



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

JUN 26 1998


MEMORANDUM FOR SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Contracting For Audit Services

The interim guidance issued by this office in March 1996 (enclosure) required that all solicitations for procuring audits, other than nonappropriated fund audits, from outside sources must be submitted for our review prior to release to prospective bidders.

I do not believe it would be prudent to contract for financial statement audit services until an entity has demonstrated that its accounting records are in order. Therefore, solicitations for financial statement audits will only be considered if the entity's last two financial statements received a favorable audit opinion.

Should you need additional information on the matter, please contact me or Mr. Robert Lieberman, Assistant Inspector General for Auditing, at (703) 604-8901.


Eleanor Hill
Inspector General

Enclosure

cc:

Under Secretary of Defense for Acquisition and Technology
Under Secretary of Defense (Comptroller)
Director, Defense Contract Audit Agency
Auditor General, Department of the Army
Auditor General, Department of the Navy
Auditor General, Department of the Air Force



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202.2884



MAR 28 1996

MEMORANDUM FOR SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE
UNDER SECRETARY OF DEFENSE FOR ACQUISITION
AND TECHNOLOGY
UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Contracting for Audit Services

In accordance with my statutory responsibility for coordinating audits throughout the Department and assuring that all non-Federal audit work complies with the Government Auditing Standards and DOD guidelines, the following interim policy guidance is effective immediately.

DOD Directive 7600.2, "Audit Policies," February 2, 1991, provides guidance on Contracting for Audit Services. In addition to that guidance, we request that all solicitations for procuring audits from outside sources, other than for audits of nonappropriated fund activities, be submitted to the Assistant Inspector General for Policy and Oversight for review prior to release to prospective bidders. This review will ensure the appropriate use of non-Federal auditors and compliance with applicable auditing standards. This interim policy guidance will remain in effect pending formal revision of Department of Defense Directive 7600.2.

Should you need additional information on the matter, please call me or Mr. Russell A. Rau, Assistant Inspector General for Policy and Oversight, at (703) 604-8800.

Eleanor Hill
Inspector General

cc:

Director, Defense Contract Audit Agency
Auditor General, Department of the Army
Auditor General, Department of the Navy
Auditor General, Department of the Air Force