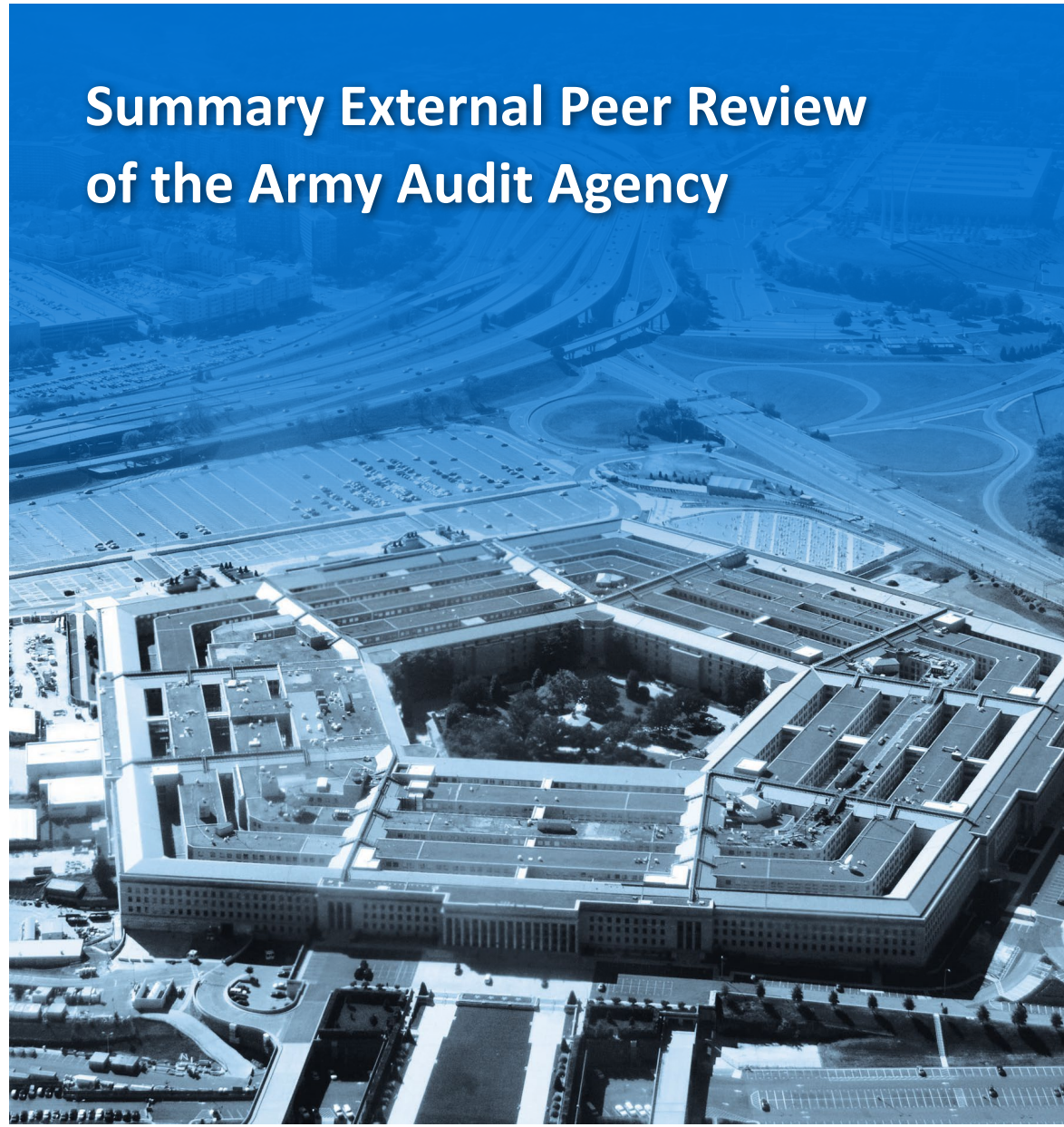




# INSPECTOR GENERAL

*U.S. Department of Defense*

DECEMBER 5, 2024



## Summary External Peer Review of the Army Audit Agency

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





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

December 5, 2024

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Summary External Peer Review of the Army Audit Agency  
(Report No. DODIG-2025-049)

This final report combines the results of the Naval Audit Service's external peer review (peer review) of the Army Agency non-Special Access Program projects and our peer review of Special Access Program projects to make a summary assessment on the system of quality control for the Army Audit Agency for the 3-year period that ended on December 31, 2022. We are providing this final report for your information and use. The report does not contain recommendations. We provided a discussion draft of this report to the Auditor General of the Department of the Army, who provided no additional comments. Therefore, we are publishing this report in final form.

