolve disputes on audit findings and recommendations.

(2) Prevent preemptive actions, such as proceeding with activities questioned in undecided audit reports.

(3) Provide prompt and well-documented decisions consistent with statutes and regulations.

e. Follow-up systems will provide for a complete record of action taken on findings and recommendations.

4. RESPONSIBILITIES. See Enclosure 2.

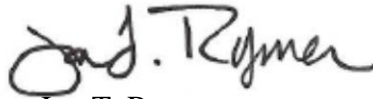
5. INFORMATION COLLECTION REQUIREMENTS

a. The Component Follow-Up Program Status Report, referred to in paragraph 3a(4) of Enclosure 2 of this instruction, has been assigned report control symbol DD-IG(AR)2566 in accordance with the procedures in Volume 1 of DoD Manual 8910.01 (Reference (i)).

b. The Follow Up Status Report to Inspector General, referred to in paragraph 3b of Enclosure 2 of this instruction, has been assigned report control symbol DD-IG(SA)1574 in accordance with the procedures in Reference (i).

6. RELEASABILITY. **Cleared for public release.** This instruction is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This instruction is effective December 18, 2014.

A handwritten signature in black ink, appearing to read "Jon T. Rymer". The signature is fluid and cursive, with the first name "Jon" and last name "Rymer" clearly distinguishable.

Jon T. Rymer
Inspector General of the
Department of Defense

Enclosures

1. References
2. Responsibilities

Glossary

ENCLOSURE 1

REFERENCES

- (a) DoD Directive 7650.3, "Follow-up on General Accounting Office (GAO), DoD Inspector General (DoD IG), and Internal Audit Reports," June 3, 2004 (hereby cancelled)
- (b) DoD Directive 5106.01, "Inspector General of the Department of Defense," April 20, 2012, as amended
- (c) Inspector General Act of 1978, as amended, Title 5, United States Code, Appendix
- (d) Office of Management and Budget Circular A-50 Revised, "Audit Follow-up," September 29, 1982
- (e) Comptroller General of the United States, "Government Auditing Standards," December 2011 Revision (also known as the "Yellow Book")
- (f) DoD Instruction 7600.02, "Audit Policies," April 27, 2007
- (g) DoD Instruction 7650.02, "Government Accountability Office (GAO) Reviews and Reports," November 20, 2006
- (h) DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," August 22, 2008
- (i) DoD Manual 8910.01, Volume 1, "DoD Information Collections: Procedures for DoD Internal Information Collections," June 30, 2014

ENCLOSURE 2

RESPONSIBILITIES

1. IG DoD. The IG DoD oversees and coordinates audit follow-up programs within the DoD. In executing that responsibility, the IG DoD:

a. Works with the DoD Components to resolve disagreements about applicable reports, and submits information on disagreements that may not be resolved at a lower management level to the Deputy Secretary of Defense for decision.

b. Evaluates corrective actions taken by the DoD Components on GAO and IG DoD reports, and identifies any discrepancies to appropriate officials.

c. Establishes policy and procedures for DoD follow-up programs.

2. DoD COMPONENT HEADS. The DoD Component heads:

a. Work with the IG DoD to resolve disagreements between their respective DoD Components and the IG DoD.

b. Take corrective action on agreed-upon IG DoD and GAO findings and recommendations requiring their action.

c. Provide documentation and assistance requested by the IG DoD to learn the status of corrective actions.

3. SECRETARIES OF THE MILITARY DEPARTMENTS. In addition to the responsibilities in section 2 of this enclosure, the Secretaries of the Military Departments:

a. Designate officials to:

(1) Decide issues about disagreements over findings, recommendations, and estimates of monetary benefits made by the audit organizations of the Military Departments.

(2) Ensure the effective execution of their respective Department's audit follow-up program.

(3) Establish audit follow-up policies, procedures, and systems for their respective Department's audit follow-up program, consistent with this instruction.

(4) Provide periodic follow-up status reports on their respective Department's follow-up program to the IG DoD.

b. Provide the status of management actions implemented to address report recommendations to the IG DoD on a semi-annual basis.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

DoDD	DoD Directive
DoDI	DoD Instruction
GAO	Government Accountability Office
IG DoD	Inspector General of the Department of Defense

PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purposes of this instruction.

monetary benefits. Questioned costs or funds put to better use resulting from audit findings.

timely. A designation that identifies decisions that require prompt resolution and corrective actions on audit recommendations. Resolution must be made within a maximum of 6 months after issuance of a final report, or in the case of audits performed by non-federal auditors, 6 months after the Federal Government receives the report. Corrective action should proceed as rapidly as possible.

undecided. Management has not yet commented on a DoD audit organization's final report, or does not concur and the DoD audit organization does not agree with the management position. Also applies when management and the DoD audit organization are attempting to resolve disagreements at lower levels, or the disagreement is being submitted to a senior official for decision.