



Report No. DOWIG-2027-007

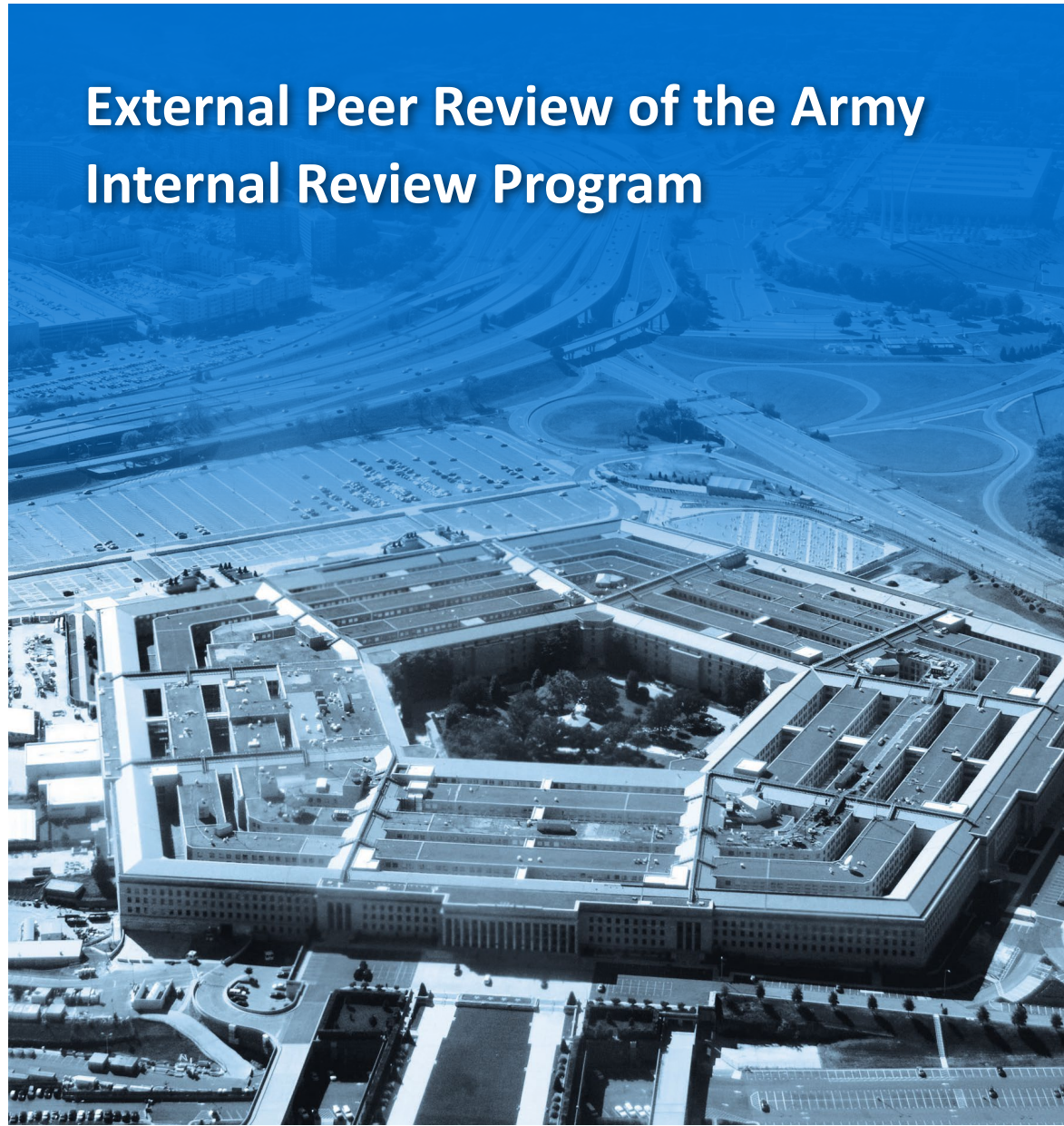
# INSPECTOR GENERAL

*U.S. Department of War*

OCTOBER 22, 2026



## External Peer Review of the Army Internal Review Program



INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY



Pursuant to Executive Order 14347, "Restoring the United States Department of War," September 5, 2025, the Department of Defense Inspector General (DoD IG) and Office of Inspector General (DoD OIG) use the secondary titles of the Department of War Inspector General (DoW IG) and Office of Inspector General (DoW OIG), respectively. The use of these secondary titles does not in any way affect the primary statutory title or authorities of the DoD IG under The Inspector General Act of 1978, as amended (5 U.S.C. Chapter 4, Inspectors General), or the authorities or responsibilities of the DoD IG or DoD OIG pursuant to any laws, regulations, or policies.



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

October 22, 2026

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY**  
**(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT: External Peer Review of the Army Internal Review Program**  
**(Report No. DOWIG-2027-007)**

This final report provides the result of the DoW Office of Inspector General's external peer review of the Army Internal Review Program. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

This report contains four recommendations that we consider unresolved because the Deputy Assistant Secretary of the Army for Financial Operations and Information and Director, U.S. Army Pacific-Eighth Army Internal Review office did not fully address the recommendations presented in the report. We will track the recommendations until the Deputy Assistant Secretary of the Army for Financial Operations and Information and Director, U.S. Army Pacific-Eighth Army Internal Review office agree to take action that we determine to be sufficient to meet the intent of the recommendations and provides adequate documentation showing that all agreed-on actions to implement the recommendations are completed. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, within 30 days, please provide us your response concerning specific actions in process or completed on the recommendations.

This report also contains nine recommendations that we consider resolved but open. We will close the recommendations when the Deputy Assistant Secretary of the Army for Financial Operations and Information and Director, U.S. Army Pacific-Eighth Army Internal Review office provide documentation showing that all agreed-on actions to implement the recommendations are completed. Therefore, please provide us your supporting documentation within 90 days concerning specific actions in process or completed. Send your responses to [REDACTED]

This report also contains one recommendation that we revised. Therefore, we request that the Deputy Assistant Secretary of the Army for Financial Operations and Information provide additional comments within 30 days of this report.

We consider one recommendation closed because the associated management comments and completed actions fully addressed the recommendation.

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 'R. Stone', with a long horizontal flourish extending to the right.

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

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

October 22, 2026

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: System Review Report on the External Peer Review of the Army Internal Review Program (Report No. DOWIG-2027-007)

We reviewed the system of quality control for the Army Internal Review (IR) Program in effect for the 3-year review period that ended on December 31, 2024. A system of quality control encompasses the Army IR Program's structure, adopted policies, and established procedures 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.<sup>1</sup> The elements of quality control are described in GAGAS.

In our opinion, except for the deficiencies described in this report, the system of quality control for the Army IR Program in effect for the 3-year period that ended on December 31, 2024, was suitably designed and complied with to provide the Army IR Program with reasonable assurance of performing and reporting in conformity with GAGAS and applicable legal and regulatory requirements in all material respects. We could not review engagements conducted at two Army IR offices due to project file restrictions.<sup>2</sup> Therefore, additional deficiencies or significant deficiencies might have been identified.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The Army IR Program received an external peer review rating of *pass with deficiencies* with a scope limitation. The external peer review rating of *pass with deficiencies* with a scope limitation is based on our assessment of the design of the Army IR Program's system of quality control and the extent of compliance with GAGAS and Army IR Program policies and procedures. We considered the nature, pervasiveness, and relative importance of the deficiencies we identified and the extent of compliance with GAGAS as a whole. The deficiencies we identified could create a situation in which the Army IR Program would not have reasonable assurance of performing or reporting in conformity with applicable professional standards in one or more important respects. However, the deficiencies were not systemic and did not rise to the level of a significant deficiency as defined in the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) "Guide for Conducting Peer Reviews of Audit Organizations of Federal

---

<sup>1</sup> Government Accountability Office Report No. GAO-21-368G, "Government Auditing Standards," July 2018 (Updated April 2021).

<sup>2</sup> The U.S. Army Human Resources Command Internal Review and Audit Compliance office could not provide project documentation for four GAGAS engagements. Additionally, the Army Futures Command Headquarters Internal Audit Directorate could not provide project documentation for one nonaudit service.

Offices of Inspector General” (CIGIE Guide), which is required to support a *fail* rating.<sup>3</sup> Therefore, we determined that our review supports a *pass with deficiencies* with a scope limitation rating for the Army IR Program.

## ***Letter of Comment***

We issued a Letter of Comment, dated October 22, 2026, that presents findings we did not consider to be significant enough to affect our opinion in this report.

## ***Basis of Opinion***

Due to a scope limitation, we could not review 5 of the 32 projects we selected for review at two Army IR offices. Even though a scope limitation existed, we believe that the procedures we performed provide a reasonable basis for our opinion.

We were notified by the U.S. Army Human Resources Command Internal Review and Audit Compliance office (HRC IRACO) personnel that they could not provide project documentation for four GAGAS engagements because the auditors who had access to the project documentation no longer worked for the agency.<sup>4</sup> Additionally, we could not review a reasonable cross-section of Army IR offices per CIGIE peer review guidelines because personnel from the U.S. Army Futures Command Headquarters Internal Audit Directorate (AFC-HQ IAD) lost project documentation for one nonaudit service during a manual cloud migration in May 2023.<sup>5</sup>

We interviewed Army IR auditors to obtain an understanding of the nature of the Army IR Program and the design of its system of quality control. We obtained a sufficient understanding to assess the risks implicit in the Army IR Program audit functions.

Based on our assessment of the risks, we nonstatistically selected samples of performance audits, attestation engagements, nonaudit services, and terminated audits that the Army IR offices that we selected for review completed from January 1, 2022, through December 31, 2024, consisting of:

- 13 of 36 performance audits,
- 6 of 61 attestation engagements,
- 10 of 41 nonaudit services, and
- 3 of 3 terminated audits.

---

<sup>3</sup> CIGIE “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General,” March 2020. The CIGIE Guide defines a significant deficiency as one or more deficiencies that result in the system of quality control not providing the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. According to the CIGIE Guide, only peer reviews that identify one or more significant deficiencies result in a *fail* rating.

<sup>4</sup> The HRC IRACO was reduced to one staff member during this peer review. The HRC IRACO staff member informed us that the audit software they use does not allow administrative overrides or universal access to the project files without original user credentials or permissions, and that access to the project files is limited to maintain security and confidentiality of the data.

<sup>5</sup> We selected one performance audit and one nonaudit service for review at the AFC-HQ IAD.

Except as discussed above, the sample of 32 projects we selected represents a reasonable cross-section of the universe of 141 projects that the selected Army IR offices completed or terminated during the 3-year review period that ended on December 31, 2024.

In performing our review, we tested for compliance with GAGAS and the Army IR Program's quality control policies and procedures to the extent that we considered appropriate. These tests covered the application of the Army IR Program's policies and procedures on the selected performance audits, attestation engagements, nonaudit services, and terminated audits. We based our review on selected tests; therefore, our review may not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

On July 27, 2026, we held an exit conference with Army IR management representatives to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Appendix A identifies our scope and methodology, including our basis for selecting the 32 projects for review.

## ***Responsibilities and Limitations***

The Army IR Program is responsible for establishing and maintaining a system of quality control designed to provide 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 the Army IR Program's 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.

## **Organization of the Army IR Program**

The Assistant Secretary of the Army for Financial Management and Comptroller Financial Operations & Accounting-Army Risk Management (ASA[FM&C]) has overall responsibility for the Army IR Program. The IR office, within the ASA(FM&C) broadly oversees the activities of all Army IR offices. The ASA(FM&C) IR office responsibilities include:

- developing Army IR policy,
- monitoring the execution of the Army IR Program at the major Army commands, and
- providing oversight and training opportunities in support of the Army IR offices' local training programs.

As of June 11, 2026, the Army IR Program included approximately 130 offices.<sup>6</sup> We nonstatistically selected 10 Army IR offices for our review and we included the list in Appendix A.<sup>7</sup> The Army IR offices provide internal audit capability to the Department of the Army commands, installations, and activities. The Army IR offices provide a full range of services, including full-scope internal audits and quick response audits, consulting services, and liaison services. Although the ASA(FM&C) IR office provides Army IR policy and guidance for its command, individual Army IR offices report directly to base commanders, principal deputy commanders, or chiefs of staff.

## **Deficiency 1. For One of Nine Army IR Offices, Auditors Did Not Meet the GAGAS for Competence**

For one of the nine Army IR offices we reviewed, the auditors did not meet the GAGAS for competence. Specifically, the four U.S. Army Material Command–Army Sustainment Command (AMC-ASC) IRACO auditors assigned to the performance audit we reviewed did not have the required experience to conduct the audit.<sup>8</sup>

GAGAS 4.02 requires the audit organization’s management to assign auditors who collectively possess the competence needed to address the engagement objectives and perform their work in accordance with GAGAS before the engagement begins.

Additionally, GAGAS 4.05 states the following.

- Competence is the knowledge, skills, and abilities obtained from education and experience necessary to conduct the GAGAS engagement.
- Competence enables auditors to make sound professional judgments.
- Competence includes possessing the technical knowledge and skills necessary for the assigned role and the type of work being done, this includes possessing specific knowledge about GAGAS.