We appreciate the cooperation and assistance we received during the peer review. If you have any questions, please contact [REDACTED].

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read "Randolph R. Stone", is positioned below the text "FOR THE INSPECTOR GENERAL:". The signature is stylized and cursive.

Randolph R. Stone  
Assistant Inspector General for Evaluations  
Space, Intelligence, Engineering, and Oversight

cc: Auditor General, Department of the Navy





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

December 5, 2024

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Summary System Review Report on the External Peer Review of the Army Audit Agency (Report No. DODIG-2025-049)

We compiled the results of the Naval Audit Service's external peer review of the Army Audit Agency's non-Special Access Program (SAP) projects and our peer review of SAP projects to make a summary assessment of the system of quality control for the Army Audit Agency for the 3-year review period from January 1, 2020, through December 31, 2022.

A system of quality control encompasses the Army Audit Agency's organization structure, adopted policies, and established procedures to provide the organization with reasonable assurance of conforming, in all material respects, with Government Auditing Standards and applicable legal and regulatory requirements.<sup>1</sup> The elements of quality control are described in Government Auditing Standards.

In our opinion, the Army Audit Agency suitably designed and complied with its system of quality control in effect for the 3-year review period that ended on December 31, 2022. The system provided the Army Audit Agency with reasonable assurance that it conformed, in all material respects, with Government Auditing Standards and applicable legal and regulatory requirements.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The Naval Audit Service issued an external peer review rating of *pass* for the Army Audit Agency's system of quality control of non-SAP projects.<sup>2</sup> We also issued an external peer review rating of *pass* for the Army Audit Agency's system of quality control of SAP projects.<sup>3</sup> Therefore, the Army Audit Agency is receiving a summary external peer review rating of *pass*.

***Letters of Comment***

The Naval Audit Service issued a Letter of Comment to the Army Audit Agency on November 13, 2023, and we issued a Letter of Comment to the Army Audit Agency on August 29, 2024. The Letters of Comment present findings that do not rise to the level of a deficiency as defined in the Council of the Inspectors General on Integrity and

<sup>1</sup> Government Accountability Office, "Government Auditing Standards," 2018 Revision, April 2021 Technical Update.

<sup>2</sup> Naval Audit Service Report No. P2024-0001, "Opinion on the Fiscal Year 2023, External Quality Control Peer Review of the United States Army Audit Agency," November 13, 2023.

<sup>3</sup> DoD OIG Report No. DODIG-2024-127, "External Peer Review of Army Audit Agency Special Access Program Projects," August 29, 2024.

Efficiency (CIGIE) “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General (CIGIE Guide).<sup>4</sup> Therefore, we did not consider the findings to be significant enough to affect our opinion in this summary system review report.

### ***Basis of Opinion***

The Naval Audit Service and we conducted both peer reviews in accordance with Government Auditing Standards and the CIGIE Guide.

In performing the peer reviews, the Naval Audit Service and we surveyed or interviewed Army Audit Agency personnel and obtained an understanding of the nature of the design of the Army Audit Agency’s system of quality control.<sup>5</sup> The understanding that the Naval Audit Service and we obtained was sufficient to assess the implicit risks in Army Audit Agency audit functions.

Based on its risk assessment, the Naval Audit Service selected projects for testing that were completed or terminated from January 1, 2022, through December 31, 2022, which is the last year of the 3-year review period. Specifically, the Naval Audit Service nonstatistically selected the following number of non-SAP projects that the Army Audit Agency completed or terminated from January 1, 2022, through December 31, 2022.

- 7 of 63 performance audits
- 1 of 13 attestation engagements
- 1 of 2 nonaudit services
- 1 of 10 terminated audits

Based on our risk assessment, we nonstatistically selected one of five SAP performance audits and the one SAP attestation engagement that the Army Audit Agency completed from the entire 3-year review period from January 1, 2020, through December 31, 2022. Although the Army Audit Agency terminated one SAP audit during the 3-year review period, we elected not to select it for testing.

