



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF WAR

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WASHINGTON, DC 20301-1 100

MAR 20 2026

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF COMBATANT COMMANDS
DEFENSE AGENCY AND DOW FIELD ACTIVITY DIRECTORS

SUBJECT: Coordinated Changes to DoW Financial Statement Presentation and DoW OIG
Audit Approach in Support of the FY 2028 Audit Objective

We are jointly providing this memorandum to outline two significant changes underway that support the Department’s efforts to achieve a clean audit opinion by 2028. These coordinated actions reflect meaningful progress in the Department’s financial reporting journey and demonstrate a strengthened alignment across the financial management and audit communities.

Department of War Presentation Changes

The Department has adopted a revised approach to the presentation of its financial information. The Department, in coordination with the Office of Management and Budget (OMB) and with the involvement of Department leadership—including the Military Department Secretaries and Financial Management community leaders—has developed a reporting structure that better aligns with mission execution, streamlines financial reporting, and complies with OMB requirements. This change in structure includes a separate reporting entity, the Defense Working Capital Fund (WCF), that presents consolidated financial information for Treasury Account Symbol 97X4930. The table below represents the planned stand-alone financial statement presentations for FYs 2026-2028 and will be updated based on any changes in OMB requirements.

Entity	FY 2026	FY 2027	FY 2028
Agency-Wide Consolidated	X	X	X
Air Force General Fund	X	X	X
Army General Fund	X		
Navy General Fund	X	X	X
Marine Corps General Fund	X	X	X
Defense Working Capital Fund		X	X
Air Force Working Capital Fund		X	X
Army Working Capital Fund	X		
Navy Working Capital Fund	X	X	X

This approach will focus on presenting entity financial statements required by statute or OMB guidance. All other entities will be consolidated into the Defense Working Capital Fund

and/or the Agency-Wide financial statements for presentation. Stand-alone audits for entities not listed in this memorandum must be explicitly approved by the Comptroller.¹

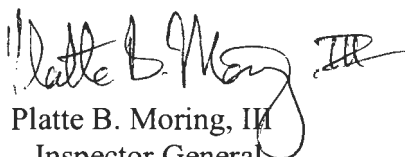
Office of Inspector General Audit Approach Changes


In response to the Department’s revised presentation methodology, the DoW Office of Inspector General (OIG) has decided to contract with an IPA firm to conduct the Defense Working Capital Fund and consolidated Agency-Wide audits starting in FY 2027. While the IG made the decision independently, the OIG worked with the Department to ensure the selected audit approach provides the necessary flexibility for the independent auditor while maintaining alignment with statutory and OMB requirements.

In addition to the required consolidated Agency-Wide standalone audit, the OIG’s planned contracting approach is to continue the standalone financial statement audits of the Air Force, Navy, Marine Corps, Army Corps of Engineers – Civil Works, and the Military Retirement Fund.

Together, the Department’s revised financial presentation and the OIG’s updated contracting strategy reinforce our shared commitment to improving the transparency, reliability, and auditability of the Department’s financial information. They also demonstrate a high degree of collaboration across the enterprise, while maintaining clear roles and responsibilities: the DoW for preparing and presenting its financial statements, and the OIG for independently ensuring financial statement audits meet applicable laws and professional standards.

We will provide updates as the Department and the OIG implement these changes. Please share this information within your organizations as appropriate and be prepared for additional guidance as we advance toward the 2028 audit requirement.


Platte B. Moring, III
Inspector General


Michael T. Powers
Deputy Under Secretary of War (Comptroller)

¹Nothing in the memorandum should be construed to impact the responsibilities under the IG Act related to Defense Intelligence Agencies financial statement reporting, the requirements of Public Law 113-125 “The Intelligence Authorizations Act for FY 2014,” or the DoW OIG’s authority to contract for an audit of its financial statements.