



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

MAR 22 2012

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Audit of the Award and Administration of Performance-Based Payments in DoD Contracts (Project No. D2012-D000DD-0139.000)

We plan to begin the subject audit in March 2012. Our objective is to determine whether DoD officials negotiated and administered performance-based payment milestones in DoD contracts in accordance with selected Federal Acquisition Regulation requirements. Specifically, we will determine whether DoD properly negotiated, verified, and disbursed performance-based payments. We will consider suggestions from management on additional or revised objectives.

We will perform the audit at the Under Secretary of Defense for Acquisition, Technology, and Logistics; selected Army, Navy, and Air Force sites; Defense Contract Audit Agency; Defense Contract Management Agency; Defense Finance and Accounting Service; and other Government organizations, which will be identified during the audit. We will identify specific locations during the audit.

Please provide us with a point of contact for the audit within **10 days** of the date of this memorandum. The point of contact should be a Government employee, GS-15 or pay band equivalent or the military equivalent. Send the contact's name, title, grade/pay band, phone number, and e-mail address by mail, by fax [REDACTED]

You can obtain information about the Department of Defense Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense," April 13, 2006, change 1, September 25, 2006; DoD Instruction 7600.02, "Audit Policies," April 27, 2007; and DoD Instruction 7050.3, "Access to Records and Information by the Inspector General, Department of Defense," April 24, 2000. Our Web site address is [www.dodig.mil](http://www.dodig.mil).

If you have any questions, please contact [REDACTED]

*Lorin T. Venable*

Lorin T. Venable, CPA  
Acting Assistant Inspector General  
DoD Payments and Accounting Operations

cc:  
Director, Acquisition Resources and Analysis

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