The Naval Audit Service and we tested the selected projects for compliance with Government Auditing Standards and the Army Audit Agency’s system of quality control. To perform the tests, the Naval Audit Service and we applied the appropriate CIGIE Guide checklist and Army

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<sup>4</sup> CIGIE, “Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General,” March 2020 revision. The CIGIE Guide defines a deficiency as one or more findings that could create a situation in which the audit organization would not have reasonable assurance of performing and reporting in conformity with applicable professional standards in one or more important respects.

<sup>5</sup> As part of its peer review, the Naval Audit Service sent written survey questionnaires to Army Audit Agency personnel who conducted non-SAP audits, and the personnel responded to the questionnaires by describing their experiences in adhering to Army Audit Agency policies and procedures. The Naval Audit Service designed the questionnaires to determine the extent to which the Army Audit Agency communicated audit policies and procedures to its personnel. With Army Audit Agency SAP personnel, we conducted telephone interviews, which were also designed to determine the extent to which the Army Audit Agency communicated its policies and procedures.

Audit Agency policies and procedures to the selected projects. The Naval Audit Service's and our peer reviews were based on selected tests; therefore, the peer reviews may not have detected all weaknesses or noncompliance with the system of quality control.

On October 30, 2024, we advised the Army Audit Agency of the summary opinion expressed in this report. We believe the procedures that the Naval Audit Service and we performed provide a reasonable basis for our summary opinion. The Enclosure identifies the scope and methodology of the reviews.

***Responsibilities and Limitation***

The Army Audit Agency is responsible for establishing and maintaining a system of quality control designed to provide it with reasonable assurance that the organization and its personnel comply in all material respects with Government Auditing Standards and applicable legal and regulatory requirements. Our responsibility is to express a summary opinion on the design of the system of quality control and the Army Audit Agency's compliance based on the peer reviews that the Naval Audit Service and we conducted.

Inherent limitations exist in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. The 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.

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read 'Randolph R. Stone', written in a cursive style.

Randolph R. Stone  
Assistant Inspector General for Evaluations  
Space, Intelligence, Engineering, and Oversight

Enclosure  
As stated

# Enclosure

## Scope and Methodology

The Naval Audit Service conducted its peer review of Army Audit Agency non-Special Access Program (SAP) projects from January 2023 through October 2023. We conducted our peer review of Army Audit Agency SAP projects from March 2023 through August 2024.

The Naval Audit Service and we conducted the peer reviews in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General” (CIGIE Guide).<sup>6</sup> These standards require that the Naval Audit Service and we obtain an understanding of the audit organization’s system of quality control and conclude whether the audit organization:

- appropriately designed the system to ensure compliance with Government Auditing Standards and
- complied with Government Auditing Standards and internal policies and procedures.

We also conducted our peer review of Army Audit Agency SAP projects in accordance with the CIGIE “Quality Standards for Inspection and Evaluation,” published in December 2020. These quality standards require that we adequately plan the peer review to ensure that objectives are met and that we perform the peer review to obtain sufficient and relevant evidence to support the findings, conclusions, and recommendations. We believe the evidence that the Naval Audit Service and we obtained was sufficient and relevant to lead a reasonable person to sustain the findings, conclusions, and recommendations.

The Naval Audit Service’s and our peer reviews covered the 3-year review period from January 1, 2020, through December 31, 2022. Based on its risk assessment, the Naval Audit Service selected projects that the Army Audit Agency completed or terminated from January 1, 2022, through December 31, 2022, the last year of the 3-year review period. Specifically, the Naval Audit Service nonstatistically selected 10 non-SAP projects that the Army Audit Agency completed or terminated from January 1, 2022, through December 31, 2022, consisting of:

- 7 of 63 performance audits,
- 1 of 13 attestation engagements,
- 1 of 2 nonaudit services, and
- 1 of 10 terminated audits.

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<sup>6</sup> Government Accountability Office, “Government Auditing Standards,” 2018 Revision, April 2021 Technical Update. CIGIE, “Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General,” March 2020.



Based on our risk assessment, we nonstatistically selected one of five performance audits and the one attestation engagement that the Army Audit Agency completed during the entire 3-year review period. Although the Army Audit Agency terminated one SAP audit during the 3-year review period, we elected not to review it.

We performed oversight procedures of the Naval Audit Service review to assess the adequacy of the results and ensure that the Naval Audit Service consistently followed the CIGIE guidelines. As part of our oversight procedures, we attended meetings with representatives from the Naval Audit Service and Army Audit Agency and reviewed their Memorandum of Understanding for performing the peer review. We also reviewed point papers and CIGIE Guide checklists that the Naval Audit Service prepared to determine if the Naval Audit Service obtained appropriate evidence that was sufficient for us to rely on its conclusions and findings.