For Report No. 2021-001, “Audit of IT Equipment Property Accountability,” the audit team did not collectively possess the knowledge of GAGAS in the areas of planning, supervisory review, documentation, and reporting when they conducted the performance audit.<sup>9</sup> The AMC-ASC IRACO Chief informed us that the auditors were not aware of all the GAGAS requirements for performance audits because the AMC-ASC IRACO’s policies and procedures did not supplement

<sup>6</sup> The ASA (FM&C) provided an estimated number of Army IR offices due to ongoing Army command restructuring initiatives. Several one-person IR offices are vacant and may or may not be reestablished in the future.

<sup>7</sup> The ASA (FM&C) did not perform any audits, attestation engagements or nonaudit services during the 3-year period of review that ended on December 31, 2024. Therefore, we did not include the ASA (FM&C) when we nonstatistically selected the 32 projects for review; this caused our sample size for the Army IR offices to decrease from 10 to 9. We included the ASA (FM&C) in this peer review because it has the overall responsibility for the Army IR Program and is responsible for developing Army IR policy. Additionally, even though this office did not perform any engagements in accordance with GAGAS during the 3-year period of review, we still reviewed their policies and procedures and continuing professional education documentation to assess compliance with GAGAS.

<sup>8</sup> The performance audit was the only project that the AMC-ASC IRACO completed during the 3-year review period.

<sup>9</sup> AMC-ASC IRACO Report No. 2021-001, “Audit of IT Equipment Property Accountability.” The report was not dated.

GAGAS adequately and include guidance to help ensure that the auditors complied with GAGAS when they performed their work. Table 1 identifies the additional areas where the auditors did not comply with GAGAS and the specific sections in the System Review Report and Letter of Comment where we discuss the GAGAS noncompliance.

*Table 1. Additional Areas Where Auditors at the AMC-ASC IRACO Did Not Comply with GAGAS*

| Additional Areas Where the Auditors Did Not Comply with GAGAS | Deficiency/Finding Number in the System Review Report or Letter of Comment |
|---------------------------------------------------------------|----------------------------------------------------------------------------|
| Planning                                                      | Findings 3 and 4                                                           |
| Supervisory Review                                            | Deficiency 4                                                               |
| Documentation                                                 | Deficiency 4                                                               |
| Reporting                                                     | Finding 6                                                                  |

Source: The DoW OIG.

Despite the GAGAS noncompliances identified in Table 1, the audit report was reliable because the auditors obtained sufficient and appropriate evidence that provided a reasonable basis for findings and conclusions based on the audit objective. The objective of the audit was to determine whether information technology equipment in use or in storage was properly accounted for and correctly hand-receipted to end users. The auditors completed the following procedures during the audit.

- Identified and reviewed policies and procedures related to property accountability and hand receipt holder’s responsibilities.
- Interviewed personnel who managed different types of equipment to determine whether they had received adequate training, had appointment orders and had adequate knowledge of the property accountability requirements.
- Reviewed and analyzed supporting documentation for sampled information technology inventory to verify that the equipment was properly accounted for and that end users signed the corresponding hand receipts.

### ***AMC Headquarters IRACO Internal Quality Assurance Review Conclusions on GAGAS Standards for Competence Were Consistent with the Peer Review Team***

The AMC Headquarters (HQ) IRACO conducted an internal quality assurance review of the AMC-ASC IRACO in February 2024 and the conclusions reached by the AMC HQ IRACO were reasonable and consistent with those of the peer review team.<sup>10</sup> The AMC HQ IRACO internal quality assurance review determined that the AMC-ASC IRACO auditors did not have a comprehensive understanding of GAGAS requirements and identified similar GAGAS

<sup>10</sup> AMC HQ IRACO Report No. QA2024-001, “External Peer Review of the U.S. Army Sustainment Command Internal Review and Audit Compliance Office Program,” February 22, 2024.

noncompliances that we identified in the areas of planning, fieldwork, supervisory review, documentation, and reporting.<sup>11</sup> In addition, the internal quality assurance review determined that the auditors did not perform adequate monitoring of quality procedures.<sup>12</sup>

The AMC HQ IRACO recommended that the AMC-ASC IRACO complete the following corrective actions.

- Include a modified GAGAS statement in the audit reports to identify the GAGAS requirements that the auditors did not follow, the reasons for not following the requirements, and the effect on the engagement and on the assurance provided. The AMC-ASC IRACO should include the modified statement until the office completes corrective actions to address the deficiencies in its system of quality control and verifies that the actions are adequate.
- Develop and implement controls to correct the deficiencies identified during the internal quality assurance review which could impact its ability to achieve a “pass” rating during future internal quality assurance reviews.
- Develop standard operating procedures (SOP) to address the deficiencies identified during the internal quality assurance review. Additionally, the SOP must include detailed steps on the controls the office will implement to ensure the auditors comply with GAGAS. Lastly, the Chief of the AMC-ASC IRACO must distribute the SOP to all auditors.

### ***AMC-ASC IRACO Took Corrective Action Before Our Peer Review***

The AMC-ASC IRACO took adequate corrective actions to address the HQ AMC IRACO’s recommendations. Specifically, the AMC-ASC IRACO updated its SOP in October 2024 based on the HQ AMC IRACO’s recommendations.<sup>13</sup> The updates to the SOP align with GAGAS and provide adequate guidance in the areas of planning, fieldwork, supervisory review, documentation, and reporting to help ensure that the auditors conduct performance audits in accordance with GAGAS. Therefore, we did not make additional recommendations to address the competence deficiency and the other deficiencies and findings identified in Table 1.

This deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because the deficiency was isolated to AMC-ASC IRACO. Based on our review of the nine Army IR offices, the deficiency does not appear to be systemic for the Army IR Program as a whole.

---

<sup>11</sup> The AMC HQ IRACO reviewed two performance audits during their internal quality assurance review. We reviewed one of the two performance audits during this peer review.

<sup>12</sup> We discuss monitoring of quality at the AMC-ASC IRACO in Deficiency 3 in the System Review Report.

<sup>13</sup> HQ, U.S. Army Sustainment Command “Internal Review and Audit Compliance Office Standard Operating Procedures.”

## Deficiency 2. For One of Nine Army IR Offices a Threat to Independence Existed

For one of the nine Army IR offices we reviewed, a threat to independence existed for the only auditor employed at the U.S. Civilian Human Resources Agency Audit and Internal Control office (CHRA AICO). The auditor was assigned to 2 of the 13 performance audits that we reviewed.

GAGAS 3.18 states that in all matters relating to the engagement, auditors must be independent from an audited entity. In addition, GAGAS 3.107a states that auditors should document threats to independence that require the application of safeguards, along with the safeguards they applied. GAGAS 3.107 further states that while insufficient documentation of an auditor's compliance with the independence standard does not impair independence, auditors should prepare appropriate documentation under the GAGAS quality control and assurance requirements. Additionally, GAGAS 3.108 states that documentation of independence considerations provides evidence of the auditor's judgments in forming conclusions on compliance with independence requirements. Also, the CHRA Audit Risk Management Internal Control SOP includes an independence statement template the auditor should use to assess their independence and to notify their supervisor of any threats to independence, and for the supervisor to evaluate the threat and apply mitigating actions.

For Project No. 23-04, "Audit of Earned Revenue," and Project No. 24-03, "Audit of Manpower Management" the auditor assigned identified a self-review threat in their statements of independence.<sup>14</sup> However, the working papers did not include evidence that the auditor applied safeguards to eliminate and reduce the threat to an acceptable level as required in GAGAS 3.107a. The auditor explained to us that the threat existed because they performed work for the CHRA Budget, Manpower, and Accounting branches and later evaluated their own work when they performed audits for the CHRA AICO. For example, the auditor stated that they were responsible for preparing the financial statements for the CHRA HQ Risk Management Internal Control program and were then responsible for conducting audits for the financial statements.

We could not determine whether the auditor's supervisor—the CHRA Director for Budget, Manpower, and Accounting—evaluated the auditor's threats to independence and whether the supervisor applied any safeguards to eliminate or reduce the threats to an acceptable level.<sup>15</sup> During our review, the auditor left the CHRA AICO and when we asked the Director whether

---

<sup>14</sup> GAGAS 3.30b defines a self-review threat as the threat that an auditor or audit organization that has provided nonaudit services will not appropriately evaluate the results of previous judgments made or services provided as part of the nonaudit services when forming a judgment significant to a GAGAS engagement.

The CHRA AICO did not establish report numbers for the reports they issued for the "Audit of Earned Income" and "Audit of Manpower Management." Also, the reports were not dated.

<sup>15</sup> GAGAS 3.50 provides examples that auditors and audit organizations can take that effectively eliminate threats to independence or reduce them to an acceptable level. This includes having an auditor who was not a member of the engagement team review the work performed.

there was a point of contact available after the auditor's departure, the Director stated that due to reductions in staff, there was no one at CHRA that could provide assistance with the peer review.

It is important that auditors use the GAGAS conceptual framework for independence to evaluate and apply safeguards to address threats to independence. The conceptual framework assists auditors to maintain both independence of mind and independence in appearance. Additionally, auditors must adequately document independence considerations because it helps to ensure compliance with the GAGAS quality control and assurance requirements.

We determined that this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because the deficiency was identified for only 2 of 13 performance audits (15 percent) we reviewed at the 9 Army IR offices. Based on our review of the 13 performance audits, the deficiency does not appear to be systemic for the Army IR Program as a whole.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 1***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:**

- a. Coordinate with the Director, U.S. Civilian Human Resources Agency to inquire whether any auditors are currently employed at the Audit and Internal Control office after the departure of all the audit staff during this peer review.**
- b. Based on the results of their inquiry, issue a memorandum to the Director, U.S. Civilian Human Resources Agency to require that the agency determine whether any self-review threats exist within the U.S. Army Civilian Human Resources Agency Audit and Internal Control office, evaluate the significance of any threats identified, and apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level in accordance with Generally Accepted Government Auditing Standard 3.27.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that leadership at the U.S. Army Civilian Human Resources Agency informed them that the agency does not intend to employ any auditors in the foreseeable future. Therefore, issuing a memorandum to the Director, U.S. Army Civilian Human Resources Agency, involving self-review threats for auditors is not necessary. The Deputy Assistant Secretary of the Army for Financial Operations and Information considers this recommendation to be fully implemented.

## ***Our Response***

Comments from the Deputy Assistant Secretary partially addressed the specifics of the recommendation; therefore, the recommendation is unresolved. Specifically, the Deputy Assistant Secretary's plan to not issue a memorandum to the Director, U.S. Civilian Human Resources Agency can potentially hinder the agency's ability to determine if any self-review threats exist within the agency's Audit and Internal Control office, if the agency employs auditors in the future. It is important that any self-review threats that exist within the Audit and Internal Control office are evaluated and safeguards are implemented, as necessary, to eliminate the threats or reduce them to an acceptable level in accordance with GAGAS 3.27. Therefore, we request that the Deputy Assistant Secretary of the Army for Financial Operations and Information provide additional comments within 30 days of this report describing how they will ensure that the Director, U.S. Civilian Human Resources Agency addresses self-review threats within the Audit and Internal Control office in the event the agency employs auditors in the future.

## **Deficiency 3. For Five of Nine Army IR Offices, Auditors Did Not Perform Adequate Monitoring Procedures**

For five of the nine Army IR offices we reviewed, the auditors did not perform adequate monitoring procedures during the 3-year review period that ended on December 31, 2024. Specifically, we found the following monitoring deficiencies at the five offices.

- One office did not perform monitoring procedures for 2 years of the 3-year review period.
- Three offices did not perform monitoring procedures for 1 year of the 3-year review period.
- One office did not summarize the results of their monitoring procedures for 1 year of the 3-year review period.

GAGAS 5.43 states that the audit organization should perform monitoring procedures that enable it to assess compliance with professional standards and quality control policies and procedures for GAGAS engagements.<sup>16</sup> Additionally, GAGAS 5.44 states that the audit organization should analyze and summarize the results of its monitoring process at least annually. In turn, any systemic or repetitive issues needing improvement can be identified, as well as any recommendations for corrective action. Lastly, GAGAS 5.45 states that the audit organization should evaluate the effects of deficiencies noted during monitoring of the audit organization's system of quality control to determine and implement appropriate actions to address the deficiencies.<sup>17</sup>

<sup>16</sup> GAGAS, chapter 5, "Quality Control and Peer Review," Sections 5.42 through 5.59, "Monitoring of Quality," July 2018 (Updated April 2021).

<sup>17</sup> The 2024 revision of GAGAS will supersede the 2018 revision (updated April 2021). The GAGAS guidance for sections 5.43, 5.44, and 5.45 will be included in section 5.90 of the 2024 GAGAS revision. According to the 2024 revision, a system of quality management that complies with Government Auditing Standards is required to be designed and implemented by December 15, 2025. The 2024 revision changed the term "system of quality control" to "system of quality management."

## ***One Army IR Offices Did Not Perform Monitoring Procedures for 2 Years of the 3-Year Review Period***

The AMC-ASC IRACO did not perform monitoring procedures for FY 2023 and FY 2024. The AMC-ASC IRACO Chief told us that before October 2024, the office did not have policies and procedures for monitoring. Therefore, the audit staff was not aware of the GAGAS requirements for monitoring.

