



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

February 6, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD
DIRECTOR, DEFENSE LOGISTICS AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Contract Oversight of the Audit of the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements and Defense Logistics Agency’s Sub-Allotted Funds Financial Statements for Fiscal Years Ending September 30, 2017, and September 30, 2016 (Project No. D2017-D000FI-0084.000)

The planned oversight will begin in February 2017. We contracted with the independent public accounting firm of KPMG, LLP, to audit the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements and the Defense Logistics Agency’s Sub-Allotted Funds Financial Statements for Fiscal Years Ending September 30, 2017, and September 30, 2016. The objective of the audit is to determine whether both sets of financial statements are presented fairly and in conformity with accounting principles generally accepted in the United States of America. The audit of the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements is required by the Chief Financial Officers Act of 1990, as amended, which requires that financial statements of a Government agency be audited by the Inspector General or by an independent external auditor, as determined by the Inspector General. The Defense Logistics Agency, although not subject to formal financial statement reporting requirements, must submit financial statements to support the preparation of the DoD Agency-wide financial statements.

We will rely on the Government Accountability Office/President’s Council on Integrity and Efficiency, “Financial Auditing Manual,” Section 650, “Using the Work of Others,” to design and perform oversight procedures to review KPMG’s audit work and, if applicable, disclose instances in which KPMG did not comply, in all material respects, with generally accepted government auditing standards. Our review will not enable us to express opinions on the financial statements, on internal control, on whether the financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996, or on conclusions of compliance with laws and regulations. We will provide oversight and review KPMG’s audit work, but KPMG will be responsible for expressing the opinion on the financial statements.

Please provide us with a point of contact for this review within 10 days of the date of this memorandum. The point of contact should be a Government employee—a GS-15, pay band equivalent, or military equivalent. Send the contact’s name, title, grade/pay band, phone number, and e-mail address to audfmr@dodig.mil.

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 (IG DoD)," April 20, 2012, as amended; DoD Instruction 7600.02, "Audit Policies," October 16, 2014, as amended; and DoD Instruction 7050.03, "Office of the Inspector General of the Department of Defense Access to Records and Information," March 22, 2013. Our website is www.dodig.mil.

If you have any questions, please contact [REDACTED]



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Financial Management and Reporting

cc:
Commanding General, U.S. Army Corps of Engineers