



# Defense Logistics Agency **INSTRUCTION**

DLAI 5108.01  
Effective January 30, 2012  
J5

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## Internal Review Function

References: Refer to Enclosure 1

1. **PURPOSE.** The purpose of this Instruction is to establish policy for the execution of the Internal Review (IR) function across the Defense Logistics Agency (DLA).

a. This Instruction clarifies the role of DLA IR relative to DLA audit, investigation, and other management review functions.

b. This Instruction is published under the authority of DoDI 7600.02, "Audit Policies" (Reference 1), and Defense Logistics Agency General Order No. 04-11 (Reference 2).

2. **APPLICABILITY.** This Instruction applies to Headquarters (HQ) DLA, DLA Primary Level Field Activities (PLFA), and other DLA Field Activity (FA) Organizations.

3. **POLICY.** It is DLA policy that:

a. In accordance with Reference 1, DLA shall maintain authority, direction, and control over its audit and IR capabilities, and ensure effective and efficient operations.

b. In implementing applicable DoD policy, DLA has established the DLA Office of Inspector General (DLA OIG) and the DLA IR Offices as separate entities, distinct in terms of purpose, reporting structure, function, and focus.

c. The DLA OIG is an independent staff element that conducts audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) requirements as outlined in the United States Government Accountability Office publication, "Government Auditing Standards,"

(Reference 3). DLA OIG also conducts criminal investigations of fraud offenses, in accordance with DoDI 5505.2, “Criminal Investigation of Fraud Offenses” (Reference 4), DLAI 5104, “DLA Enterprise Hotline Program” (Reference 5), and DLAI 5105, “Reporting of Criminal Incidents”, (Reference 6).

d. The DLA IR Offices are an integral element of the agency’s broad management oversight review function. The DLA IR Offices are not defined as government audit or investigations organizations, and are precluded from conducting audits or investigations.

e. DLA IR Offices support their PLFA/FA Commander/ Director by providing non-partisan, value-added reviews and assessments that improve the stewardship of resources and promote the effectiveness and efficiency of local programs and operations.

f. DLA IR Offices provide their leadership with an appraisal of local operations, in accordance with this guidance. “Local operations” are defined as activities solely within the purview of that organization’s authority to implement.

g. As part of a broad agency strategy to better coordinate and synchronize management oversight reviews and improve follow-up/follow-through on review findings and related commitments, local IR Offices will submit their final report findings and local management’s proposed corrective actions to DLA Strategic Plans and Policy (J5) for Enterprise-level documentation and tracking.

4. RESPONSIBILITIES. See Enclosure 2.

5. PROCEDURES. DLA IR Offices will execute their responsibilities in accordance with procedures and related professional standards addressed in DLAM 5108.01, “Executing the Internal Review Function”, (Reference 7).

6. INTERNAL CONTROLS. The IR function will be monitored via internal controls which include periodic assessment of compliance with procedures outlined in Enclosures 3-10 of Reference 7.

7. RELEASABILITY. This Instruction is approved for public release and is available on the Internet from the DLAPS Website at <http://www.dla.mil/dlaps/>.

8. EFFECTIVE DATE. This Instruction is effective immediately.

Director, DLA Strategic Plans and Policy  
January 30, 2012

Enclosure(s)

Enclosure 1 – References

Enclosure 2 – Responsibilities

## ENCLOSURE 1

### REFERENCES

1. DoDI 7600.02, "Audit Policies", April 27, 2007
2. DLA General Order No. 04-11, July 18, 2011
3. United States Government Accountability Office, "Government Auditing Standards," August 2011
4. DoDI 5505.2, "Criminal Investigations of Fraud Offenses", February 6, 2003
5. DLAI 5104, "DLA Enterprise Hotline Program", October 19, 2009
6. DLAI 5105, "Reporting of Criminal Incidents", October 19, 2009
7. DLAM 5108.01, "Executing the Internal Review Function", January 27, 2012
8. 31 U.S.C. §3512, "Federal Managers' Financial Integrity Act (FMFIA) of 1982", September 8, 1982
9. Office of Management and Budget Circular No. A-123, "Management's Responsibility for Internal Control," December 21, 2004
10. DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," July 29, 2010
11. DLA Instruction 5107, "Managers' Internal Control (MIC) Program", September 15, 2009.

## ENCLOSURE 2

### RESPONSIBILITIES

1. DLA STRATEGIC PLANS & POLICY (J5). The Director, DLA Strategic Plans & Policy (J5) shall:

- a. Establish Enterprise-level policy and procedures for the DLA IR function.
- b. Provide appropriate policy oversight to ensure compliance with such guidance.

2. COMMANDERS/DIRECTORS OF THE DLA PLFAs/FAs. The Commanders/Directors of the DLA PLFAs/FA shall:

a. Establish and adequately resource an IR office, aligned as an independent office located outside the typical staff structure, and reporting directly to the Commander/Director or Deputy Commander/Deputy Director as part of the command and control process.

b. Implement and resource a Local Risk Management (LRM) program to identify and evaluate local risks, and ensure findings are shared as part of the DLA Enterprise Risk Management (ERM) process.

c. Participate in DLA Stewardship Committee efforts to focus audit, IR, and other DLA management review planning processes.

d. Approve IR plans based on alignment with the agency-level ERM process outcomes.

3. DIRECTORS OF THE DLA IR OFFICES. The Directors of the DLA IR Offices shall:

a. Direct, manage, and execute a full range of IR services (i.e., non-audit, managerial advisory services) prescribed in this Instruction, consistent with the needs of their customers.

b. Serve as the Commander's/Director's principal official for liaison with internal and external audit organizations, to include the Government Accountability Office (GAO), DoD Inspector General (DODIG) and DLA Office of Inspector General (OIG).

c. Manage his/her IR Office in accordance with published procedures for conducting IR functions, and ensure that local IR activities comply with applicable DLA professional standards, as addressed in Enclosures 3-10 of Reference 7.