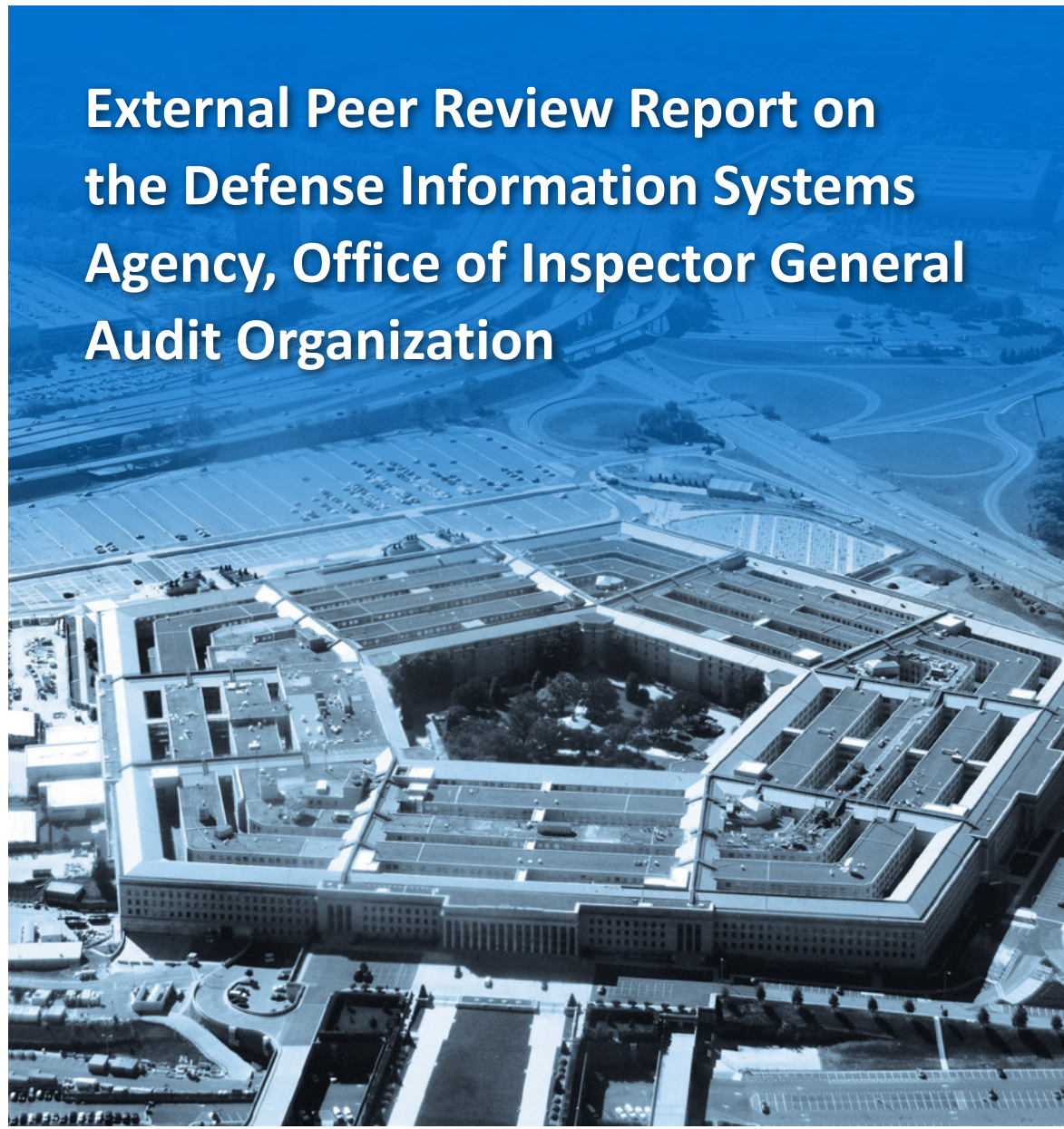




# INSPECTOR GENERAL

*U.S. Department of Defense*

OCTOBER 12, 2017



## External Peer Review Report on the Defense Information Systems Agency, Office of Inspector General Audit Organization

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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

October 12, 2017

MEMORANDUM FOR DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

SUBJECT: External Peer Review Report on the Defense Information Systems Agency, Office of Inspector General Audit Organization (Report No. DODIG-2018-001)

Attached is the External Peer Review Report on the Defense Information Systems Agency, Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews 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](mailto:carolyn.hantz@dodig.mil).

A handwritten signature in black ink, appearing to read "R. Stone", written over a horizontal line.