## ***HQ AMC IRACO Internal Quality Assurance Review Conclusions on Monitoring Procedures Were Consistent with Those of the Peer Review Team***

The AMC HQ IRACO completed an internal quality assurance review at AMC-ASC IRACO in February 2024 and the conclusions reached by the AMC HQ IRACO were similar to those of the peer review team. AMC HQ IRACO's review covered the 3-year period that ended on September 30, 2022. The internal quality assurance review determined that AMC-ASC IRACO auditors did not perform monitoring procedures during the 3-year review period.

The AMC HQ IRACO recommended that the AMC-ASC IRACO establish a system of quality control to ensure they have effective monitoring procedures in place and that the procedures help the auditors assess compliance with GAGAS. To address the recommendation, the AMC-ASC IRACO updated their SOP in October 2024 and included requirements for the auditors to perform monitoring procedures to help the auditors assess compliance with GAGAS.

## ***Three Army IR Offices Did Not Perform Monitoring Procedures for 1 Year of the 3-Year Review Period***

The U.S. Army Forces Command (FORSCOM) IRACO, U.S. Army Pacific (USARPAC)-Eighth Army IR office, and U.S. Army Futures Command Headquarters Internal Audit Directorate (AFC-HQ IAD) office performed monitoring procedures in FY 2023 and FY 2024. However, the three offices did not perform monitoring procedures during FY 2022.

## ***FORSCOM IRACO***

The FORSCOM IRACO SOP states that the office conducts quality assessment reviews to ensure compliance with professional auditing standards.<sup>18</sup> The FORSCOM IRACO Director told us that they conducted monitoring procedures every year during the 3-year period of our review. However, the Director could not provide us with monitoring of quality documentation for FY 2022. The Director stated that the quality assessment review report was lost when FORSCOM IRACO transitioned their quality assessment review documentation to another electronic platform in FY 2022.

---

<sup>18</sup> "Internal Review and Audit Compliance Office Standard Operating Procedures (SOP)," Headquarters, U.S. Army Forces Command, Ft. Bragg, North Carolina, Revised, March 1, 2025.

### ***USARPAC-Eighth Army IR Office***

The USARPAC-Eighth Army IR SOP states that the IR Director will designate a senior auditor to complete quality control reviews of every completed audit.<sup>19</sup> Also, the SOP states the IR Director will ensure self-assessments are conducted annually. However, the USARPAC-Eighth Army IR staff could not provide a reason why monitoring procedures were not performed in FY 2022 because previous audit management officials are no longer employed at that office.

### ***AFC-HQ IAD***

The AFC-HQ IAD SOP states that the IA Director establishes a quality assurance program in accordance with GAGAS to provide reasonable assurance that auditors are complying with GAGAS and will use CIGIE peer review checklists for quality assurance assessments.<sup>20</sup> However, the acting IA Director provided us with documentation that did not demonstrate that the AFC-HQ IAD had established a quality assurance program to assess compliance with GAGAS.

### ***One Army IR Office Did Not Summarize the Results of Their Monitoring Procedures for 1 Year of the 3-Year Review Period***

The U.S. Army Corps of Engineers-District Jacksonville (USACE-SAJ) IR office performed monitoring procedures during the 3-year review period. However, the USACE-SAJ IR did not summarize the results of its monitoring procedures in FY 2022. The USACE-SAJ IR office's SOP states that the auditors will ensure quality control self-assessments are conducted annually.<sup>21</sup> In FY 2022, the auditors performed monitoring procedures and completed an annual quality monitoring checklist. However, the auditors did not summarize the results of the checklist. The USACE-SAJ IR Chief informed us that it was an oversight that the auditors did not complete a FY 2022 summary report.

### ***The DoW OIG Identified Monitoring Deficiencies in the Previous Peer Review***

The DoW OIG identified monitoring deficiencies at three Army IR offices during the previous peer review of the Army IR Program. The DoW OIG reported that three of nine offices did not perform procedures for monitoring their system of quality control and did not annually summarize the results of monitoring procedures. The DoW OIG recommended that the ASA(FM&C) develop a process for monitoring within the Army IR offices in accordance with GAGAS 5.43 and 5.44. In response to our recommendation, ASA(FM&C) required that all Army IR offices complete the following actions beginning in October 2023.

- Submit their most recent written quality monitoring summary to the Office of the Assistant Secretary of the Army for Financial Management and Comptroller Risk Management Directorate for evaluation on an annual basis

<sup>19</sup> Eighth U.S. Army Office of Internal Review, "Standard Operating Procedures," August 15, 2024.

<sup>20</sup> Headquarters Army Futures Command Internal Audit Directorate, Standard Operating Procedures, October 1, 2024.

<sup>21</sup> Internal Review and Audit Compliance, "Standard Operation Procedures," Corps of Engineers, Internal Review and Audit Compliance Jacksonville District, June 2024.

- Report whether they have prepared a written summary of the results of their monitoring processes in their annual metrics report submissions<sup>22</sup>

The corrective actions that ASA(FM&C) took were not fully effective because we found monitoring deficiencies at five of the nine IR offices selected for this peer review.

### ***The AMC-ASC IRACO Took Corrective Action Before Our Peer Review***

The AMC-ASC IRACO took corrective action to help ensure that the auditors perform monitoring procedures before our peer review. The AMC-ASC IRACO developed policies and procedures to ensure compliance with GAGAS in October 2024 based on the recommendations made in the internal quality assurance review report issued by the AMC HQ IRACO in February 2024. These policies and procedures include guidance for monitoring. We reviewed the AMC-ASC IRACO policies and procedures for monitoring and determined they are adequate.

Audit organizations should perform monitoring procedures and summarize the results annually to help them identify systemic or repetitive issues needing improvement, make recommendations, and take corrective actions.

Although five Army IR offices did not perform adequate monitoring procedures, this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide. This is because the lack of monitoring did not occur for all 3 years of the period of review and the lack of monitoring did not impact the Army IR Program's compliance with GAGAS as a whole. However, based on the results of this peer review, ASA(FM&C) should take additional actions to ensure that auditors comply with GAGAS for monitoring of the system of quality control.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 2***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:**

- Issue a memorandum to the Internal Review offices to emphasize that auditors should perform and document monitoring procedures in accordance with Generally Accepted Government Auditing Standards 5.43, 5.44, and 5.45.<sup>23</sup>**
- Provide annual training to the audit staff at the Internal Review offices to improve their understanding and knowledge of Generally Accepted Government Auditing Standards for monitoring of quality.**

<sup>22</sup> ASA(FM&C) memorandum, "Quality Assurance Program for Army IR Offices," June 30, 2023.

<sup>23</sup> The GAGAS guidance for sections 5.43, 5.44, and 5.45 will be included in section 5.90 of the 2024 GAGAS revision.

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that in FY 2023, the Assistant Secretary of the Army for Financial Management and Comptroller issued a memorandum that established policy for the Army Internal Review offices to prepare an annual quality monitoring report. The memorandum addressed a similar deficiency that the DoW OIG identified during the previous peer review of the Army Internal Review Program. Based on the memorandum, Army Internal Review offices were required to create annual written summaries that describe their monitoring processes, any issues that they discover through the processes, and any corrective actions needed. In addition, the Deputy Assistant Secretary stated that four of the five instances of monitoring noncompliance that the DoW OIG identified during this peer review occurred before the corrective actions based on the previous peer review were implemented. The Deputy Assistant Secretary also stated that the fifth instance of monitoring noncompliance that was identified during this peer review was isolated to the U.S. Army Material Command-Army Sustainment Command Internal Review Audit and Compliance office and was independently identified through the Headquarters, Army Material Command Internal Review Audit and Compliance office's quality monitoring activities that occurred before this peer review. However, the Deputy Assistant Secretary stated they will issue a memorandum to the Army Internal Review offices that emphasizes the monitoring requirements included in GAGAS by December 31, 2026. Additionally, the Deputy Assistant Secretary will emphasize the monitoring requirements at forums such as Army IR Directors' meetings and the Army IR training symposium.

### ***United States Army Corps of Engineers Internal Review Comments***

Although not required to comment, the Director, USACE Headquarters Internal Review office stated that they previously identified and implemented improvements related to monitoring. Effective FY 2023, the Headquarters office required that USACE IR chiefs use a standardized template for annual monitoring. The template includes an annual summary checklist and reporting memorandum. The Director stated the USACE Headquarters IR office also provides annual guidance and training on annual monitoring.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a copy of the signed memorandum that emphasizes that auditors should perform and document monitoring procedures in accordance with GAGAS. We will also close the recommendation when the Deputy Assistant Secretary provides a copy of the training material showing that the course includes training to improve the auditors' understanding and knowledge of GAGAS for monitoring of quality.

## **Deficiency 4. For Two of Nine Army IR Offices, Auditors Did Not Document Supervisory Review Before They Issued the Report for Three Performance Audits**

For two of nine Army IR offices we reviewed, the auditors did not document supervisory review before they issued the report for 3 of 13 performance audits. Specifically, auditors at the AMC-ASC IRACO and CHRA AICO did not document supervisory reviews of the evidence that supported the findings, conclusions, and recommendations contained in the audit reports before they issued them. The following supervisory review deficiencies were identified at the two offices.

- For 14 of 44 working papers, the supervisory auditor at the AMC-ASC IRACO did not document their review.
- For 16 of 18 working papers prepared by the auditor at the CHRA AICO, the working papers lacked evidence of supervisory reviews.<sup>24</sup>

GAGAS 8.88 states that audit supervision involves providing sufficient guidance and direction to auditors assigned to the audit to address the audit objectives and follow applicable requirements, staying informed about significant problems encountered, and reviewing the work performed. Additionally, GAGAS 8.135c states that auditors should document supervisory review of the evidence that supports the findings, conclusions, and recommendations contained in the audit report before the report release date.

### ***The Supervisory Auditor at the AMC-ASC IRACO Did Not Document Their Review of the Audit Documentation Before Issuing One Report***

The supervisory auditor at the AMC-ASC IRACO did not document their review of the audit documentation before that office issued one performance audit report. Specifically, for Report No. 2021-001, “Audit of IT Equipment Property Accountability,” the supervisory auditor did not document their review of 14 of 44 working papers that supported the findings, conclusions, and recommendations. As discussed in Deficiency 1 in this report, the AMC-ASC IRACO did not have policies and procedures for supervisory review when the auditors conducted the audit. We did not make any recommendations for this deficiency because the AMC-ASC IRACO took corrective action to address the deficiency before this peer review.

### ***The Working Papers at the CHRA AICO for Two Performance Audit Lacked Evidence of Supervisory Review***

The working papers for two performance audits at the CHRA AICO did not contain evidence of a supervisory review before that office issued the reports for both audits. We found that 16 of

---

<sup>24</sup> We could not use the document links the CHRA AICO provided to retrieve two working papers. Additionally, we could not perform a follow-up at the CHRA AICO for the two working papers because the only auditor employed at that office departed the office in May 2025.

the 18 working papers that supported the findings, conclusions, and recommendations for the following two performance audits did not contain evidence of supervisory review.

- Project No. 23-04, “Audit of Earned Revenue”
- Project No. 24-03, “Audit of Manpower Management”

The lack of supervisory review occurred, in part, because the office did not employ a supervisory auditor during the 3-year review period. In addition, the only auditor employed at that office did not request another Army IR office to review the working papers, as required by the ASA(FM&C) December 4, 2017 memorandum “Supervision Standard for One-Person Internal Review Offices.”<sup>25</sup> The ASA(FM&C) memorandum states that one-person IR offices conducting GAGAS engagements must comply with GAGAS standard for supervision and that this can be accomplished by having the working papers reviewed and approved by personnel working for a higher headquarters or external organization.

A supervisory review of working papers is an important quality control that must be documented before audit report issuance. Documentation of supervisory reviews provides evidence that supervisors reviewed the working papers to ensure that the audit work complies with GAGAS and that the audit results included in the working papers are consistent with the findings, conclusions, and recommendations presented in the audit report.

Although the two Army IR offices did not document supervisory review before they issued their audit reports, this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because the auditors were able to obtain evidence that supported the findings and conclusions contained in the audit report.

## Recommendations, Management Comments, and Our Response

### ***Recommendation 3***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Internal Review offices to emphasize that supervisory auditors must document supervisory review of all audit documentation that supports the findings, conclusions, and recommendations contained in audit reports before the reports are issued in accordance with Generally Accepted Government Auditing Standard 8.135c.**

---

<sup>25</sup> ASA(FM&C) memorandum, “Supervision Standard for One Person Internal Review Office,” December 4, 2017.

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that they will issue a policy memorandum to all Army Internal Review offices that emphasizes the supervisory review documentation requirements included in GAGAS. The memorandum will also emphasize the supervisory review requirement in GAGAS 5.58 for an Army Internal Review office that consists of a single auditor. The Deputy Assistant Secretary will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a signed copy of the memorandum that emphasizes that supervisory auditors must document supervisory review of all audit documentation that supports the findings, conclusions, and recommendations contained in audit reports before the reports are issued in accordance with GAGAS 8.135c.