The Naval Audit Service Report No. P2024-001, “Opinion Letter on the Fiscal Year 2023 External Quality Control Peer Review of the United States Army Audit Agency,” reflects a *pass* external peer rating on the Army Audit Agency’s system of quality control for non-SAP projects.<sup>7</sup> The Naval Audit Service also issued a November 2023 Letter of Comment that identifies six findings in the areas of policies and procedures, independence, continuing professional education (CPE) documentation, supervision, evidence and documentation, and quality control.<sup>8</sup> The Naval Audit Service did not consider the findings to be significant enough to affect the opinion expressed in its system review report on Army Audit Agency non-SAP projects.

Our system review report, “External Peer Review of Army Audit Agency Special Access Program Projects,” reflects a *pass* external peer rating on the Army Audit Agency’s system of quality control for SAP projects.<sup>9</sup> We also issued a Letter of Comment that identifies one finding related to performing and reporting on an agreed-upon procedures (AUP) engagement. We also did not consider the finding to be significant enough to affect the opinion expressed in our system review report on Army Audit Agency non-SAP projects.

As detailed in the following sections, the Naval Audit Service and we used the appendixes and procedures in the CIGIE Guide to conduct the peer reviews of the Army Audit Agency non-SAP and SAP projects.

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<sup>7</sup> Naval Audit Service Report No. P2024-0001, “Opinion Letter on the Fiscal Year 2023 External Quality Control Peer Review of the United States Army Audit Agency,” November 13, 2023.

<sup>8</sup> Naval Audit Service Report No. P2024-0002, “Letter of Comment on the Fiscal Year 2023 External Peer Review of the United States Army Audit Agency,” November 13, 2023.

<sup>9</sup> DoD OIG Report No. DODIG-2024-127, “External Peer Review of Army Audit Agency Special Access Program Projects,” August 29, 2024.

## ***Policies and Procedures (CIGIE Guide Appendix A)***

The Naval Audit Service reviewed the Army Audit Agency's audit policies and procedures to determine whether they complied with Government Auditing Standards. The Army Audit Agency uses the same audit policies and procedures for both SAP and non-SAP projects. The Naval Audit Service requested that the Army Audit Agency complete Column 1 of CIGIE Guide Appendix A, "Policies and Procedures," and provide a copy of the relevant Army Audit Agency policies and procedures. In Column 2 of CIGIE Guide Appendix A, the Naval Audit Service recorded its conclusions on the policies and procedures for compliance with Government Auditing Standards.

The Naval Audit Service concluded that the Army Audit Agency policies and procedures generally complied with Government Auditing Standards. However, the Naval Audit Service identified two areas for improvement. In its November 2023 Letter of Comment on non-SAP projects, the Naval Audit Service identified that the Army Audit Agency did not have a template for a nonaudit service engagement letter. The Naval Audit Service also observed that the Army Audit Agency did not have policies and procedures for auditors to consult on and document difficult or contentious issues, as required by Government Auditing Standard 5.24. The Naval Audit Service recommended that the Army Audit Agency develop a nonaudit service engagement letter template and include it in the Army Audit Agency's policies and procedures. The Naval Audit Service also recommended that the Army Audit Agency update Army Audit Agency policies and procedures for contentious disagreements. The Army Audit Agency agreed to take corrective actions in response to the recommendations.

We reviewed the Naval Audit Service's assessment of Army Audit Agency policies and procedures and determined that we could rely on the assessment conclusions.

## ***Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review (CIGIE Guide Appendix B)***

As detailed in the following sections, the Naval Audit Service and we used Appendix B of the CIGIE Guide to test the Army Audit Agency's compliance with the Government Auditing Standards' general standards. The general standards consist of independence, competence and CPE, and quality control and peer review.

### ***Independence: Non-SAP Projects***

The Naval Audit Service reviewed independence documentation for non-SAP projects to determine whether the Army Audit Agency met the independence requirements in Government Auditing Standards.

In its November 2023 Letter of Comment on non-SAP projects, the Naval Audit Service identified one instance of noncompliance with Government Auditing Standards and Army Audit Agency independence requirements. The Naval Audit Service determined that Army Audit Agency auditors did not document their assessment of an impairment to organizational independence for a nonaudit service. The Naval Audit Service recommended that the Army Audit Agency revise Army Audit Agency policies and procedures to clarify the requirement for auditors to document organizational independence for all projects. The Army Audit Agency agreed to take corrective action in response to the recommendation.

