



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

January 6, 2020

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
AUDITOR GENERAL, DEPARTMENT OF THE NAVY

SUBJECT: Oversight of the Audit of U.S. Navy General Fund Financial Statements for
FY 2020 (Project No. D2020-D000FS-0059.000)

Our planned oversight will begin immediately. The Chief Financial Officers Act of 1990, as amended, requires this audit. In accordance with the Chief Financial Officers Act of 1990, the DoD Office of Inspector General is the principal auditor for the U.S. Navy General Fund Financial Statements. We contracted with the independent public accounting firm of Ernst and Young, LLP to perform the audit. The objective of the audit is to provide contract oversight of Ernst and Young's audit of U.S. Navy General Fund Financial Statements for the fiscal years ending September 30, 2020, and September 30, 2019, to determine if Ernst and Young complied with applicable auditing standards. We will execute the contractor's audit procedures associated with reviews of transactions and facilities that are Special Access Programs and TOP SECRET/Sensitive Compartmented Information and provide an unclassified version of the results of our review to Ernst and 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 670, "IG Oversight of Audits Performed by Contracted Independent Public Accounting (IPA) Firms," to design and perform oversight procedures to review Ernst and Young's audit work and, if applicable, disclose instances in which Ernst and Young did not comply, in all material respects, with generally accepted government auditing standards. Our review will not enable us to express an opinion on the U.S. Navy General Fund Financial Statements and related footnotes, conclusions about the effectiveness of internal controls, conclusions on whether the financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996, or conclusions about the Navy's compliance with laws and regulations. We will provide oversight and review Ernst and Young's audit work, but Ernst and Young will be responsible for expressing an opinion on the financial statements and related footnotes.

We will perform oversight responsibilities at Headquarters, Department of the Navy, in Washington, D.C.; other Department of the Navy locations; and the 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.

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]

[REDACTED] or [REDACTED]



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