### ***Recommendation 4***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:**

- a. Conduct a review of the Internal Review offices to determine if the offices have a tool, such as a working paper tracking checklist, to assist supervisory auditors with detecting working papers that do not include evidence of supervisory review before issuing an audit report.**
- b. Based on the results of the review in Recommendation 4.a, require the Internal Review offices to develop and implement a tool, such as a working paper tracking checklist, to help ensure that the auditors document supervisory review in accordance with Generally Accepted Government Auditing Standard 8.135c.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that the Assistant Secretary of the Army for Financial Management and Comptroller will develop a working paper tracking tool to assist supervisory auditors to detect working papers that do not include evidence of supervisory review before the issuance of an audit report. The Deputy Assistant Secretary will distribute the tracking tool along with the supervisory review policy memorandum they plan to issue to the Army Internal Review offices by December 31, 2026.

## ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a copy of the working paper tracking tool that supervisory auditors at the Army Internal Review offices should use to assist them in detecting working papers that do not include evidence of supervisory review prior to issuing an audit report.

## **Deficiency 5. For Two of Nine Army IR Offices, Auditors Did Not Comply with GAGAS and American Institute of Certified Public Accountants Standards for Review Engagements in Three Areas**

For two of nine Army IR offices we reviewed, the auditors did not comply with GAGAS and American Institute of Certified Public Accountants (AICPA) standards in the areas of planning, evidence, and reporting when they conducted the two review engagements we selected for review.<sup>26</sup> We found that auditors at the FORSCOM IRACO and USARPAC-Eighth Army IR office did not comply with GAGAS and AICPA standards when they conducted one review engagement each.

GAGAS 7.70 establishes requirements for review engagements and requirements for review engagements are contained in the AICPA's Statements on Standards for Attestation Engagements (SSAEs). GAGAS 7.70 further states that auditors should comply with the additional GAGAS requirements, along with the applicable AICPA requirements, when citing GAGAS in their review engagement reports. Also, AICPA AT-C Section 210.05, "Conduct of a Review Engagement," states that in performing a review engagement, the practitioner should comply with any subject-matter AT-C section relevant to the engagement when the AT-C section is in effect and the circumstances addressed by the AT-C section exist.<sup>27</sup>

### ***FORSCOM IRACO***

The FORSCOM IRACO auditors did not follow GAGAS and AICPA standards for conducting review engagements for Report No. 2022-005, "Follow-Up Audit of Military Leave Requests."<sup>28</sup> GAGAS 7.04 states that a review engagement only provides limited assurance, and as a result, auditors do not provide recommendations that are common in other types of GAGAS engagements. Also, AICPA AT-C 210.07c states that a practitioner should not perform

<sup>26</sup> According to AICPA AT-C Section 210, "Review Engagements," the objective of a review engagement is to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to be in accordance with (or based on) the criteria. In a review engagement, the auditor expresses a conclusion in a written report.

<sup>27</sup> AICPA AT-C Section 105, "Concepts Common to All Attestation Engagements," defines a practitioner as the person or persons conducting the attestation engagements, which is usually the engagement partner or other members of the engagement team.

<sup>28</sup> Report No. 2022-005, "Follow-Up Audit of Military Leave Requests," May 18, 2023.

a review of compliance with requirements of specified regulations. We identified the following deficiencies for the review engagement at the FORSCOM IRACO.

- **Auditors included one recommendation in the report.** GAGAS 7.04 states that a review engagement only provides limited assurance, and as a result, auditors do not provide recommendations that are common in other types of GAGAS engagements.
- **Auditors used Army regulation as the criteria for evaluating evidence.** AICPA AT-C 210.07c states that practitioners should not perform a review of compliance with requirements of specified regulations.
- **The report title did not include the word “independent.”** AT-C 210.45a states that the practitioner’s report should include a title that includes the word independent.
- **The report did not include a statement that a review is substantially less in scope than an examination.** AT-C 210.45h states that the practitioner’s report should include a statement that the procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination.
- **The report used inconsistent terminology to describe the type of GAGAS engagement performed.** For example, the auditors included the following in the report:
  - the term “audit” in the title, and
  - a statement that included the following: *We conducted this audit in accordance with GAGAS for attestation engagements.*

Moreover, the auditors should have conducted this review engagement as a follow-up audit because the purpose of the engagement was to determine whether a Special Troops Battalion implemented four recommendations that the FORSCOM IRACO included in an audit report it issued in August 2021. Additionally, the auditors wanted to determine whether the corrective actions rectified the deficiencies the auditors identified.

Lastly, we determined that the auditors at the FORSCOM IRACO did not have a full understanding of the proper use and application of GAGAS and AICPA standards for attestation engagements. For example, the FORSCOM IRACO Director told us that the auditors did not have to follow AICPA standards because the auditors are not certified public accountants and therefore AICPA standards do not apply to them.

### **USARPAC-Eighth Army IR**

USARPAC-Eighth Army IR auditors did not comply with GAGAS and AICPA standards in the areas of evidence and reporting for Report No. 23-05, “Review of Korean National Pay Separation of Duties Waiver.”<sup>29</sup>

---

<sup>29</sup> Report No. 23-05, “Review of Korean National Pay Separation of Duties Waiver,” January 4, 2023.

We identified the following deficiencies for the review engagement at the USARPAC-Eighth Army IR office.

- **Auditors did not establish an agreement on the terms of the engagement and obtain a written assertion.** AICPA AT-C 210.45 states that the practitioner should agree on the terms of the engagement with the engaging party. Also, the practitioner should request from the responsible party a written assertion about the measure or evaluation of the underlying subject matter against the criteria.
- **The report title did not include the word “independent.”** AICPA AT-C 210.45 states that the practitioner’s report should include a title that includes the word “independent.”
- **The report did not identify the responsible party and its responsibility and the auditors’ responsibility to express a conclusion.** AICPA AT-C 210.45 states that the practitioner’s report should include a statement that identifies the responsible party and its responsibility for the subject matter being in accordance with (or based on) criteria or for its assertion. Furthermore, it states that the practitioner’s responsibility is to express a conclusion on the subject matter or assertion based on the practitioner’s review.
- **The report did not include a statement that a review is substantially less in scope than an examination and no opinion is expressed.** AICPA AT-C 210.45 states that the practitioner’s report should include a statement that the procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination.
- **The report did not address any restrictions on its use and a statement that report is not suitable for any other purpose.** AICPA AT-C 210.48 states that the report should state restrictions on the use of the report, a description of the purpose of the report, and a statement that the report is not suitable for any other purpose.
- **The report did not include a statement that the practitioner is required to be independent and to meet the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements relating to the review engagement.** AICPA AT-C 210.45 states that the report should include a statement that the practitioner is required to be independent and to meet the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements relating to the review engagement.
- **The report did not include the practitioner’s conclusion about whether the practitioner is aware of any material modifications that should be made to the subject matter.** AICPA AT-C 210.45 requires the report to include the practitioner’s conclusion about whether, based on the review, the practitioner is aware of any material modifications needed for the subject matter to be in accordance with the criteria or for the responsible party’s assertion to be fairly stated.

The USARPAC-Eighth Army IR Deputy Director told us that their quality control review checklist for review engagements did not include all the AICPA standards to help ensure that the auditors complied with the standards. However, in January 2026, the USARPAC-Eighth Army IR Director updated the checklist. We reviewed the checklist and determined it was designed to help ensure that the auditors comply with AICPA standards when they conduct review engagements in the future. Since review engagements are substantially less in scope than audits and examination engagements, it is important that auditors comply with GAGAS and AICPA standards when they conduct the engagement. An auditor's compliance with the standards allows users of the report to understand the nature of the work performed and the results of the review engagement.

We determined that this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because it was isolated to two of nine (22 percent) Army IR offices we reviewed and does not appear to be systemic for the Army IR Program as a whole. Since deficiencies 5, 6, and 7 pertain to noncompliances with GAGAS and AICPA attestation engagement standards, we made one recommendation (Recommendation 5) to cover the three deficiencies.

## **Deficiency 6. For One of Nine Army IR Offices, Auditors Did Not Comply with GAGAS and AICPA Standards for Examination Engagements in One Area**

For one of nine Army IR offices we reviewed, the auditors did not comply with GAGAS and AICPA standards when they conducted the one examination engagement we selected for review. Specifically, the auditors at the USARPAC-Eighth Army IR office did not comply with GAGAS and AICPA standards in the area of planning when they conducted one examination engagement.

GAGAS 7.05 establishes requirements for examination engagements in addition to the requirements for examinations contained in the AICPA's SSAEs. GAGAS 7.05 further states that auditors should comply with these additional requirements, along with the AICPA requirements for examination engagements, when citing GAGAS in their examination engagement reports. In addition, AICPA AT-C section 205 contains performance and reporting requirements and application guidance for all examination engagements.<sup>30</sup>

The auditors told us that they did not comply with GAGAS and AICPA standards when they performed Report No. 24-17, "Financial Management Support Unit Cash Verification," because they believed that materiality was not applicable to the cash verifications they perform. The Deputy Director also stated that the auditors do not inquire about investigative or legal

---

<sup>30</sup> AICPA updated AT-C Section 205, "Assertion-Based Examination Engagements," on September 20, 2021. AT-C Section 205 became effective for practitioner's assertion-based examination reports dated on or after June 15, 2022.

proceedings for cash verifications. However, since the auditors performed an examination engagement, they were required to comply with GAGAS and AICPA standards.<sup>31</sup>

We identified the following deficiencies for the examination engagement.

- **Auditors did not consider materiality for the subject matter.** AT-C 205.17 states that the practitioner should consider materiality when establishing the overall engagement strategy; determining the nature, timing, and extent of procedures; and evaluating whether the subject matter is in accordance with (or based on) the criteria, in all material respects, or whether the assertion is fairly stated, in all material respects.
- **Auditors did not ask management to identify investigative or legal proceedings.** GAGAS 7.14 states that auditors should inquire of management of the audited entity whether any investigations or legal proceedings significant to the engagement objectives have been initiated or are in process. In addition, the auditors should evaluate the effect of an initiated or in-process investigation or legal proceeding on the current examination engagement.

Auditors should comply with GAGAS and AICPA standards when they conduct an examination engagement because the standards help auditors apply the concept of materiality appropriately when they plan and perform the engagement. Materiality is the benchmark that users of examination reports use to determine what misstatements are significant enough to affect their decisions.

We determined that this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because it was isolated to the USARPAC-Eighth Army IR office and the auditors complied with AICPA standards for examination engagements overall. Because deficiencies 5, 6, and 7 pertain to noncompliances with GAGAS and AICPA attestation engagement standards, we made one recommendation (Recommendation 5) to cover the three deficiencies.

## **Deficiency 7. For One of Nine Army IR Offices, Auditors Did Not Comply with GAGAS and AICPA Standards in Five Areas for Two Agreed-Upon Procedures Engagements**

For one of nine Army IR offices we reviewed, the auditors did not comply with GAGAS and AICPA standards when they conducted the two agreed-upon procedures (AUP) engagements we selected for review. Specifically, the auditors at the USARPAC-Eighth Army IR office did not comply with GAGAS and AICPA standards in the areas of planning, fieldwork, evidence, documentation, and reporting when they conducted the two AUP engagements.

---

<sup>31</sup> Report No. 24-17, "Financial Management Support Unit Cash Verification," May 31, 2024.

GAGAS 7.78 establishes requirements for AUP engagements in addition to the requirements for AUP engagements contained in the AICPA's SSAEs. GAGAS 7.78 further states that auditors should comply with the additional GAGAS requirements, along with the applicable AICPA requirements, when citing GAGAS in their AUP engagement reports. In addition, AICPA AT-C 215.09 states that in performing an AUP engagement, the practitioner should comply with section 105 for any subject matter section that is relevant to the engagement.

The auditors did not comply with GAGAS and AICPA standards when they performed the following AUP engagements because the USARPAC-Eighth Army IR office did not have policies and procedures for conducting AUP engagements.

- Report No. IRR 23-10, "Agreed-Upon Procedures Engagement of the Eighth Army FY23 Annual Statement of Assurance"<sup>32</sup>
- Report No. IRR 24-10, "Independent Agreed-Upon Procedures Attestation Engagement of the Eighth Army FY24 Annual Statement of Assurance"<sup>33</sup>

We identified the following deficiencies for the AUP engagements.

- **Auditors did not obtain written representations (Report No. IRR 23-10 and Report No. IRR 24-10).** AICPA AT-C 215.27 states that the practitioner should request from the engaging party written representations in the form of a letter addressed to the practitioner.
- **Auditors did not obtain an agreement on the procedures performed (Report No. IRR 23-10 and Report No. IRR 24-10).** AICPA AT-C 215.42 states that the practitioner should prepare engagement documentation that includes the written agreement and acknowledgment from the engaging party on the appropriateness of the procedures performed for the intended purpose of the engagement. The auditors did not have procedures to ensure that they were compliant with AICPA AT-C 215.42.
- **Auditors did not prepare sufficient documentation identifying the specified parties' agreement on the procedures (Report No. IRR 24-10).** AICPA AT-C 215.42a states that the practitioner should prepare engagement documentation on a timely basis that includes the written agreement and acknowledgment from the engaging party on the appropriateness of the procedures performed for the intended purpose of the engagement.
- **Auditors did not issue a written report in the form of procedures and findings (Report No. IRR 24-10).** AICPA AT-C 215.32 states that the practitioner's report should be in the form of procedures and findings.

<sup>32</sup> Report No. IRR 23-10, "Agreed-Upon Procedures Engagement of the Eighth Army FY [20]23 Annual Statement of Assurance," March 20, 2023.