We reviewed the Naval Audit Service's assessment of Army Audit Agency compliance with Government Auditing Standards for independence and determined that we could rely on the assessment conclusions.

### ***Independence: SAP Projects***

We reviewed Army Audit Agency independence records of the auditors assigned to the two SAP projects we selected for review. We concluded that the Army Audit Agency auditors complied with the Government Auditing Standards' independence requirements.

### ***Competence and Continuing Professional Education: Non-SAP Projects***

The Naval Audit Service surveyed 19 of the 77 auditors assigned to the 10 selected projects to determine their understanding of and compliance with Government Auditing Standards and Army Audit Agency quality control policies and procedures.<sup>10</sup> Based on the survey results, the Naval Audit Service concluded that the auditors were competent and had an adequate understanding of Government Auditing Standards and Army Audit Agency policies and procedures.

The Naval Audit Service also nonstatistically selected a sample of 80 Army Audit Agency auditors assigned to the 10 selected projects to determine whether the auditors obtained the CPE hours that Government Auditing Standards require. The Naval Audit Service reviewed the CPE documentation for the last completed 2-year CPE reporting period, which covered 2021 and 2022. The Naval Audit Service concluded that all 80 auditors met the CPE requirements. However, the Naval Audit Service identified one area for improvement. In its November 2023 Letter of Comment on non-SAP projects, the Naval Audit Service stated that the CPE supporting documentation did not always identify the CPE hours earned for satisfying the 24-hour CPE requirement in Government Auditing Standard 4.16.<sup>11</sup>

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<sup>10</sup> Eighty Army Audit Agency auditors were assigned to the 10 projects that the Naval Audit Service selected for review. Three Army Audit Agency auditors left the Agency before the Naval Audit Service conducted its survey. As a result, 77 Army Audit Agency auditors were available to participate in the survey.

<sup>11</sup> Government Auditing Standard 4.16 requires auditors to complete 24 CPE hours in subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates.

The Naval Audit Service recommended that the Army Audit Agency establish procedures to document its calculation of CPE hours on the auditors' training documentation to clearly identify what topics and how many hours qualify as CPE hours directly related to the government environment, government auditing, or the specific or unique environment in which the Army Audit Agency operates. The Army Audit Agency agreed to take corrective action in response to the recommendation.

We reviewed the Naval Audit Service's assessment of Army Audit Agency compliance with Government Auditing Standards for competence and CPE and determined that we could rely on the assessment conclusions.

### ***Competence and Continuing Professional Education: SAP Projects***

We interviewed 4 of 16 audit staff members who were: (1) assigned to the Army Audit Agency Intelligence and Special Programs Audits organization and (2) still employed by the Army Audit Agency as of November 13, 2023. In selecting the four audit staff members, we chose those who would provide a reasonable cross-section of supervisors and auditors assigned to the two projects. We interviewed the audit staff members to determine their understanding of and compliance with Government Auditing Standards and Army Audit Agency quality control policies and procedures. Based on the interview results, we determined that the audit staff members were competent and had an adequate understanding of Government Auditing Standards and Army Audit Agency policies and procedures.

We also nonstatistically selected a sample of 6 of 14 audit staff assigned to the two projects to determine whether they obtained the CPE hours required by Government Auditing Standards. We concluded that the six audit staff members met the CPE requirements.

### ***Quality Control and Peer Review: Non-SAP Projects***

The Naval Audit Service reviewed one of four non-SAP internal quality assurance reviews that the Army Audit Agency completed from January 1, 2022, through March 31, 2022, to determine whether the Army Audit Agency complied with the monitoring of quality procedures that Government Auditing Standards require. The Naval Audit Service concluded that the Army Audit Agency complied with Government Auditing Standards for monitoring quality procedures. Additionally, the Naval Audit Service concluded that the Army Audit Agency complied with Government Auditing Standards for peer reviews of its non-SAP projects by obtaining a peer review once every 3 years. We evaluated the Naval Audit Service's review of quality control and peer review for non-SAP projects and determined that we could rely on the Naval Audit Service's conclusions.

