

# Memorandum of Understanding

## External Quality Control Review of the

### Department of Defense

#### Office of the Assistant Inspector General for Auditing

##### **Contact Persons:**

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**Scope of the Review.** The scope of the review will be in accordance with the guidelines contained in the April 1997 President's Council on Integrity and Efficiency "Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General." The review will be a basic review and no additional areas will be covered by the review.

The organizational entity to be reviewed is the Department of Defense, Office of the Inspector General, Office of the Assistant Inspector General for Auditing. There will be no review of any audits that require top secret clearance. The review will not extend to or involve the Army Audit Agency, Naval Audit Service, Air Force Audit Agency, Defense Contract Audit Agency, and other Defense and Military Department audit organizations.

**Staffing and Time.** Staffing for the review will be at the discretion of the Treasury IG for Tax Administration. The review team will not include any former employees of the Department of Defense, Office of the Inspector General.

Site visits will be coordinated in advance by the Treasury IG for Tax Administration review team. At least three weeks advance notice will be provided for all audits and internal quality assurance reviews selected for review so that appropriate arrangements can be made for the provision of working papers and related documents.

The amount of time required to conduct the review will be at the discretion of the Treasury IG for Tax Administration. The following general target dates for the performance of the review are established:

- Department of Defense IG will furnish the PCIE Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General, Appendix A, OIG's Audit Quality Control Policies and Procedures, and other requested background information to the Treasury IG for Tax Administration by March 15, 2000.
- The on-site field work phase of the review will be scheduled to the extent possible during April and May 2000.
- The draft report and, if applicable, letter of comments will be issued by the Treasury IG for Tax Administration Deputy Inspector General for Auditing to the Department of Defense Assistant Inspector General for Auditing. The target date for issuance of the draft report and any letter of comments is August 1, 2000. The Department of Defense Assistant Inspector General for Auditing will provide a written response to the draft report and any letter of comments within 30 days.
- The final report and, if applicable, letter of comments will be issued by the Treasury IG for Tax Administration Inspector General to the Department of Defense Inspector General. The target date for issuance of the report and any letter of comments is September 30, 2000.

**Preliminary Findings.** The peer review team will provide to the cognizant Department of Defense IG SES Audit Director and GS-15 Program Director for each audit and internal quality assurance review reviewed a full disclosure of the results that includes a detailed written statement on all significant potential conclusions, opinions, and deficiencies. An opportunity will be provided to the SES Audit Director, generally limited to seven calendar days, to provide written comments on all potential conclusions, opinions, and deficiencies. The peer review team will provide a written acknowledgement of either acceptance of the SES Audit Director's comments or the basis for disagreement with the SES Audit Director's comments.

**Reporting Results.** Issues will be discussed with Department of Defense IG management during and at the completion of field work. No adverse or qualified conclusions, opinions, or deficiencies will be included in the draft report and, if applicable, letter of comments that have not been fully staffed with the Department of Defense Assistant Inspector General for Auditing or Deputy Assistant Inspector General for Auditing.

**Requests for Report, Letters of Comments and Working Papers.** All supporting working papers will be retained by the Treasury IG for Tax Administration until completion of the next external quality control review of the Department of Defense, Office of the Inspector General, Office of the Assistant Inspector General for Auditing.

Access to the working papers by third parties is subject to the Freedom of Information Act and Privacy Act. Copies of the final review report and, if applicable, letter of comments, and supporting working papers will be made available to the subsequent external peer review group and, on request, to the General Accounting Office. Copies of the final review report and, if applicable, letter of comments will also be made available, on request, to the Congress and the public. The Department of Defense, Office of the Inspector General, Office of the Assistant Inspector General for Auditing will be notified of such requests.

**Agreement.** We have reviewed this Memorandum of Understanding and are in agreement with its conditions.

(SIGNED) (SIGNED)

Donald Mancuso David C. Williams  
Deputy Inspector General Inspector General  
Department of Defense Treasury IG for Tax Administration

Date: 05/04/00 Date: 04/20/00