<sup>33</sup> Report No. IRR 24-10, "Independent Agreed-Upon Procedures Attestation Engagement of the Eighth Army FY [20]24, Annual Statement of Assurance," March 13, 2024.

- **The report title did not include the word “independent” (Report No. IRR 23-10).** AICPA AT-C 215A.49 states that a title indicating that the practitioner’s report is the report of an independent practitioner affirms that the practitioner has met all the relevant ethical requirements regarding independence. Therefore, distinguishes the independent practitioner’s report from reports issued by others.
- **The report did not include required AUP engagement alerts (Report No. IRR 24-10).** AICPA AT-C 215.35 and AICPA AT-C 215.36 state that the practitioner should consider whether to include an alert in a separate paragraph that restricts the use of the practitioner’s AUP report. The alert should state that the practitioner’s report is intended solely for the information and usage of the specified parties, identify the specified parties for whom use is intended, and state that the report is not intended to be, and should not be, used by anyone other than the specified parties.
- **The report did not identify the responsible party and its responsibilities (Report No. IRR 24-10).** AICPA AT-C 215.34e states that the practitioner’s AUP report should include identification of the responsible party, including a statement that the responsible party is responsible for the subject matter.

The USARPAC-Eighth Army IR Director stated that the deficiencies occurred because the auditors were not aware of these requirements and did not have tools, such as a template to guide the auditors in documenting their work consistently across engagements and covered all required AICPA elements.

The USARPAC-Eighth Army IR office took corrective action to ensure compliance with AICPA standards when it updated its quality control checklist in January 2026. See Deficiency 5 in the System Review Report for additional details. Since AUP engagements are substantially less in scope than audits and examination engagements, it is important that auditors comply with GAGAS and AICPA standards when they conduct the engagement. An auditor’s compliance helps ensure that users of the AUP reports understand the nature of the work performed and the results.

We determined that this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because it was isolated to the USARPAC-Eighth Army IR office. Based on our review of the nine Army IR offices, the deficiency does not appear to be systemic for the Army IR Program as a whole.

### ***The DoW OIG Identified Deficiencies for AUP Engagements in the Previous Peer Review***

The DoW OIG identified a deficiency for AUP engagements during the previous peer review of the Army IR Program. The DoW OIG recommended that the Director at that office provide training to the audit staff to improve their understanding and knowledge of GAGAS and AICPA standards for reporting on AUP engagements. As a result, the Director provided training to the audit staff to improve their understanding and knowledge of GAGAS and AICPA standards

for reporting on AUP engagements. However, based on the results of this peer review, the Deputy ASA(FM&C) should take additional corrective action to ensure that auditors comply with GAGAS and AICPA standards when they perform AUP engagements.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 5***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information develop and implement a requirement for audit staff at the Internal Review offices to complete annual training that emphasizes requirements to comply with Generally Accepted Government Auditing Standards and American Institute of Certified Public Accountants standards for:**

- a. Conducting review engagements.**
- b. Conducting examination engagements.**
- c. Conducting agreed-upon procedure engagements.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that the Assistant Secretary of the Army for Financial Management and Comptroller will issue a policy memorandum that implements a requirement for Internal Review offices to certify that all personnel assigned to an attestation engagement have completed training for conducting attestation engagements within 12 months before the office announces the engagement. The Deputy Assistant Secretary will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a signed copy of the memorandum that implements a requirement for auditors at the Army Internal Review offices to complete annual training that emphasizes requirements to comply with GAGAS and American Institute of Certified Public Accountants standards for attestation engagements.

## Deficiency 8. For Three of Nine Army IR Offices, Auditors Did Not Comply with the GAGAS Requirements for Nonaudit Services

For three of the nine Army IR offices we reviewed, auditors did not comply with the GAGAS requirements for nonaudit services. Specifically, for 3 of 10 nonaudit services we reviewed, the auditors at the CHRA AICO, FORSCOM IRACO and the U.S. Army Intelligence and Security Command (INSCOM) IR office did not comply with four or more of the following GAGAS requirements.

- GAGAS 3.64 states that before auditors agree to provide a nonaudit service to an audited entity, the auditors should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS engagement they conduct.
- GAGAS 3.73 states that auditors should determine that the audited entity has designated an individual who possesses suitable skill, knowledge, or experience and that the individual understands the services to be provided sufficiently to oversee them.
- GAGAS 3.74 states that auditors should document consideration of management's ability to effectively oversee nonaudit services to be provided.
- GAGAS 3.76 states that auditors providing nonaudit services to audited entities should obtain agreement from the audited entity's management concerning management's functions in connection with the nonaudit services.
- GAGAS 3.77 states that auditors should establish and document their understanding with the audited entity's management in connection with the nonaudit services.

Table 2 identifies the GAGAS noncompliances for nonaudit services performed at the CHRA AICO, FORSCOM IRACO, and INSCOM IR office.

*Table 2. GAGAS Noncompliances for Nonaudit Services Performed at the CHRA AICO, FORSCOM IRACO, and INSCOM IR Office*

| Army IR Office   | Nonaudit Service                             | GAGAS 3.64 | GAGAS 3.73 | GAGAS 3.74 | GAGAS 3.76 | GAGAS 3.77 |
|------------------|----------------------------------------------|------------|------------|------------|------------|------------|
| CHRA AICO        | DD Form 2875 Review                          | X          | X          | X          | X          | X          |
| FORSCOM IRACO    | Annual Financial Statement Audit             | X          | X          | X          | X          | X          |
| INSCOM IR Office | Review of Freedom of Information Act Program |            | X          | X          | X          | X          |

Note: An "X" signifies that the nonaudit service did not comply with the Generally Accepted Government Auditing Standards.

Source: The DoW OIG.

## **CHRA AICO**

The auditor at the CHRA AICO did not comply with GAGAS 3.64, 3.73, 3.74, 3.76, and 3.77 when they performed Project No. 24-05, “Review of DD Form 2875 for the Automated Time Attendance and Production System Access” because the CHRA AICO does not have policies and procedures for nonaudit services.<sup>34</sup> In addition, we could not determine why the auditor did not comply with GAGAS because they departed the office in May 2025.

## **FORSCOM IRACO**

The auditors at the FORSCOM IRACO did not comply with GAGAS 3.64, 3.73, 3.74, 3.76, and 3.77 when they performed nonaudit service “Annual Financial Statement Audit,” although the FORSCOM IRACO’s SOP includes similar guidance for nonaudit services that is included in GAGAS.<sup>35</sup>

The FORSCOM IRACO Director provided us a copy of their nonaudit service independence assessment form and memorandum of record template that auditors should use to document their decision to conduct a nonaudit service and outline the considerations on management’s ability to effectively oversee a nonaudit service. However, the Director could not provide us with an independence assessment form and memorandum of record for the nonaudit service we reviewed during this peer review. According to the Director, the auditors did not complete the independence assessment form and memorandum of record due to an oversight.

## **INSCOM IR Office**

The auditors at the INSCOM IR office did not comply with GAGAS 3.73, 3.74, 3.76, and 3.77 when they performed Report No. IAIR-A01-2022, “Review of INSCOMs Freedom of Information Act Program,” although the INSCOM IR office’s SOP contains similar guidance for nonaudit services that is included in GAGAS. We were informed that the INSCOM IR Chief who performed the nonaudit service left the office in May 2024. The current audit staff members could not provide us documentation to show that the Chief complied with the four GAGAS requirements when they performed the nonaudit service.

Since providing nonaudit services to audited entities may create threats to an auditor’s independence, it is essential that auditors determine whether providing such a service would create a threat to independence for any GAGAS engagement they conduct. We determined that this deficiency does not rise to the level of a significant deficiency as defined in the CIGIE Guide because for two of three offices where the deficiency occurred, we found no evidence that providing such a service created a threat to independence.

---

<sup>34</sup> Project No. 24-05, “Review of DD Form 2875 for ATAAPS System Access,” undated.

<sup>35</sup> The FORSCOM IRACO did not establish a project number for this nonaudit service.

## ***The DoW OIG Identified Nonaudit Services Deficiencies in the Previous Peer Review***

The DoW OIG identified nonaudit services deficiencies at two Army IR offices during the previous peer review of the Army IR Program. Specifically, the auditors at the offices did not comply with one or more GAGAS requirements for nonaudit services. The DoW OIG did not make any recommendations because the two offices took corrective actions during the peer review. However, based on the results of this peer review, the Deputy ASA(FM&C) should take additional corrective action to ensure that auditors comply with GAGAS when they perform nonaudit services.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 6***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army Internal Review offices to emphasize that auditors must comply with Generally Accepted Government Auditing Standards when they perform nonaudit services.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that the Assistant Secretary of the Army for Financial Management and Comptroller will issue a policy memorandum to the Army Internal Review offices that emphasizes that the auditors must comply with GAGAS requirements when they perform nonaudit services. The Deputy Assistant Secretary will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a copy of the signed memorandum that emphasizes that Army Internal Review offices must comply with GAGAS when they perform nonaudit services.

## The DoW OIG Identified Three of the Eight Deficiencies in This System Review Report in the Previous Peer Review of the Army IR Program

Three of the eight deficiencies included in this System Review Report were identified in the previous peer review of the Army IR Program. Specifically, Deficiencies 3, 7, and 8 are repeat deficiencies.

In Report No. DODIG-2023-042, “External Peer Review of the Army Internal Review Program,” we recommended actions to correct the deficiencies and help ensure that Army IR auditors comply with GAGAS and AICPA standards when they perform their work.<sup>36</sup> The corrective actions that the Office of the ASA(FM&C) and affected Army IR offices took were not fully effective because we found the repeat deficiencies at six of the nine Army IR offices selected for this peer review. Based on the results of this peer review, the Office of the ASA(FM&C) should take additional actions to ensure that auditors comply with GAGAS and AICPA standards when they perform their work. Refer to Deficiencies 3, 7, and 8 for additional details.

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

---

<sup>36</sup> DoW OIG Report No. DODIG-2023-042, “External Peer Review of the Army Internal Review Program,” January 9, 2023.

# Appendix A

## Scope and Methodology

We conducted this peer review from February 2025 through July 2026 in accordance with GAGAS and the CIGIE Guide. The 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
- 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 the findings, conclusions, and recommendations. We believe the evidence that we obtained was sufficient and relevant to lead a reasonable person to sustain the findings, conclusions, and recommendations.

This peer review covered the 3-year review period from January 1, 2022, through December 31, 2024. We tested compliance with the Army IR Program's system of quality control to the extent we considered appropriate. We selected a nonstatistical sample of ten Army IR offices that provided a reasonable cross-section of the Army IR Program. We considered several factors in our selection, including which commands were included in the previous peer review, the number of auditors at each office, and the number of audit reports issued during the 3-year period. Table 3 identifies the 10 Army IR offices we selected for this review. For 1 of the 10 Army IR offices we reviewed, ASA(FM&C), they did not perform any performance audits, attestation engagements, or nonaudit services during the 3-year period of review. Therefore, we only reviewed ASA(FM&C)'s policies and procedures and the audit staff's continuing professional education (CPE) documentation.

*Table 3. Army IR Offices Reviewed*

| Army IR Office                                                                                                                                            | Location                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Office of the Assistant Secretary of the Army for Financial Management and Comptroller Financial Operations & Accounting-Army Risk Management (ASA[FM&C]) | Pentagon, Virginia                                          |
| U.S. Army Pacific, Headquarters Eighth Army Internal Review (USARPAC-Eighth Army IR) office                                                               | Camp Humphreys, South Korea                                 |
| U.S. Army Human Resources Command Internal Review and Audit Compliance office (HRC IRACO)                                                                 | Fort Knox, Kentucky                                         |
| U.S. Army Futures Command Headquarters Internal Audit Directorate (AFC-HQ IAD)                                                                            | Austin, Texas                                               |
| U.S. Army Forces Command Internal Review and Audit Compliance office (FORSCOM IRACO)                                                                      | Fort Liberty, North Carolina                                |
| U.S. Army Corps of Engineers–Jacksonville District Internal Review (USACE-CESAJ IR) office                                                                | Jacksonville, Florida                                       |
| U.S. Army Reserve Command–377th Theater Sustainment Command Internal Review (USARC 377th-TSC IR) office                                                   | Naval Air Station Joint Reserve Base New Orleans, Louisiana |
| U.S. Civilian Human Resources Agency Audit and Internal Control office (CHRA AICO)                                                                        | Aberdeen Proving Ground, Maryland                           |
| U.S. Army Materiel Command–U.S. Army Sustainment Command Internal Review and Audit Compliance office (AMC-ASC IRACO)                                      | Rock Island, Illinois                                       |
| U.S. Army Intelligence & Security Command Internal Review (INSCOM IR) office                                                                              | Fort Belvoir, Virginia                                      |

Source: The DoW OIG.

## ***Limitations***

We could not review a cross-section of all the Army IR Program offices in accordance with CIGIE peer review guidelines. We were notified by HRC IRACO and AFC-HQ IAD personnel that they could not provide project documentation for the GAGAS engagements that we selected for review. The HRC IRACO personnel could not provide project documentation for two performance audits, one attestation engagement, and one terminated audit we selected for review at that office. The HRC IRACO auditors who had access to the project documentation no longer worked for the agency. Additionally, the AFC-HQ IAD personnel could not provide project documentation for the one nonaudit service we selected for review at that office because the documentation was lost when the auditors performed a manual migration to a cloud-based service in May 2023. Table 4 lists the five projects that HRC IRACO and AFC-HQ IAD personnel could not provide any documentation.

