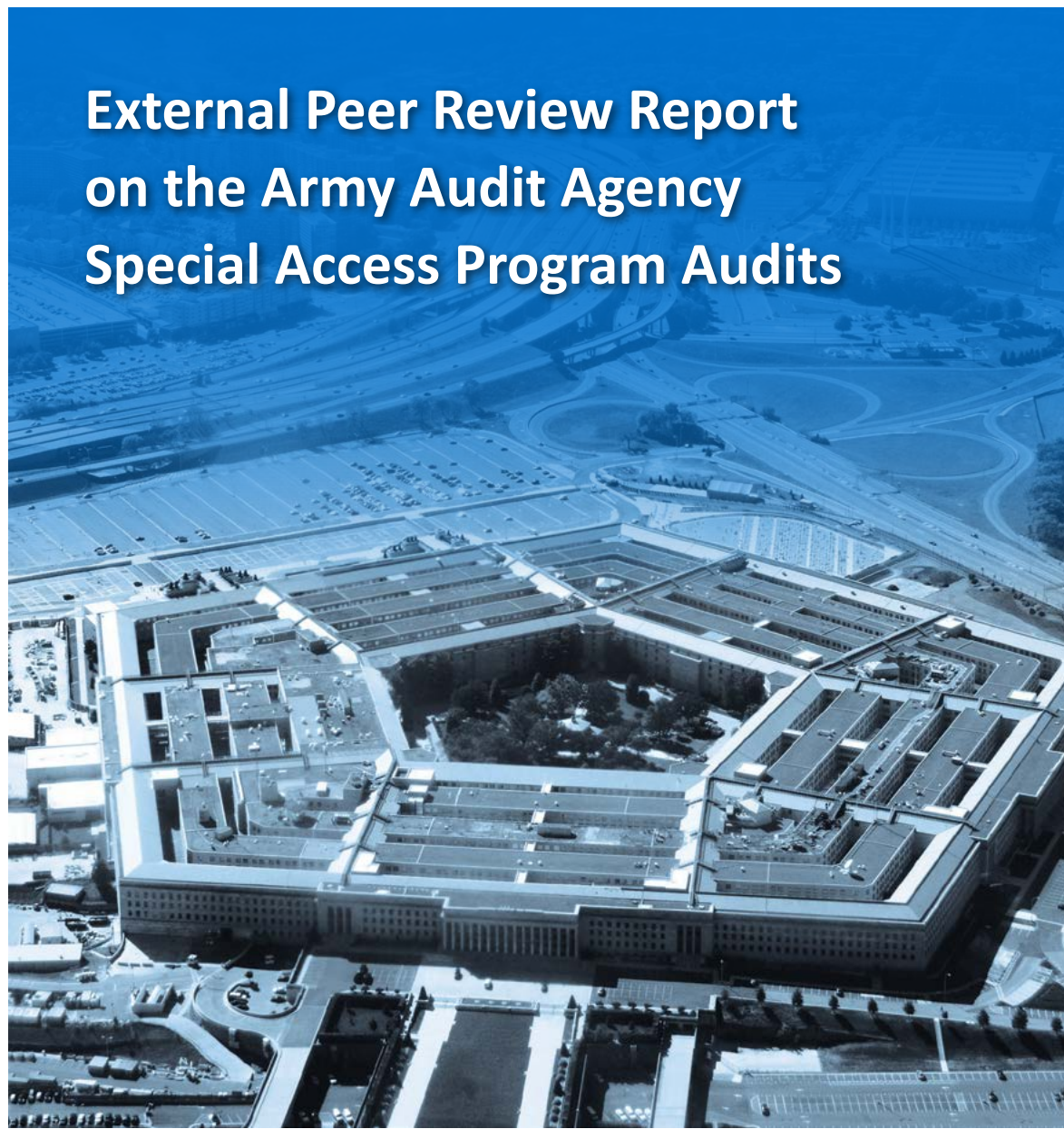




INSPECTOR GENERAL

U.S. Department of Defense

JUNE 9, 2017



External Peer Review Report on the Army Audit Agency Special Access Program Audits

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

June 9, 2017

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: External Peer Review Report on the Army Audit Agency Special Access
Program Audits (Report No. DODIG-2017-091)

Attached is the External Peer Review Report on the Army Audit Agency Special Access Program audits conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Our scope and methodology of the review is provided as an attachment.

We appreciate the cooperation and courtesies extended to our staff during the review. Please direct questions to Ms. Carolyn R. Hantz at (703) 604-8877, or e-mail at carolyn.hantz@dodig.mil.

A handwritten signature in black ink, appearing to read "R. Stone", is positioned above the printed name.

Randolph R. Stone
Deputy Inspector General
Policy and Oversight

Attachment:
As stated





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

June 9, 2017

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: System Review Report (Report No. DODIG-2017-091)

We have reviewed the system of quality control for the Army Audit Agency's Special Access Program audits in effect for the year ended December 31, 2016. A system of quality control encompasses the Army Audit Agency's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. The Army Audit Agency is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and Army Audit Agency's compliance with standards and requirements based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we obtained an understanding of the nature of the Army Audit Agency's audit organization and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessment, we selected audits and administrative files to test for conformity with professional standards and compliance with the Army Audit Agency's system of quality control. The audits selected represented a reasonable cross section of Special Access Program audits. Before concluding the peer review, we reassessed the adequacy of the scope of the peer review and discussed with the Army Audit Agency management the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the audit organization. In addition, we tested compliance with the Army Audit Agency's quality control policies and procedures to the extent that we considered appropriate. These tests covered the application of the Army Audit Agency's policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control review or all instances of noncompliance with it.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate. The enclosure to this report identifies the scope and methodology of the review.

In our opinion, the system of quality control for the Army Audit Agency's Special Access Program audits in effect for the year ended December 31, 2016, has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The Army Audit Agency has received an External Peer Review rating of pass for the Special Access Program audits.

A handwritten signature in black ink, appearing to read 'R. Stone', with a long horizontal line extending to the right.

Randolph R. Stone
Deputy Inspector General
Policy and Oversight

Enclosure:
As stated

Enclosure 1

Scope and Methodology

We limited our review to the adequacy of Army Audit Agency's compliance with quality policies, procedures, and standards for Special Access Program audits. We judgmentally selected two Special Access Program audits from a universe of four Special Access Program audits that Army Audit Agency issued during 2015 and 2016.

The Air Force Audit Agency conducted a review of the Army Audit Agency's internal quality control system for non-Special Access Program Audits and attestation engagements or both and will issue a separate report. The Deputy Inspector General for Policy and Oversight will issue an overall opinion report on the Military Department Audit Agencies' internal quality control system that will include the combined results of the Army Audit Agency Special Access Program and non-Special Access Program audit reviews.

We visited the Army Audit Agency office at Fort Belvoir, Virginia. We performed this review from December to April 2017. We conducted this review in accordance with standards and guidelines established in the September 2014 Council of the Inspectors General on Integrity and Efficiency "Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General," and the "Quality Standards for Inspection and Evaluation." We tested compliance with the Army Audit Agency's system of quality control to the extent we considered appropriate.



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U.S. DEPARTMENT OF DEFENSE

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