### ***Quality Control and Peer Review: SAP Projects***

We reviewed the one SAP internal quality assurance review that the Army Audit Agency completed during the 3-year review period. We concluded that the Army Audit Agency complied with Government Auditing Standards for the monitoring of quality procedures. Additionally, we concluded that the Army Audit Agency complied with Government Auditing Standards for peer reviews of its SAP projects by obtaining a peer review once every 3 years.

### ***Checklist for Review of Attestation Engagements (CIGIE Guide Appendix D): Non-SAP Projects***

From January 1, 2022, through December 31, 2022, the Army Audit Agency completed 13 non-SAP attestation engagements. The Naval Audit Service nonstatistically selected one Army Audit Agency non-SAP attestation engagement, Report No. A-2022-0023-FIZ, “Agreed-Upon Procedures Attestation of Relationship of Noncommissioned Officer Experience to Soldier Behavioral Issues,” to assess the Army Audit Agency’s compliance with Government Auditing Standards using Appendix D3 of the CIGIE Guide.<sup>12</sup> The Naval Audit Service concluded that the Army Audit Agency auditors did not fully comply with Government Auditing Standards and American Institute of Certified Public Accountants (AICPA) standards in performing the AUP engagement.<sup>13</sup> In its November 2023 Letter of Comment on non-SAP projects, the Naval Audit Service identified that the Army Audit Agency auditors did not properly mark personally identifiable information in the working papers and did not obtain the written representation letter required by Government Auditing Standard 7.78 and paragraph .28 of AICPA AT-C Section 215A, “Agreed-Upon Procedures.”

The Naval Audit Service recommended that the Army Audit Agency establish controls to ensure working papers with personally identifiable information are properly marked and audit managers and auditors-in-charge are aware of the written representation letter requirements for AUP engagements. The Army Audit Agency agreed to take corrective action in response to the recommendations.

We reviewed the Naval Audit Service’s assessment of the attestation engagement and determined that we could rely on the Naval Audit Service’s conclusions.

### ***Checklist for Review of Attestation Engagements (CIGIE Guide Appendix D): SAP Projects***

From January 1, 2020, through December 31, 2022, the Army Audit Agency completed one SAP attestation engagement, which was an AUP attestation engagement. We reviewed the SAP attestation engagement to assess the Army Audit Agency’s compliance with Government

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<sup>12</sup> Army Audit Agency Report No. A-2022-0023-FIZ, “Agreed-Upon Procedures Attestation of Relationship of Noncommissioned Officer Experience to Soldier Behavioral Issues,” January 19, 2022.

<sup>13</sup> An attestation engagement can provide one of three levels of service as defined by the AICPA: an examination engagement, a review engagement, or an AUP engagement.

Auditing Standards using Appendix D3 of the CIGIE Guide. We concluded that the Army Audit Agency auditors did not fully comply with Government Auditing Standards and AICPA standards in performing the attestation engagement.

In our August 2024 Letter of Comment on SAP projects, we identified that the Army Audit Agency auditors did not obtain a written representation letter or include a reporting statement required by Government Auditing Standard 7.78 and paragraphs .28 and .35 of AICPA AT-C Section 215A, “Agreed-Upon Procedures.” We did not make any recommendations because the Army Audit Agency took corrective actions to address this finding before we started our review.

**Checklist for Performance Audits (CIGIE Guide Appendix E):  
Non-SAP Projects**

From January 1, 2022, through December 31, 2022, the Army Audit Agency completed 63 non-SAP performance audits. The Naval Audit Service nonstatistically selected seven performance audits to assess the Army Audit Agency’s compliance with Government Auditing Standards using Appendix E of the CIGIE Guide. The following table identifies the non-SAP performance audits that the Naval Audit Service reviewed.

*Table. Army Audit Agency Non-SAP Performance Audits That the Naval Audit Service Reviewed*

Report Number	Report Topic
A-2022-0070-AXZ	Program Executive Office—Enterprise Information Systems’ Financial and Program Management
A-2022-0065-BOZ	Global Combat Support System—Army Related Divestitures of Legacy Systems
A-2023-0004-FIZ	Recruiter Housing in High Cost-of-Living Areas
A-2022-0051-AXZ	Protective Measures over Personally Identifiable Information in Europe—U.S. Army Europe and Africa
A-2022-0055-BOZ	Planning for Environmental Impacts to U.S. Army Garrison Kwajalein Atoll
A-2022-0073-BOZ	Living Quarters Allowance Lease Amounts—Korea
A-2022-0036-IIZ	Follow-up Audit of Army Security Clearance Processes—Eligibility and In-/Out-Processing

Source: The Naval Audit Service, compiled by the DoD OIG.