Table 4. List of Projects with Unavailable Project Documentation

| Army IR Office | Report Number | Project Title                                                                                                  | Type of Engagement     |
|----------------|---------------|----------------------------------------------------------------------------------------------------------------|------------------------|
| HRC IRACO      | 2022-010      | Audit of Command's Information System Access Controls                                                          | Performance Audit      |
| HRC IRACO      | 2022-004      | Audit of Officer Candidate School (OCS) Program                                                                | Performance Audit      |
| HRC IRACO      | 2022-002      | Review of Attestation of the FY 2022 U.S. Army Human Resources Risk Management and Internal Control Program    | Attestation Engagement |
| HRC IRACO      | 2023-013      | Audit of Command's Stabilization Actions                                                                       | Terminated Audit       |
| AFC-HQ AID     | None          | Internal Audit's Review of the Army Futures Command Fiscal Year (FY) 2023 Annual Statement of Assurance (ASoA) | Nonaudit Service       |

Source: The DoW OIG.

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's Appendix A)***

Using CIGIE Guide's Appendix A, we obtained general information about the Army IR Program's system of quality control to determine the adequacy of the established policies and procedures and compliance with Government Auditing Standards. Appendix A includes questions designed to assist with determining the adequacy of the audit policies and procedures of an audit organization. We requested that each of the 10 selected Army IR offices provide a copy of its relevant policies and procedures. Using Appendix A, we recorded our conclusions on the policies and procedures for each of the 10 offices.

We concluded that the policies and procedures for 3 of the 10 Army IR offices were not adequate. Specifically, the HRC IRACO, USARPAC-Eighth Army IR office, and CHRA AICO did not have adequate policies and procedures in the areas of financial audits, review of financial statements, performance audits, and attestation engagements to provide them with reasonable assurance that they were performing their work in conformity with all professional standards. See Finding 1 in the Letter of Comment for additional details.

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

Using the CIGIE Guide's Appendix B, we tested each of the ten Army IR offices to determine whether the Army IR offices complied with GAGAS general standards related to independence, competence and continuing professional education, and quality control and peer review.

### ***Independence***

We reviewed the independence records for the auditors assigned to the 27 projects completed at the nine Army IR offices to determine whether the auditors met the GAGAS requirements for independence.<sup>37</sup> We determined that three of the nine Army IR offices did not comply with the independence requirements in GAGAS and Army IR policies and procedures. Specifically, we determined that the auditor at the CHRA AICO did not evaluate a threat to independence. See Deficiency 2 in the System Review Report for additional details. We also determined that the auditors at the CHRA AICO, FORSCOM IRACO, and INSCOM IR office did not meet the GAGAS independence requirements for nonaudit services. See Deficiency 8 in the System Review Report for additional details.

### ***Competence and Continuing Professional Education***

We interviewed and surveyed a nonstatistical sample of 26 of the 33 audit staff employed by the nine Army IR offices that performed the projects, as of May 2025. For the USARPAC-Eighth Army IR office, we used a survey instead of conducting interviews due to the 13-hour time zone difference with our office.<sup>38</sup> We chose supervisors and auditors that would provide a reasonable cross-section of audit staff assigned to the nine Army IR offices. We conducted the interviews and reviewed the responses in the surveys to determine the auditors' understanding of and compliance with GAGAS and Army IR policies and procedures. Based on the results, we concluded that the supervisors and auditors are competent and have an adequate understanding of GAGAS and Army IR policies and procedures.

We reviewed CPE documentation during the most recently completed 2-year CPE reporting period for all 33 auditors assigned to the ten Army IR offices we selected for review, to determine whether the auditors met the GAGAS CPE requirements. We determined that the auditors at the HRC IRACO, USARPAC-Eighth Army IR office, and FORSCOM IRACO did not meet the GAGAS CPE requirements. See Finding 8 in the Letter of Comment for additional details.

<sup>37</sup> We nonstatistically selected 32 projects for review. However, the HRC IRACO could not provide project documentation for four GAGAS engagements, and the AFC-HQ IAD could not provide project documentation for one nonaudit service. As a result, our sample decreased to 27 projects.

<sup>38</sup> The USARPAC-Eighth Army IR office is in South Korea. We surveyed six auditors at that office.

## ***Quality Control and Peer Review***

We reviewed the internal quality assurance reviews completed by the nine Army IR offices from January 1, 2022, through December 31, 2024, to determine whether the offices:

- 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.

Five of the nine Army IR offices did not comply with GAGAS for monitoring of quality. One of the nine offices did not perform monitoring of quality procedures for 2 years of the 3-year review period. Additionally, three of the nine offices did not perform monitoring procedures for 1 year of the 3-year review period. Lastly, one of the nine offices did not summarize the results of their monitoring procedures for 1 year of the 3-year review period. See Deficiency 3 in the System Review Report for additional details.

### ***Checklist for Examinations Engagements (CIGIE Guide's Appendix D1)***

From January 1, 2022, through December 31, 2024, the nine Army IR offices completed one examination engagement. We reviewed the examination engagement for compliance with GAGAS and AICPA standards using Appendix D1 of the CIGIE Guide. Specifically, we reviewed Project No. 24-14, "Financial Management Support United Cash Verification Examination Engagement," May 31, 2024, conducted at the USARPAC-Eighth Army IR office. We determined that the USARPAC-Eighth Army IR auditors did not comply with GAGAS and AICPA standards in the area of planning when they conducted the examination engagement. See Deficiency 6 in the System Review Report for additional details.

### ***Checklist for Review Engagements (CIGIE Guide's Appendix D2)***

From January 1, 2022, through December 31, 2024, the nine Army IR offices completed 55 review engagements. We nonstatistically selected three review engagements to review. We chose review engagements that would provide a reasonable cross-section of engagements that the Army IR offices conducted during the 3-year period. We reviewed the three engagements for compliance with GAGAS and AICPA standards using Appendix D2 of the CIGIE Guide. We determined that the FORSCOM IRACO and USARPAC-Eighth Army IR auditors did not comply with GAGAS and AICPA standards when they conducted one review engagement each. Specifically, the FORSCOM IRACO auditors did not comply with the independence, planning, fieldwork, evidence and reporting standards. In addition, the USARPAC-Eighth Army IR office auditors did not comply with evidence and reporting standards. See Deficiency 5 in the System Review Report for additional details. Table 5 lists the review engagements selected for review.<sup>39</sup>

<sup>39</sup> We did not review the HRC IRACO review engagement for compliance with GAGAS because the HRC IRACO could not provide project documentation.

Table 5. Review Engagements Selected for Review

| Army IR Office         | Report Number | Report Title                                                                                                 |
|------------------------|---------------|--------------------------------------------------------------------------------------------------------------|
| USARPAC-Eighth Army IR | IRR 23-05     | Review of Korean National Pay Separation of Duties Waiver                                                    |
| HRC IRACO              | 2022-002      | Review of Attestation of the FY 2022 U.S. Army Human Resources Risk Management and Internal Control Program* |
| FORSCOM IRACO          | 2022-005      | Follow-Up Audit on the Audit of Military Leave Requests                                                      |

Note: We did not review the HRC IRACO review engagement for compliance with GAGAS because that office could not provide us with the project documentation.

Source: The DoW OIG.

### ***Checklist for Agreed-Upon Procedures Engagements (CIGIE Guide's Appendix D3)***

From January 1, 2022, through December 31, 2024, the nine Army IR offices completed two AUP engagements. We reviewed the two AUP engagements for compliance with GAGAS and AICPA standards using Appendix D3 of the CIGIE Guide. We determined that the USARPAC-Eighth Army IR auditors did not comply with GAGAS and AICPA standards in the areas of planning, fieldwork, evidence, documentation, and reporting when they conducted the AUP engagements. See Deficiency 7 in the System Review Report for additional details. Table 6 identifies the two AUPs we selected for our review.

Table 6. Agreed-Upon Procedures Engagements Selected for Review

| Army IR Office         | Report Number | Report Title                                                                        |
|------------------------|---------------|-------------------------------------------------------------------------------------|
| USARPAC-Eighth Army IR | IRR 24-10     | FY 2024 U.S. Army Pacific Eighth Army FY 2024 Annual Statement of Assurance (PN-06) |
|                        | IRR 23-10     | FY 2023 Commander's Annual Statement of Assurance                                   |

Source: The DoW OIG.

### ***Checklist for Performance Audits (CIGIE Guide's Appendix E)***

From January 1, 2022, through December 31, 2024, the nine Army IR offices selected for review completed 36 performance audits. We nonstatistically selected a sample of 13 performance audits for our review. We chose audits that would provide a reasonable cross-section of performance audits that the Army IR offices conducted during the 3-year period. For example, we chose performance audits that resulted in the selection of various Army IR audit supervisors and auditors. We reviewed the performance audits for compliance with the GAGAS using Appendix E of the CIGIE Guide. We determined that four of the nine Army IR offices did not comply with GAGAS when they conducted the performance audits.

See Deficiencies 1, 2, and 4 in the System Review Report and Findings 2, 3, 4, 5, 6, 7, and 8 in the Letter of Comment for additional details. Table 7 lists the performance audits we selected for our review.<sup>40</sup>

*Table 7. Performance Audits Selected for Review*

| Army IR Office         | Report Number*    | Report Title                                                                                                               |
|------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------|
| AFC-HQ IAD             | IA 2024-01        | Audit of Consolidated Accounts                                                                                             |
| FORSCOM IRACO          | 2023-001          | Audit of the XVIII Airborne Corps Official Representation Funds Program                                                    |
| USACE-CESAJ IR         | CESAJ-IR 2022-015 | Audit of the Construction Projects Progress/Final Payments Process funded by Bipartisan Budget Act of 2018                 |
| USARC 377th-TSC IR     | 2022-005          | Audit of Defense Travel System Payments–377th Theater Sustainment Command                                                  |
| CHRA AICO              | 24-03*            | Audit of Manpower Management                                                                                               |
| CHRA AICO              | 23-04*            | Audit of Earned Revenue                                                                                                    |
| AMC-ASC IRACO          | 2021-001          | Audit of IT Equipment Property Accountability                                                                              |
| INSCOM IR              | IAIR-A04-2024     | Audit of INSCOMs Hiring Practices                                                                                          |
| INSCOM IR              | IAIR-A01-2023     | Audit of INSCOM Incoming Military Interdepartmental Purchase Request                                                       |
| USARPAC-Eighth Army IR | IRR 23-11         | Audit of the Army’s Management of the Good Neighbor Program, Honorary Club Members and the Sponsored Guest Passes in Korea |
| USARPAC-Eighth Army IR | IRR 24-19         | Audit of the United States Forces Korea Defense Travel System                                                              |
| HRC IRACO              | 2022-010          | Audit of Command’s System Access Controls                                                                                  |
| HRC IRACO              | 2022-004          | Audit of Officer Candidate School Program                                                                                  |

Note: We did not review the HRC IRACO performance audits for compliance with GAGAS because that office could not provide us with the project documentation.

\* The CHRA AICO audit reports did not contain a report number; therefore, we included the project number.

Source: The DoW OIG.

<sup>40</sup> We did not review the HRC IRACO review engagement for compliance with GAGAS because the HRC IRACO could not provide us with the project documentation.

## Terminated Audits

From January 1, 2022, through December 31, 2024, the nine Army IR offices terminated three audits. We reviewed the audit documentation for the three terminated audits to determine whether the Army IR offices documented the results of the work to date of the termination and why the audit was terminated, as required by GAGAS. We determined that the auditors complied with GAGAS when they terminated the audits. Table 8 identifies the three terminated audits we selected for our review.

*Table 8. Terminated Audits Selected for Review*

| Army IR Office     | Project Number | Audit Title                                                                                                      |
|--------------------|----------------|------------------------------------------------------------------------------------------------------------------|
| HRC IRACO          | 2023-013       | Audit of Command's Crew Stabilization Actions                                                                    |
| USARC-377th TSC IR | 2023-008       | Audit of the 377th TSC Controls over Goods and Services Procured by Military Interdepartmental Purchase Requests |
| FORSCOM IRACO      | 2022-003       | Telework Program                                                                                                 |

Note: We did not review the HRC IRACO terminated audit for compliance with GAGAS because that office could not provide us with the project documentation.

Source: The DoW OIG.

## Nonaudit Services

From January 1, 2022, through December 31, 2024, the nine Army IR offices completed 41 nonaudit services. We nonstatistically selected 10 nonaudit services for our review. We chose nonaudit services that would provide a reasonable cross-section of nonaudit services that the Army IR offices performed. For example, we chose nonaudit services that resulted in the selection of various audit supervisors and auditors from the Army IR offices. We reviewed the nonaudit services to determine whether the Army IR offices complied with GAGAS when they performed the nonaudit services. We determined that the auditors at the CHRA AICO, FORSCOM IRACO, and INSCOM IR office did not comply with GAGAS when they conducted three nonaudit services. See Deficiency 8 in the System Review Report for additional details. Table 9 lists the nonaudit services we selected for our review.

