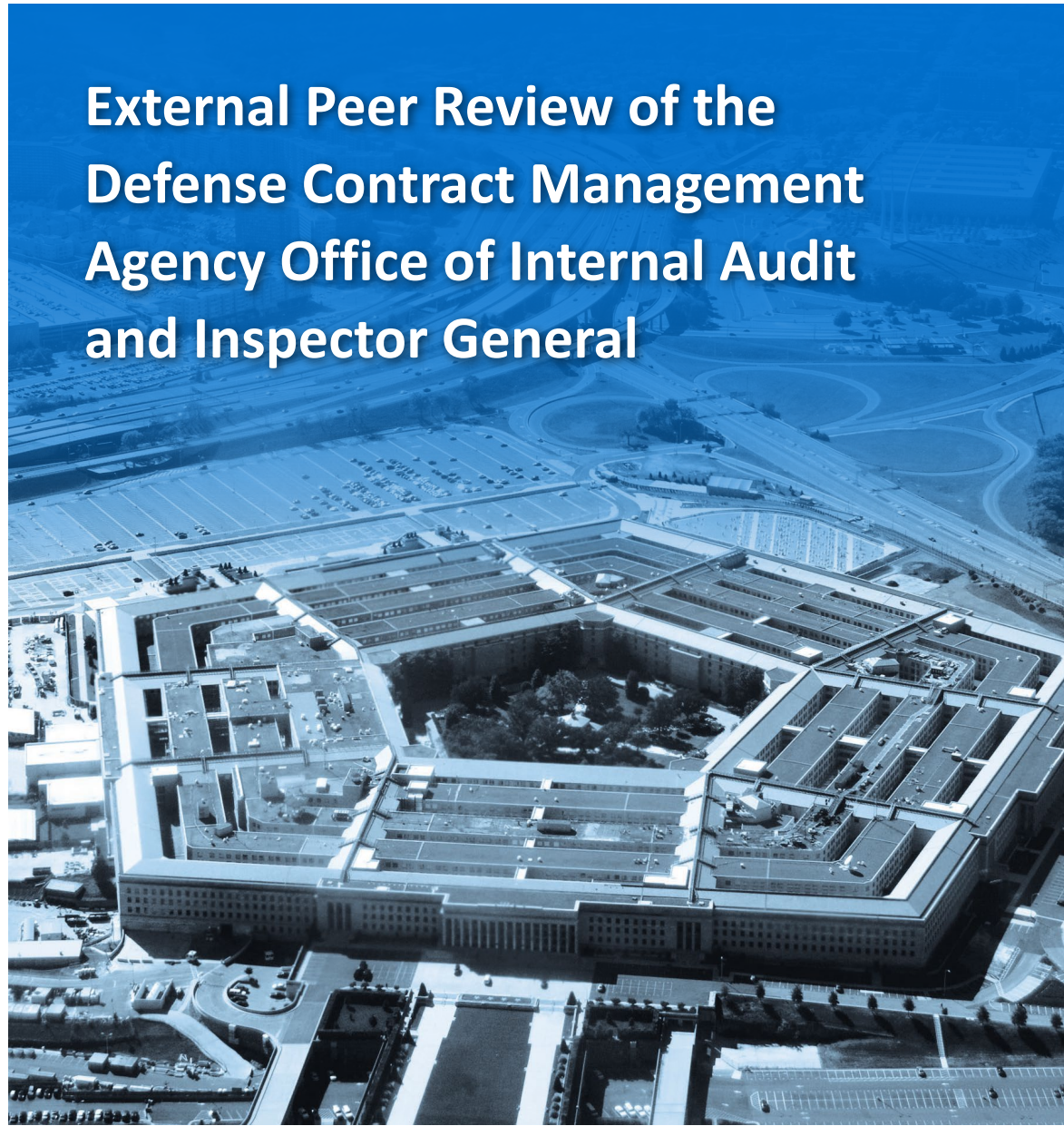




INSPECTOR GENERAL

U.S. Department of Defense

MAY 27, 2025



External Peer Review of the Defense Contract Management Agency Office of Internal Audit and Inspector General

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





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

May 27, 2025

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: External Peer Review of the Defense Contract Management Agency Office of Internal Audit and Inspector General (Report No. DODIG-2025-106)

