



DEPARTMENT OF THE ARMY
U.S. ARMY AUDIT AGENCY
OFFICE OF THE DEPUTY AUDITOR GENERAL
POLICY AND OPERATIONS MANAGEMENT
3101 PARK CENTER DRIVE
ALEXANDRIA, VA 22302-1596

SAAG-PMZ

15 May 2008

MEMORANDUM FOR Mr. Richard Leach, Auditor General of the Navy, 1006 Beatty Place SE, Washington Navy Yard, DC 20374-5000

SUBJECT: Opinion Report on the Fiscal Year 2008 External Quality Control Peer Review of the Naval Audit Service, Report: A-2008-0114-PMZ

1. We reviewed the system of quality control for the audit function of the Naval Audit Service in effect for the year ended 30 September 2007. We conducted our review in accordance with standards and guidelines established by the President's Council on Integrity and Efficiency. We tested compliance with the Naval Audit Service's system of quality control to the extent we considered appropriate. These tests included a review of five performance audits, one attestation engagement, one financial audit, and one quality assurance review.
2. We performed our reviews in accordance with the President's Council on Integrity and Efficiency Guide, dated April 2005. The guide indicates that an organization's quality control policies and procedures should be appropriately comprehensive and suitably designed to provide reasonable assurance that the objectives of quality control will be met. It also recognizes that the nature, extent, and formality of an organization's system of quality control depend on various factors such as its size, the location of its offices, the nature of the work, and its organizational structure.
3. In our opinion, the system of quality control for the audit function of the Naval Audit Service—in effect for the year ended 30 September 2007—was designed in accordance with the quality standards established by the President's Council. We found reasonable assurance that Naval Audit Service personnel complied with the system of quality control and conducted audits in accordance with generally accepted government auditing standards and internal policies. Therefore, we are issuing an unmodified opinion on your system of audit quality control for the year ended 30 September 2007.
4. We will identify—in a separate Letter of Comments—issues that came to our attention that didn't affect our overall opinion, but warrant management attention.
5. If you have any questions or wish to provide additional comments, please contact Ms. Jo Spielvogel by telephone at commercial 703-681-4288 or DSN 761-4288, or by e-mail at jo.spielvogel@us.army.mil.

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6. Thank you for the courtesies and cooperation extended to us during the review.

FOR THE AUDITOR GENERAL:

A handwritten signature in black ink that reads "Belinda A. Tiner". The signature is written in a cursive, flowing style.

BELINDA A. TINER
Deputy Auditor General
Policy and Operations Management