*Table 9. Nonaudit Services Selected for Review*

| Army IR Office | Project Number           | Title                                          |
|----------------|--------------------------|------------------------------------------------|
| AFC IAD        | None                     | Fiscal Year 2023 Annual Statement of Assurance |
| FORSCOM IRACO  | None                     | Annual Financial Statement Audit               |
| USACE-CESAJ IR | FL-HIRO-CESAJ-IR-2022-02 | Evaluation of Hurricane Ian Travel Vouchers    |
| USACE-CESAJ IR | CEIR-TEM-2022-001        | July Testing, 4B                               |
| USACE-CESAJ IR | CEIR-TEM-2022-001        | September Testing, 3B                          |

Table 9. *Nonaudit Services Selected for Review (cont'd)*

| Army IR Office | Project Number    | Title                                                 |
|----------------|-------------------|-------------------------------------------------------|
| USACE-CESAJ IR | CEIR-TEM-2022-001 | May Testing, 5C                                       |
| USACE-CESAJ IR | CEIR-TEM-2022-001 | July Testing 3D                                       |
| USACE-CESAJ IR | CEIR-TEM-2022-001 | July Testing 4B                                       |
| CHRA AICO      | 24-05             | Review of DD Form 2875 for ATAAPS System Access       |
| INSCOM IR      | 2022-001          | Review of INSCOM's Freedom of Information Act Program |

Source: The DoW OIG.

## 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 DoW Office of Inspector General (DoW OIG) issued one report discussing external peer review of the Army IR Program. Unrestricted DoW OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

## DoW OIG

Report No. DODIG-2023-042, "External Peer Review of the Army Internal Review Program," January 9, 2023.

The DoW OIG evaluated whether the Army IR Program system of quality control in effect for the 3-year review period that ended on December 31, 2021, was suitably designed to ensure compliance with GAGAS and whether the Army IR Program complied with GAGAS and internal policies and procedures. The DoW OIG issued a peer review rating of *pass with deficiencies*. The DoW OIG identified deficiencies in the areas of reporting for agreed-upon procedures engagements, nonaudit services, and monitoring of quality procedures.

The DoW OIG also issued a Letter of Comment identifying findings in the areas of planning and documentation for supervisory review. The DoW OIG did not consider the findings to be significant enough to affect the opinion expressed in its January 9, 2023 System Review Report on the Army IR Program.





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

October 22, 2026

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY**  
**(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT:** Letter of Comment on the External Peer Review of the Army Internal Review Program (Report No. DOWIG-2027-007)

We reviewed the system of quality control for the Army Internal Review (IR) Program in effect for the 3-year period that ended on December 31, 2024. We issued our System Review Report on October 22, 2026, in which the Army IR Program received a rating of *pass with deficiencies* with a scope limitation. The findings in this Letter of Comment should be read in conjunction with the System Review Report. The findings described below are not significant enough to affect our opinion in the System Review Report. We considered the nature, pervasiveness, and relative importance of the findings and the extent of compliance with Generally Accepted Government Auditing Standards (GAGAS) taken as a whole. We determined that the findings do not rise to the level of a deficiency as defined in the Council of the Inspectors General on Integrity and Efficiency (CIGIE) "Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General" (CIGIE Guide).<sup>41</sup>

## **Finding 1. Three of Ten Army IR Offices Did Not Have Adequate Policies and Procedures**

For 3 of 10 Army IR offices we reviewed, the offices did not have adequate policies and procedures to provide them with reasonable assurance that they were performing and reporting their work in compliance with GAGAS, AICPA, and applicable legal and regulatory requirements. Specifically, the HRC IRACO, USARPAC-Eighth Army IR office, and CHRA AICO did not have adequate policies and procedures in the areas of review of financial statements, attestation engagements, performance audits, or nonaudit services.

GAGAS 5.02 states that an audit organization conducting engagements in accordance with GAGAS must establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements. Additionally, GAGAS 5.22 states that the audit organization should establish policies and

<sup>41</sup> CIGIE Guide, 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.

procedures for engagement performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that engagements are conducted and reports are issued in accordance with professional standards and applicable legal and regulatory requirements.

### ***HRC IRACO and USARPAC-Eighth Army IR Office***

The HRC IRACO and USARPAC-Eighth Army IR office did not have adequate policies and procedures in the areas of fieldwork and reporting standards for financial audits, reviews of financial statements, and attestation engagements.

Additionally, the HRC IRACO did not have adequate policies and procedures in the areas of fieldwork and reporting standards for all engagements, and standards specific to performance audits. Lastly, the USARPAC-Eighth Army IR office did not have adequate policies and procedures for standards applicable to examination engagements.

The following are examples of inadequate policies and procedures that we identified at the two offices.

- **Fieldwork and reporting standards for all engagements.** The HRC IRACO Audit Manual does not include guidance for the auditors to consult and document difficult or contentious issues that arise among team members during the engagement. Also, the manual does not include guidance on how to document the parties' understanding of the conclusions reached and implemented.<sup>42</sup>
- **Fieldwork and reporting standards for attestation engagements.** The Eighth IR office's SOP does not provide guidance for the auditors to obtain a written representation or assertion about the subject matter or objectives, an explanation if management refuses to provide the representation, and document restrictions on the use of the report when management refuses to provide the assertion.
- **Standards applicable to Attestation Engagements.** The Eighth IR office SOP does not include guidance for the auditors to develop an overall engagement strategy that sets the scope, timing, and direction of the engagement and guides the development of the engagement plan.
- **Standards Specific to Performance Audits.** The HRC IRACO Audit Manual does not include guidance for the auditors to perform additional procedures, as appropriate, when identifying limitations or uncertainties in evidence that are significant to the audit findings and conclusions.

We could not determine why the HRC IRACO's SOP does not include guidance to help ensure that the auditors comply with GAGAS because the HRC IRACO Director departed the office in January 2024. Additionally, the only auditor currently employed at the HRC IRACO could not

---

<sup>42</sup> HRC Internal Review and Compliance Audit Manual, December 2024.

answer our questions because they are audit liaison personnel and do not perform work in accordance with GAGAS.

Also, according to the USARPAC-Eighth Army IR Director, that office does not have adequate policies and procedures for attestation engagements because they perform limited attestation engagements. However, we determined that the USARPAC-Eighth Army IR office conducted 56 attestation engagements during the 3-year period of our review and should have developed adequate policies and procedures for attestation engagements.

## **CHRA AICO**

The CHRA AICO SOP does not include policies and procedures for nonaudit services, supervisory reviews, assessment of significance and audit risk, and the inclusion of the appropriate GAGAS compliance statement in the report.<sup>43</sup> We could not determine why the CHRA AICO SOP does not include guidance for nonaudit services, supervisory reviews, assessment of significance and audit risk, and use of appropriate GAGAS compliance statement in the report. This is because the only auditor at CHRA AICO departed the office in May 2025 and the CHRA Director for Budget, Manpower, and Accounting could not answer our questions. Table 10 in Appendix B of this report provides a list of the CIGIE Guide's Appendix A questions for which we determined the HRC IRACO, USARPAC-Eighth Army IR office, and CHRA AICO policies and procedures were inadequate.

Audit organizations should ensure that they have adequate policies and procedures because if properly adopted and implemented, the policies and procedures provide the audit organizations with reasonable assurance of complying with GAGAS.

We determined that this finding does not rise to the level of a deficiency as defined in the CIGIE Guide because only 3 of 10 IR offices lacked adequate policies and procedures, and only 1 of those 3 offices had inadequate policies and procedures overall.

## **Recommendation, Management Comments, and Our Response**

### **Recommendation 7**

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Internal Review offices directing them to review and, if needed, update their policies and procedures to include Generally Accepted Government Auditing Standards in the following areas.**

- a. Planning**
- b. Fieldwork and reporting standards that are applicable to financial audits**
- c. Reviews of financial statements**
- d. Attestation engagements**

<sup>43</sup> "Civilian Human Resources Agency Audit RMIC SOP," undated.

- e. Performance audits
- f. Nonaudit services

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that they will issue a policy memorandum to the Army Internal Review offices that directs the offices to review and, if necessary, update their policies and procedures to address planning, fieldwork and reporting standards for financial audits, reviews of financial statements, attestation engagements, and performance audits by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved, but will remain open. The Deputy Assistant Secretary should ensure that they include nonaudit services in the memorandum they issue to the Army Internal Review offices. We will close the recommendation when the Deputy Assistant Secretary provides a copy of the signed memorandum that directs the offices to review and, if necessary, update their policies and procedures to address planning, fieldwork and reporting standards for financial audits, reviews of financial statements, attestation engagements, performance audits, and nonaudit services.

## **Finding 2. For Two of Nine Army IR Offices, Auditors Did Not Assess Significance and Audit Risk for Four Performance Audits**

For two of the nine Army IR offices we reviewed, auditors at the CHRA AICO and USARPAC-Eighth Army IR office did not assess significance and audit risk for 4 of 13 performance audits. Both offices conducted two performance audits.

GAGAS 8.05 states that in planning the audit, auditors should assess significance and audit risk. GAGAS 8.05 further states that auditors should apply these assessments to establish the scope and methodology for addressing the audit objectives.

### ***CHRA AICO***

The auditors did not assess significance and audit risk for the following performance audits.

- Project No. 23-04, “Audit of Earned Income”
- Project No. 24-03, “Audit of Manpower Management”<sup>44</sup>

---

<sup>44</sup> The CHRA AICO did not establish report numbers for the reports they issued for Project No. 23-04, “Audit of Earned Income” and Project No. 24-03, “Audit of Manpower Management.” Also, the reports were not dated.

This occurred because the CHRA AICO SOP did not require the auditors to assess significance and audit risk when conducting performance audits. See Finding 1 in the Letter of Comment for additional details.

### ***USARPAC-Eighth Army IR Office***

The auditors did not assess significance and audit risk for the following performance audits.

- Report No. IRR 23-11, “Audit of the Army’s Management of the Good Neighbor Program, Honorary Club Members, and Sponsored Guest, Passes in Korea”
- Report No. IRR 24-19, “Audit of the United States Forces Korea Defense Travel System”<sup>45</sup>

The USARPAC-Eighth Army IR SOP states that the audit team must use professional judgment to assess the overall significance and audit risk relative to the audit objective and that the auditors must document the assessment in the risk assessment working paper. However, the audit documentation did not include evidence that the auditors had assessed significance and audit risk. According to the USARPAC-Eighth Army IR Deputy Director, the auditors discussed audit risk during the planning phase of the audit; however, they did not document the discussion in a working paper due to an oversight.

### ***Army IR Took Corrective Action After the Performance Audits Were Performed***

The USARPAC-Eighth Army IR office took corrective action to address this finding during the peer review. The Deputy Director updated the working paper structure and audit review program templates in February 2026 to include sections for the auditors to document their assessment of significance and audit risk for future engagements. We reviewed the templates and determined that they are adequate to help ensure that the auditors comply with GAGAS 8.05.

Auditors should assess significance and audit risk because it helps them establish the scope and methodology to address the audit objectives and reduce audit risk to an acceptable level. We determined that this finding does not rise to the level of a deficiency as defined in the CIGIE Guide because the auditors planned the audit adequately overall and established the scope and methodology for addressing the audit objectives.

---

<sup>45</sup> Report No. IRR 23-11, “Audit of the Army’s Management of the Good Neighbor Program, Honorary Club Members, and Sponsored Guest, Passes in Korea,” March 22, 2022, and Report No. IRR 24-19, “Audit of the United States Forces Korea Defense Travel System,” September 25, 2024.

## Recommendation, Management Comments, and Our Response

### *Revised Recommendation*

As a result of management comments, we revised draft Recommendation 8.a. to clarify that the Deputy Assistant Secretary of the Army for Financial Operations and Information should require the Director, U.S. Civilian Human Resources Agency, to develop and implement policies and procedures to ensure that auditors assess significance and audit risk in accordance with GAGAS 8.05, if the agency employs auditors in the future.

### **Recommendation 8**

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:**

- a. Require the Director, U.S. Civilian Human Resources Agency to develop and implement policies and procedures to ensure auditors assess significance and audit risk in accordance with GAGAS 8.05.**

### *Deputy Assistant Secretary of the Army for Financial Operations and Information Comments*

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that the Assistant Secretary of the Army for Financial Management and Comptroller verified that the U.S. Civilian Human Resources Agency no longer employs any auditors and does not intend to in the foreseeable future. Since there are no auditors at the U.S. Civilian Human Resources Agency Audit and Internal Control office, the Deputy Assistant Secretary of the Army for Financial Operations and Information stated they cannot issue a memorandum or directive to that office.

### *Our Response*

Although we revised Recommendation 8.a., comments from the Deputy Assistant Secretary partially addressed the specifics of the recommendation; therefore, the recommendation is unresolved. Specifically, the Deputy Assistant Secretary's plans to not issue a memorandum to the Director, U.S. Civilian Human Resources Agency can potentially hinder the agency's ability to ensure that auditors within the Audit and Internal Control office assess significance and audit risk in accordance with GAGAS 8.05, if the agency employs auditors in the future. Therefore, we request that the Deputy Assistant Secretary of the Army for Financial Operations and Information provide additional comments within 30 days of this report describing how they will ensure that the Director, U.S. Civilian Human Resources Agency addresses significance and audit risk within the Audit and Internal Control office in the event the agency employs auditors in the future.