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**

October 12, 2017

MEMORANDUM FOR DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

SUBJECT: System Review Report (Report No. DODIG-2018-001)

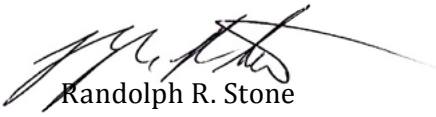
We reviewed the system of quality control for the Defense Information Systems Agency, Office of Inspector General (DISA OIG), audit organization's system of quality control in effect for the period ended May 31, 2017. A system of quality control encompasses the DISA OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards* (GAS). The elements of quality control are described in the GAS. The DISA OIG's audit organization 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 aspects. Our responsibility is to express an opinion on the design of the system of quality control and the DISA OIG audit organization's compliance with standards and requirements based on our review.

We conducted our review in accordance with GAS 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 interviewed audit personnel and obtained an understanding of the nature of the DISA OIG audit organization and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the DISA OIG audit organization's system of quality control. Before concluding the peer review, we discussed the results of the peer review with DISA OIG management. 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 DISA OIG audit organization's quality control policies and procedures to the extent that we considered appropriate. These tests covered the application of the DISA OIG audit organization's policies and procedures on the audits we selected to review. 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 of this report identifies the scope and methodology of the review.

In our opinion, the system of quality control for the DISA OIG audit organization's audits in effect for the year ended May 31, 2017, 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 aspects. Audit organizations receive a rating of *pass*, *pass with deficiencies*, or *fail*. The DISA OIG audit organization received an External Peer Review rating of *pass*.



Randolph R. Stone  
Deputy Inspector General  
Policy and Oversight

Enclosure:  
As stated

# Enclosure

## Scope and Methodology

We tested compliance with the system of quality control to the extent we considered appropriate. These tests included a review of seven projects that were either completed or terminated during our review period of May 31, 2015, through May 31, 2017. The projects included one completed audit, one agreed-upon procedures (AUP) engagement for which DISA auditors were assigned as contracting officer's representatives, and five terminated projects. In addition, we tested compliance for continuing professional education hours. We visited the DISA OIG audit organization offices at Fort Meade, Maryland, and Scott Air Force Base, Illinois. We interviewed personnel to determine their understanding and compliance with quality control policies and procedures that were published in July 2014 and May 2017. The DISA OIG audit organization did not perform any nonaudit services during the period of our review, so we did not review any nonaudit services.

The DISA OIG audit organization issued one audit report, Report No. 15\_RS3\_2\_100\_AA, "Audit of DISA General Fund and Working Capital Fund Assets," September 30, 2016, and one AUP engagement report, "Independent Accountants' Report on the Application of Agreed-Upon Procedures," October 15, 2015, during the review period. We reviewed the project documentation for both projects to assess compliance with the DISA OIG audit organization's system of quality control for audits and attestation engagements.

Also, we reviewed the audit documentation for the five projects that were terminated during the review period to determine whether the DISA OIG audit staff documented the results of the work to the date of the termination and why the audit was terminated. The projects were terminated because of higher priority initiatives and limited resources, ongoing financial statement audit work, changes in the triannual review process, and scope limitations. In addition, we reviewed the method used to communicate the reason for terminating the audit to those charged with governance and appropriate officials of the audited entity. We determined the audits were terminated in accordance with the DISA OIG's policies and procedures. The following table identifies the terminated projects we reviewed.

*Table. Terminated Audits*

Project Title	Date Project Was Announced	Date Project Was Terminated
Audit of Bona Fide Need of Contract Awards (Project Code: 2014-H-301)	May 2, 2014	September 30, 2015
Limited Scope Audit of the Global Information Grid (GIG) Services Management (GSM) Operations (GSM-O) FY14 Cost Savings Estimates (Project Code: 2014-H-302)	July 3, 2014	March 18, 2016
Audit of DISA's Plan of Action and Milestone (POAM) and Security Technical Implementation Guide (STIG) Programs (Project Code: 2014-H-401)	September 18, 2014	February 2, 2016
Audit of DISA Working Capital Fund, Telecommunications Service/Enterprise Acquisition Service, Unliquidated Obligations, and Unfilled Orders (Project Code: 16_IG21_005_500_AA)	September 21, 2016	November 9, 2016
Examination of DISA's Information Technology and Serialized Equipment Stored at the Ashburn, VA, Warehouse (Project Code: 17_IG21_002_100_AE)	November 10, 2016	December 2, 2016



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## **U.S. DEPARTMENT OF DEFENSE**

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