This final report provides the results of the DoD Office of Inspector General's external peer review of the Defense Contract Management Agency (DCMA) Office of Internal Audit and Inspector General (OIA-IG). 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 DCMA OIA-IG officials. They concurred with the discussion draft and 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]

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

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





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

May 27, 2025

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: System Review Report on the External Peer Review of the Defense Contract Management Agency Office of Internal Audit and Inspector General (Report No. DODIG-2025-106)

We reviewed the system of quality control for the Defense Contract Management Agency (DCMA) Office of Internal Audit and Inspector General (OIA-IG) in effect for the 3-year period that ended on May 31, 2024. A system of quality control encompasses the DCMA OIA-IG's structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming in all material respects with generally accepted government auditing standards (GAGAS) and applicable legal and regulatory requirements.¹ The elements of quality control are described in GAGAS.

In our opinion, the system of quality control for the DCMA OIA-IG in effect for the 3-year period that ended on May 31, 2024, has been suitably designed and complied with to provide the DCMA OIA-IG with reasonable assurance of performing and reporting in conformity with GAGAS and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The DCMA OIA-IG has received an external peer review rating of *pass*.

Basis of Opinion

We conducted our peer review in accordance with GAGAS and the Council of the Inspectors General on Integrity and Efficiency "Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General." We interviewed DCMA OIA-IG auditors to obtain an understanding of the nature of the DCMA OIA-IG and the design of its system of quality control. The understanding we obtained was sufficient to assess the risks implicit in DCMA OIA-IG audit functions.

Based on our assessment of the risks, we nonstatistically selected samples of performance audits and nonaudit services that the DCMA OIA-IG completed from June 1, 2021, through May 31, 2024, consisting of:

- two of five performance audits, and
- one of three nonaudit services.

¹ GAGAS, 2018 Revision, April 2021 Technical Update.

The samples of two performance audits and one nonaudit service we selected represent a reasonable cross-section of the universe of five performance audits and three nonaudit services that the DCMA OIA-IG completed during the 3-year period that ended on May 31, 2024.


In performing our review, we tested for compliance with GAGAS and the DCMA OIA-IG's quality control policies and procedures to the extent that we considered appropriate. These tests covered the application of the DCMA OIA-IG policies and procedures on the selected performance audits and nonaudit service. We based our review on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

On May 16, 2025, we held an exit conference with DCMA OIA-IG management representatives to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The Enclosure identifies the scope and methodology, including our basis for selecting the samples of two performance audits and one nonaudit service.

Responsibilities and Limitations

The DCMA OIA-IG 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 GAGAS and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and DCMA OIA-IG compliance based on our review. 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.

If you have any questions or would like to meet to discuss the review, please contact [REDACTED] We appreciate the cooperation and assistance we received during the peer review.



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

Enclosure

Scope and Methodology

We conducted this peer review from October 2024 through May 2025 in accordance with GAGAS and the CIGIE “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General” (CIGIE Guide). These standards and guide require that 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 GAGAS, and
- complied with GAGAS and internal policies and procedures.

We also conducted this peer review in accordance with the CIGIE “Quality Standards for Inspection and Evaluation,” published in December 2020. These standards require that we adequately plan the peer review to ensure that we meet the objectives and perform the peer review to obtain sufficient and relevant evidence to support any findings, conclusions, and recommendations. We believe the evidence that we obtained was sufficient and relevant to lead a reasonable person to sustain the conclusions in this report.

This peer review covered the 3-year period from June 1, 2021, through May 31, 2024. We selected and tested two performance audits and one nonaudit service for compliance with the DCMA OIA-IG system of quality control to the extent we considered appropriate. We selected a reasonable cross-section of work performed by the DCMA OIA-IG during the 3-year review period. As detailed in the following sections, we used the appendixes and procedures in the CIGIE Guide to conduct the peer review.

Policies and Procedures (CIGIE Guide Appendix A)

Using CIGIE Guide Appendix A, we obtained general information about the DCMA OIA-IG’s system of quality control to determine the adequacy of the established policies and procedures and compliance with GAGAS. We requested that the DCMA OIA-IG complete Column 1 of the CIGIE Guide Appendix A, “Policies and Procedures,” and provide a copy of relevant policies and procedures. Using Column 2 of CIGIE Guide Appendix A, we recorded our conclusion on the policies and procedures of the DCMA OIA-IG’s compliance with GAGAS. We concluded that the DCMA OIA-IG policies and procedures are adequate and comply with GAGAS.

