



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

July 28, 2016

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF  
FINANCIAL OFFICER, DOD  
NAVAL INSPECTOR GENERAL

SUBJECT: Termination of the Audit of the Department of the Navy's Working Capital Fund Inventory (Project No. D2016-D000FS-0146.000)

We announced the subject audit on May 5, 2016 (see attachment). The objective was to determine whether the Department of the Navy (DON) can provide a reconcilable and complete universe of transactions to support the Navy Working Capital Fund Inventory. During the planning phase of this audit, we determined that a complete and reconcilable universe could not be provided. However, we also determined that the DON had completed an internal audit of inventory balances. As a result, the DON developed Corrective Action Plans (CAPs) that include developing a complete and reconcilable inventory universe. DON plans to strengthen procedures to ensure appropriate, relevant, and reliable supporting documentation is available and retained to support the inventory financial transactions, develop a monthly standardized inventory report with transactional level details that is repeatable and sustainable, and develop process cycle documentation detailing end to end financial accounting and reporting procedures.

The CAP completion dates range from June 2016 through FY 2017. We obtained status updates from the DON and confirmed their estimated completion dates are on track. We believe continuing our audit would lead to a redundancy of findings and recommendations and is not an efficient use of government resources at this time. Therefore, we are terminating this audit to allow the DON to implement their corrective actions.

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; DoD Instruction 7600.02, "Audit Policies," October 16, 2014; 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](http://www.dodig.mil).

If you have any questions, please contact [REDACTED]

A handwritten signature in blue ink that reads "Lorin T. Venable".

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