



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