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

Using CIGIE Guide Appendix B, we performed tests to determine the extent to which the DCMA OIA-IG auditors complied with GAGAS general standards. The general standards consist of independence, competence and continuing professional education (CPE), and quality control and peer review.

Independence

We reviewed the DCMA OIA-IG independence records for the auditors assigned to the three projects we reviewed. We concluded that the DCMA OIA-IG complied with the independence requirements in GAGAS.

Competence and Continuing Professional Education

We interviewed all seven DCMA OIA-IG audit staff members assigned to the DCMA OIA-IG as of October 7, 2024. The audit staff consisted of one supervisor and six auditors. We interviewed them to determine their understanding of, and compliance with, GAGAS and the DCMA OIA-IG quality control policies and procedures. Based on the interviews, we concluded that the audit staff members are competent and have an adequate understanding of GAGAS and the DCMA OIA-IG policies and procedures.

We reviewed the CPE documentation for all eight auditors assigned to the DCMA OIA-IG during the most recently completed 2-year reporting period, which covered 2022 and 2023.² We reviewed the CPE documentation to determine whether the auditors earned the minimum number of CPE hours required by GAGAS. We determined that the auditors earned the minimum number of CPE hours.

Quality Control and Peer Review

We reviewed all three internal quality control reviews that the DCMA OIA-IG completed from June 1, 2021, through May 31, 2024, to determine whether the agency:

- performed monitoring procedures of its projects that enabled it to assess compliance with professional standards and quality control policies and procedures,
- analyzed and summarized the results of its monitoring procedures, and
- identified any systemic or repetitive problems that needed improvement and made recommendations for corrective action.

We determined that the DCMA OIA-IG complied with GAGAS for the monitoring of quality procedures. Additionally, we determined that the DCMA OIA-IG complied with GAGAS for peer reviews by obtaining a peer review once every 3 years. See the Prior Coverage section of this report for additional information on previously completed DCMA OIA-IG peer reviews.

² One DCMA OIA-IG auditor departed the agency before we conducted the interviews.

Checklist for Performance Audits (CIGIE Guide Appendix E)

From June 1, 2021, through May 31, 2024, the DCMA OIA-IG completed five performance audits. We nonstatistically selected two performance audits for our review. The two performance audits reflect a reasonable cross-section of the DCMA OIA-IG projects and DCMA OIA-IG auditors. We reviewed the performance audits for compliance with GAGAS using CIGIE Guide Appendix E. We determined that the DCMA OIA-IG complied with GAGAS for the two performance audits we reviewed. The following table lists the performance audits we selected for our review.

Table. DCMA OIA-IG Performance Audits Selected for Review

Audit Title	Report Number	Report Date
Audit of the DCMA Workload Acceptance Process	DCMA-DMI-2022-003	July 6, 2023
Audit of the DCMA Centralized Development Program	DCMA-DMI-2023-001	November 1, 2023

Source: The DoD OIG.

Nonaudit Services Performed by the DCMA OIA-IG

From June 1, 2021, through May 31, 2024, the DCMA OIA-IG completed three nonaudit services. We nonstatistically selected one nonaudit service for review, Project No. DCMA-DMI-2024-001, “Non-Audit Service Inspection of DCMA’s Personnel Accountability.” We reviewed the nonaudit service to determine whether it complied with GAGAS. We determined that the DCMA OIA-IG complied with GAGAS when it performed the nonaudit service.

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 Office of Inspector General (DoD OIG) issued one report discussing the external peer review of the DCMA OIA-IG. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

DoD OIG

“External Peer Review of the Defense Contract Management Agency Office of Internal Audit and Inspector General,” Report No. DODIG-2022-046, December 20, 2021

The DoD OIG evaluated whether the DCMA OIA-IG system of quality control in effect for the 3-year period that ended on May 31, 2021, was suitably designed and complied with to provide the DCMA OIA-IG with reasonable assurance of performing and reporting in conformity with GAGAS and applicable legal and regulatory requirements in all material respects. The DCMA OIA-IG received a peer review rating of *pass*.

Acronyms and Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
CPE	Continuing Professional Education
DCMA	Defense Contract Management Agency
GAGAS	Generally Accepted Government Auditing Standards
OIA-IG	Office of Internal Audit and Inspector General

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