In its November 2023 Letter of Comment on non-SAP projects, the Naval Audit Service identified noncompliances in the following areas.

**Supervision.** For two performance audits, the Naval Audit Service identified working papers that the supervisor reviewed more than 60 days after the auditor prepared them. In addition, for one performance audit, auditors made edits to four working papers after the supervisor reviewed and approved them. However, the working papers did not show any evidence that the supervisors reviewed and approved the subsequent edits.

The Naval Audit Service recommended that the Army Audit Agency emphasize to the audit staff the requirement that a supervisor review of working papers must be completed within 60 days in accordance with Army Audit Agency policies and procedures. The Naval Audit Service also recommended that the Army Audit Agency revise its policies and procedures to state that all audit documentation must be reviewed and approved again after edits are made during the independent referencing process. The Army Audit Agency agreed to take corrective action in response to the recommendations.

**Evidence and Documentation.** For one performance audit, the Naval Audit Service identified that six working papers did not include one or more of the five elements of a working paper (purpose, source, scope, results, and conclusion). For another performance audit, the Naval Audit Service identified that the project file contained documents that did not have proper markings for personally identifiable information. The Naval Audit Service recommended that the Army Audit Agency remind all audit managers and auditors-in-charge that they must review working papers to ensure all required working paper elements are included. The Naval Audit Service also recommended that the Army Audit Agency establish controls to ensure working papers with personally identifiable information are properly marked in accordance with Army Audit Agency policies and procedures. The Army Audit Agency agreed to take corrective actions in response to the recommendations.

**Quality Control.** For two performance audits, the Naval Audit Service observed instances of material statements in draft reports that were not cross-referenced to the working papers. The Naval Audit Service recommended that the Army Audit Agency establish procedures to ensure audit managers and independent reviewers check cross-references for all material statements and changes made to audit documentation during independent reviews. The Army Audit Agency agreed to take corrective action in response to the recommendation.

The Naval Audit Service concluded that the instances of noncompliance were not significant enough to affect the opinion expressed in its system review report of Army Audit Agency non-SAP projects. We reviewed the Naval Audit Service's assessment and conclusions of the seven performance audits and determined that we could rely on the Naval Audit Service's conclusions.

### ***Checklist for Performance Audits (CIGIE Guide Appendix E): SAP Projects***

From January 1, 2020, through December 31, 2022, the Army Audit Agency completed five SAP performance audits. We nonstatistically selected one performance audit for our review. We reviewed the performance audit for compliance with Government Auditing Standards using CIGIE Guide Appendix E. We concluded that the Army Audit Agency complied with Government Auditing Standards in performing the SAP performance audit.

## ***Terminated Audits (CIGIE Risk Assessment Procedure)***

From January 1, 2022, through December 31, 2022, the Army Audit Agency terminated 10 non-SAP audits. The Naval Audit Service nonstatistically selected one non-SAP terminated audit, Project No. A-2022-IIZ-0057, “Cyber Incident Response Plans,” to determine whether the auditors complied with Government Auditing Standards when they terminated the audit. The Naval Audit Service concluded that the auditors complied with Government Auditing Standards when they terminated the audit.

We reviewed the Naval Audit Service’s assessment of the terminated audit and determined that we could rely on the Naval Audit Service’s conclusions. The Army Audit Agency terminated one SAP audit during the 3-year review period, but we elected not to select it for testing.

## ***Nonaudit Services***

From January 1, 2022, through December 31, 2022, the Army Audit Agency completed two non-SAP nonaudit services. The Naval Audit Service nonstatistically selected one non-SAP, nonaudit service, Project No. A-2021-BOZ-0094.000, “Fort Bragg, Larceny Research,” to assess the Army Audit Agency’s compliance with Government Auditing Standards.<sup>14</sup> In its November 2023 Letter of Comment, the Naval Audit Service identified that Army Audit Agency auditors did not document the assessment of an organizational independence impairment. The Naval Audit Service recommended that the Army Audit Agency revise Army Audit Agency policies and procedures to clarify the requirements for auditors to document organizational independence assessments for all nonaudit services. The Army Audit Agency agreed to take corrective action in response to the recommendation.

We reviewed the Naval Audit Service’s assessment of the nonaudit service and determined that we could rely on the Naval Audit Service’s conclusions.

## **Use of Computer-Processed Data**

We did not use computer-processed data to perform this peer review.

