



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

February 14, 2018

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/  
CHIEF FINANCIAL OFFICER, DOD  
COMMANDING GENERAL, U.S. ARMY CORPS OF ENGINEERS  
DIRECTOR, U.S. ARMY CORPS OF ENGINEERS–CIVIL WORKS  
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 for Fiscal Years Ending September 30, 2018, and  
September 30, 2017 (Project No. D2018-D000FI-0085.000)

Our planned oversight will begin immediately. The audit of the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements is required by Office of Management and Budget Bulletin No. 17-03, “Audit Requirements for Federal Financial Statements.” The Chief Financial Officers Act of 1990, as amended, 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. We contracted with the independent public accounting firm of KPMG, LLP, (KPMG) to audit the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements for fiscal years ending September 30, 2018, and September 30, 2017. The objective of the audit is to determine whether the financial statements and related note disclosures were fairly presented in all material respects and in conformity with accounting principles generally accepted in the United States of America.

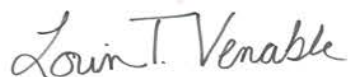
We will rely on the Government Accountability Office and the President’s Council on Integrity and Efficiency, “Financial Audit Manual,” Section 650, “Using the Work of Others,” to design and perform oversight procedures to review KPMG’s work and, if applicable, disclose instances in which KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. Our review will not enable us to express opinions on the U.S. Army Corps of Engineers–Civil Works Basic Financial Statements and related notes, internal controls, 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 work, but KPMG will be responsible for expressing the opinion on the Financial Statements and related notes.

Please provide us with a point of contact 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 the military equivalent. Send the contact’s name, title, grade/pay band, phone number, and e-mail address to [audfmr@dodig.mil](mailto: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](http://www.dodig.mil).

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



Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting