



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

February 11, 2021

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER, DOD
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DIRECTOR, DEFENSE HEALTH AGENCY
DIRECTOR, DEFENSE MANPOWER DATA CENTER
CHIEF ACTUARY, DEPARTMENT OF DEFENSE

SUBJECT: Oversight of the Audit of the FY 2021 Defense Health Agency Contract Resource
Management Financial Statements (Project No. D2021-D000FT-0077.000)

Our planned oversight will begin immediately. The Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, requested the audit of the Defense Health Agency Contract Resource Management Financial Statements. We contracted with the independent public accounting firm of Kearney & Company, P.C., to audit the Defense Health Agency Contract Resource Management Financial Statements for the fiscal years ending September 30, 2021, and September 30, 2020. The objective of Kearney & Company's audit is to determine whether the FY 2021 Defense Health Agency Contract Resource Management Financial Statements and related notes are presented fairly and in conformity with accounting principles generally accepted in the United States. The Defense Health Agency Contract Resource Management, although not subject to formal financial statement reporting requirements, must submit financial statements to support the preparation of the DoD Agency-Wide Financial Statements. The objective of our oversight project is to provide contract oversight of Kearney & Company's audit of the Defense Health Agency Contract Resource Management Financial Statements for the fiscal years ending September 30, 2021, and September 30, 2020, to determine whether Kearney & Company complied with applicable auditing standards.

We will rely on the Government Accountability Office/Council of the Inspectors General 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 Kearney & Company's audit work and, if applicable, disclose instances in which Kearney & Company does not comply, in all material respects, with generally accepted government auditing standards. Our oversight will not enable us to express opinions on the Defense Health Agency Contract Resource Management's 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 Kearney & Company's audit work, but Kearney & Company will be responsible for expressing an opinion on the financial statements.

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 audcolu@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]

or [REDACTED]



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

cc:
Kearney & Company, P.C.