## **Prior Coverage**

During the last 5 years, the DoD OIG issued three reports discussing peer reviews of the Army Audit Agency. In addition, the Naval Audit Service issued two reports discussing peer reviews of the Army Audit Agency. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>. Naval Audit Service Reports are not available on the internet.

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<sup>14</sup> Army Audit Agency Project No. A-2021-BOZ-0094.000, “Fort Bragg, Larceny Research,” April 29, 2022.



## **DoD OIG**

Report No. DODIG-2024-127, “External Peer Review of the Army Audit Agency Special Access Program Projects,” August 29, 2024

The DoD OIG evaluated whether the Army Audit Agency system of quality control for SAP projects in effect for the 3-year review period that ended on December 31, 2022, was suitably designed and whether the Army Audit Agency complied with its quality control system to provide it with reasonable assurance of conformity with the applicable professional standards. The DoD OIG issued a peer review rating of *pass* for the Army Audit Agency’s SAP projects.

The DoD OIG also issued an August 29, 2024 Letter of Comment identifying one finding involving an AUP engagement that we did not consider to be significant enough to affect the opinion expressed in our system review report on Army Audit Agency SAP projects.

Report No. DODIG-2021-109, “Summary External Peer Review of the Army Audit Agency,” July 26, 2021

The DoD OIG compiled the results of the Navy Audit Service peer review of Army Audit Agency non-SAP projects and the DoD OIG peer review of Army Audit Agency SAP projects to make a summary assessment on the Army Audit Agency’s system of quality control for the 3-year review period that ended on December 31, 2019. The DoD OIG issued a summary peer review rating of *pass* for the Army Audit Agency.

Report No. DODIG-2021-078, “External Peer Review of the Army Audit Agency Special Access Program Audits,” April 27, 2021

The DoD OIG evaluated whether the Army Audit Agency’s system of quality control for SAP projects in effect for the 3-year review period that ended on December 31, 2019, was suitably designed and whether the Army Audit Agency complied with its quality control system to provide it with reasonable assurance of conformity with the applicable professional standards. The DoD OIG issued a peer review rating of *pass* for the Army Audit Agency’s SAP projects.

## **Naval Audit Service**

Report No. P2024-0001, “Opinion Letter on the Fiscal Year 2023 External Quality Control Peer Review of the United States Army Audit Agency,” November 13, 2023

The Naval Audit Service evaluated whether the Army Audit Agency’s system of quality control in effect for the 3-year review period that ended on December 31, 2022, was suitably designed and whether the Army Audit Agency complied with its quality control system to provide it with reasonable assurance of conformity with the applicable professional standards. The Naval Audit Service issued a peer review rating of *pass* for the Army Audit Agency’s non-SAP projects.

The Naval Audit Service also issued Report No. P2024-0002, “Letter of Comment on the Fiscal Year 2023 External Quality Control Peer Review of the United States Army Audit Agency,” November 13, 2023. The Naval Audit Service identified six findings involving policies and procedures, independence, continuing professional education, supervision, evidence and documentation, and quality control that the Naval Audit Service did not consider to be significant enough to affect the opinion expressed in its November 13, 2023 report.

Report No. P2021-0001, “Opinion Letter on the Fiscal Year 2020 External Quality Control Peer Review of the United States Army Audit Agency,” December 16, 2020

The Naval Audit Service evaluated whether the Army Audit Agency’s system of quality control in effect for the 3-year review period that ended on December 31, 2019, was suitably designed and whether the Army Audit Agency complied with its quality control system to provide it with reasonable assurance of conformity with the applicable professional standards. The Naval Audit Service issued a peer review rating of *pass* for the Army Audit Agency’s non-SAP projects.

The Naval Audit Service also issued Report No. P2021-0002, “Letter of Comments on the Fiscal Year 2020 External Quality Control Peer Review of the United States Army Audit Agency,” December 16, 2020. The Naval Audit Service identified five findings involving competence, planning, supervision, evidence and documentation, and reporting that the Naval Audit Service did not consider to be significant enough to affect the opinion expressed in its December 16, 2020 report.

# Acronyms and Abbreviations

- AICPA** American Institute of Certified Public Accountants
- AUP** Agreed-Upon Procedures
- CIGIE** Council of the Inspectors General on Integrity and Efficiency
- CPE** Continuing Professional Education
- SAP** Special Access Program



# **Whistleblower Protection**

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

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