



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

January 25, 2018

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF  
FINANCIAL OFFICER, DOD  
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
NAVAL INSPECTOR GENERAL

SUBJECT: Contract Oversight of the Audit of the Department of the Navy Working Capital  
Fund Financial Statements for FY 2018 (Project No. D2018-D000FS-0090.000)

Our planned oversight will begin immediately. The Assistant Secretary of the Navy (Financial Management and Comptroller) requested an audit of the Department of the Navy Working Capital Fund Financial Statements for FY 2018. We contracted with the independent public accounting firm of Ernst & Young LLP to perform the audit. The objective of Ernst & Young's audit is to determine whether the Department of the Navy Working Capital Fund Financial Statements and related footnotes were fairly presented in all material respects and in accordance with accounting principles generally accepted in the United States of America. We will review the documentation for any classified samples and provide the results of our review to Ernst & Young to use in developing its overall audit conclusions.

We will rely on the Government Accountability Office/President's Council on Integrity and Efficiency, "Financial Audit Manual," Section 650, "Using the Work of Others," to design and perform oversight procedures to review Ernst & Young's audit work and, if applicable, disclose instances in which Ernst & Young did not comply, in all material respects, with U.S. generally accepted government auditing standards. Our oversight will not enable us to express an opinion on the Department of the Navy Working Capital Fund Financial Statements and related footnotes; internal controls; whether the financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996; or conclusions of compliance with laws and regulations. We will provide oversight and review Ernst & Young's audit work, but Ernst & Young will express an opinion on the financial statements and related footnotes.

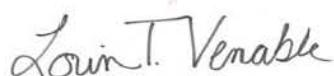
We will perform our oversight responsibilities at Headquarters, Department of the Navy, in Washington, D.C.; other Department of the Navy locations; and Defense Finance and Accounting Service. We may identify additional locations during our oversight.

Please provide us with a point of contact for the audit within **5 days** of the date of this memorandum. The point of contact should be a Government employee—a GS-15, pay band

equivalent, or the military equivalent. Send the contact's name, title, grade/pay band, phone number, and e-mail address to [audclev@dodig.mil](mailto:audclev@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; DoD Instruction 7600.02, "Audit Policies," October 16, 2014; 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](http://www.dodig.mil).

If you have any questions, please contact [REDACTED]  
[REDACTED]  
[REDACTED]



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