- b. Issue guidance to all Army Internal Review offices that emphasizes the requirement to comply with existing policies and to document the assessment of significance and audit risk for all performance audits.**

## ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated the Assistant Secretary of the Army for Financial Management and Comptroller will issue a policy memorandum to the Army Internal Review offices that emphasizes the GAGAS requirement to comply with existing policies and document the assessment of significance and audit risk for all performance audits. The Deputy Assistant Secretary of the Army for Financial Operations and Information will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open.

We will close the recommendation when the Deputy Assistant Secretary provides a signed copy of the memorandum that emphasizes that auditors at the Army Internal Review offices should comply with existing policies and document the assessment of significance and audit risk for all performance audits.

## **Finding 3. For Two of Nine Army IR Offices, Auditors Did Not Inquire About Ongoing Investigations or Legal Proceedings Significant to the Audit Objectives**

For two of nine Army IR offices we reviewed, the auditors at the USARPAC-Eighth Army IR office and AMC-ASC IRACO did not inquire about whether any ongoing investigations or legal proceedings were significant to the audit objectives when they each conducted one performance audit. GAGAS 8.27 states that auditors should inquire of the audited entity's management whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process concerning the period under audit. GAGAS 8.27 further states that auditors should evaluate the effect of initiated or in-process investigations or legal proceedings on the current audit.

### ***USARPAC-Eighth Army IR Office***

The auditors at the USARPAC-Eighth Army IR office did not inquire about ongoing investigations or legal proceedings for Report No. IRR 23-11, "Audit of the Army's Management of the Good Neighbor Program, Honorary Club Members, and Sponsored Guest Passes in Korea." According to the USARPAC-Eighth Army IR SOP, auditors will inquire of management about ongoing investigations or legal proceedings and document the results of those inquiries.

For Report No. IRR 23-11, the working papers identified that the auditors contacted other oversight and investigative agencies including the Eighth Army Inspector General and the Criminal Investigation Division-Korea Field office. However, the working papers did not document that the auditors inquired of the audited entity's management, as required by

GAGAS 8.27. The Deputy Director told us that the auditors did not inquire of the audited entity's management, due to an oversight.

### **AMC-ASC IRACO**

The auditors at AMC-ASC IRACO did not inquire about ongoing investigations or legal proceedings significant to the audit objectives for Report No. 2021-001, "Audit of IT Equipment Property Accountability."

According to the AMC-ASC IRACO Chief, the auditors assigned to the engagement did not have experience conducting performance audits and were not aware of the GAGAS requirement to inquire about ongoing investigations or legal proceedings significant to the audit objectives because, at the time of the audit, the AMC-ASC IRACO's policies and procedures did not include guidance to help ensure that the auditors complied with the GAGAS requirements.

We did not make a recommendation to address this finding because the AMC-ASC IRACO took corrective action to address this finding in October 2024. Their SOP was updated to include guidance to help ensure that the auditors comply with GAGAS 8.27. See Deficiency 1 in the System Review Report.

### ***The DoW OIG Identified Ongoing Investigations or Legal Proceedings Findings in the Previous Peer Review***

This finding was identified in the previous peer review of the Army IR Program. In response to the finding and our recommendation, four IR offices took corrective actions and updated their audit quality control checklist, audit guide template, and background and research working paper template to include steps for auditors to inquire of management about investigations and legal proceeding significant to the audit objectives. Additionally, on December 21, 2022, the Deputy Assistant Secretary of the ASA(FM&C) issued a memorandum to the Army IR offices to provide guidance to ensure that the auditors comply with GAGAS 8.27.<sup>46</sup>

Auditors should inquire about ongoing investigations or legal proceedings significant to the audit objectives when they conduct a performance audit to avoid interfering with an ongoing investigation or legal proceeding. If necessary, work with investigators or legal authorities or to withdraw from or defer further work on or a portion of the engagement.

This finding does not rise to the level of a deficiency as defined in the CIGIE Guide because the noncompliance was limited to two of the nine Army IR offices that performed GAGAS engagements. Based on our review of the nine Army IR offices, the deficiency does not appear to be systemic for the Army IR Program as a whole.

---

<sup>46</sup> ASA(FM&C) memorandum, "Army Internal Review (IR) Program Compliance with Government Auditing Standards (GAGAS) Requirements on Quality Monitoring and Identification of Ongoing Investigations and Legal Proceedings Pertinent to Ongoing Performance Audits," December 21, 2022.

## Recommendation, Management Comments, and Our Response

### ***Recommendation 9***

**We recommend that the Director, U.S. Army Pacific-Eighth Army Internal Review office develop a tool, such as a working paper template, to document inquiries of the audited entity’s management on whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process regarding the period under audit in accordance with Generally Accepted Government Auditing Standard 8.27.**

### ***Director, U.S. Army Pacific-Eighth Army Internal Review Office Management Comments***

The Director, U.S. Army Pacific-Eighth Army Internal Review office agreed and stated that the U.S. Army Pacific-Eighth Army IR office will develop a working paper template that requires the auditors to ask management at the audited entity about any ongoing investigations or legal proceedings that relate to the audit objective and period being audited. The Director also stated that the office will ensure that auditors document management’s response and relevant information to evaluate how the initiated or in-process proceedings affect the scope, methodology, and conclusions of the audit in accordance with GAGAS 8.27. Subsequently, on August 30, 2026, the Director informed us that the U.S. Army Pacific-Eighth Army IR office implemented this recommendation and provided a copy of the working paper template to us.

### ***Our Response***

Comments from the Director partially addressed the specifics of the recommendation; therefore, the recommendation is unresolved. While the corrective actions that the Director took in August 2026 are intended to help ensure that the auditors comply with GAGAS 8.27, the Director should take additional steps to help ensure that the auditors inquire about investigations or legal proceedings. We reviewed the working paper template and determined the template does not clearly outline the steps the auditors should complete to document their inquiry for investigations or legal proceedings.

For example, the title of the working paper template is “Prior and Ongoing Audits.”<sup>47</sup> Based on the title of the working paper template, it is not clear whether the auditors should also use the template to document their inquiries of investigations or legal proceedings significant to the audit objectives. Additionally, based on the purpose section of the working paper template, the auditors should identify prior audits and identify whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process.

---

<sup>47</sup> GAGAS 8.30 states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that are significant within the context of the audit objectives.

However, the results section of the working paper template does not include guidance for the auditors to document their inquiry of investigations or legal proceedings. Instead, the results section of the template includes guidance for the auditors to identify prior audits and consider prior audit findings when they develop steps to complete during fieldwork. If the Director decides to develop two working paper templates, it will help make the distinction between the requirements and clarify what steps the auditors should complete for their inquiry of investigations or legal proceedings, separate from prior audits. We request that the Director, U.S. Army Pacific-Eighth Army Internal Review office provide additional comments within 30 days of this report describing how they will ensure that the auditors document inquiries of the audited entity's management on whether any investigations or legal proceedings significant to the audit objectives.

#### **Finding 4. For One of Nine Army IR Offices, Auditors Did Not Inquire About Previous Engagements and Studies Applicable to the Audit Objectives for One Performance Audit**

For one of nine Army IR offices we reviewed, the auditors at the AMC-ASC IRACO did not inquire about previous engagements and studies applicable to the audit objectives for 1 of 13 performance audits. GAGAS 8.30 states that when planning the audit, auditors should ask management of the audited entity to identify previous engagements or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented. In addition, GAGAS 8.30 states that auditors should use this information in assessing risk and determining the nature, timing, and extent of current audit work, including determining to what extent testing the implementation of the corrective actions applies to the current audit objectives.

For Report No. 2021-001, "Audit of IT Equipment Property Accountability," the auditors did not inquire about previous engagements and studies applicable to the audit objectives. According to the AMC-ASC IRACO Chief, the auditors assigned to the engagement did not have experience conducting performance audits and were not aware of the GAGAS requirement to ask management of the audited entity to identify previous engagements or other studies.

We did not make a recommendation to address this finding. As discussed in Deficiency 1 in the System Review Report, the auditors did not collectively possess the competence needed to perform their work and they were not aware of the GAGAS requirement to ask management of the audited entity to identify previous engagements or other studies. Additionally, the AMC-ASC IRACO did not have policies and procedures to help ensure that the auditors comply with GAGAS 8.30. The AMC-ASC IRACO took corrective action to address this finding in October 2024 and their SOP was updated to include guidance to help ensure that the auditors comply with GAGAS 8.30.

Auditors should identify previous engagements or other studies that directly relate to the objectives of the audit and determine whether the audited entity has implemented adequate corrective actions because this will help auditors plan the audit and determine the nature, timing, and extent of tests to perform.

This finding does not rise to the level of a deficiency as defined by the CIGIE Guide because the finding was isolated to AMC-ASC IRACO. Based on our review of the nine Army IR offices, the finding does not appear to be systemic for the Army IR Program as a whole.

## **Finding 5. For One of Nine Army IR Offices, Auditors Did Not Assess Fraud Risk for Two Performance Audits**

For one of nine Army IR offices we reviewed, auditors at the USARPAC-Eighth Army IR office did not assess fraud risk for 2 of the 13 performance audits. GAGAS 8.71 states that auditors should assess the risk of fraud that is significant in the context of the audit objectives. GAGAS 8.71 further states that the audit team should discuss fraud risks, including factors such as individuals' incentives or pressures to commit fraud, the opportunity for fraud to occur, and rationalizations or attitudes that could increase the risk of fraud. Additionally, GAGAS 8.72 states that assessing the risk of fraud is an ongoing process throughout the audit.

The auditors did not complete a fraud risk assessment for the following audits.

- Report No. IRR 23-11, "Audit of the Army's Management of the Good Neighbor Program, Honorary Club Members, and Sponsored Guest Passes in Korea"
- Report No. IRR 24-19, "Audit of the United States Forces Korea Defense Travel System"

The USARPAC-Eighth Army IR office's SOP states that the auditors are required to assess the risks of fraud and document the assessment in a working paper. According to the Deputy Director, the auditors did not complete a fraud risk assessment for the two performance audits due to an oversight.

### ***The DoW OIG Identified a Fraud Risk Assessment Finding in the Previous Peer Review***

This finding was identified in the previous peer review of the Army IR Program. Because the office took corrective action in June 2021 after it had conducted the two performance audits and before our peer review, we did not make a recommendation.

Auditors should assess fraud risk that is likely to occur as it relates to the audit objective because the assessment will help auditors plan the audit and determine the nature, timing, and extent of tests to perform.

This finding does not rise to the level of a deficiency as defined by the CIGIE Guide because we did not identify any evidence in the audit documentation that the auditors identified any fraud significant within the scope of the audit objectives or that could affect the findings and conclusions.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 10***

**We recommend that the Director, U.S. Army Pacific–Headquarters–Eighth Army Internal Review office develop and implement a tool, such as a working paper template to document the fraud risk assessment, to help ensure that the auditors assess the risk of fraud that is significant to the audit objectives in accordance with Generally Accepted Government Auditing Standards 8.71 and 8.72.**

### ***Director, U.S. Army Pacific-Eighth Army Internal Review Office Comments***

The Director, U.S. Army Pacific–Headquarters–Eighth Army Internal Review office agreed and stated that the office developed a working paper template to document a fraud risk assessment. The template requires and ensures that the auditors assess the risk of fraud that is significant to the audit objectives in accordance with GAGAS 8.71 and 8.72.

### ***Our Response***

Comments from the Director, U.S. Army Pacific–Headquarters–Eighth Army Internal Review office addressed the specifics of the recommendation. On August 30, 2026, the Director informed us that the U.S. Army Pacific-Eighth Army IR office implemented this recommendation and provided a copy of the fraud risk working paper template. We reviewed the working paper template for fraud risk assessments and determined the template will help ensure that the auditors assess the risk of fraud that is significant to the audit objectives in accordance with GAGAS 8.71 and 8.72. Therefore, the recommendation is closed.

## **Finding 6. For Two of Nine Army IR Offices, Auditors Did Not Include A GAGAS Compliance Statement in the Report for Three Performance Audits**

For two of nine Army IR offices we reviewed, auditors did not include the required GAGAS compliance statement in the report for 3 of 13 performance audits. The CHRA AICO conducted two of the three performance audits and the AMC-ASC IRACO conducted the third performance audit.

GAGAS 2.17 states that auditors should include one of the following types of GAGAS compliance statements in reports on GAGAS engagements, as appropriate.

- a. Unmodified GAGAS compliance statement: Stating that the auditors conducted the engagement in accordance with GAGAS. Auditors should include an unmodified GAGAS compliance statement in the audit report when they have (1) followed unconditional and applicable presumptively mandatory GAGAS requirements or (2) followed unconditional requirements, documented justification for any departures from applicable presumptively mandatory requirements, and achieved the objectives of those requirements through other means.
- b. Modified GAGAS compliance statement: Stating either that (1) the auditors conducted the engagement in accordance with GAGAS, except for specific applicable requirements that were not followed, or (2) because of the significance of the departure(s) from the requirements, the auditors could not and did not conduct the engagement in accordance with GAGAS.

Additionally, GAGAS 2.18 states that when auditors use a modified GAGAS statement, they should disclose in the report the applicable requirement(s) not followed, the reasons for not following the requirement(s), and how not following the requirement(s) affected or could have affected the engagement and the assurance provided. GAGAS 2.19 also states that when auditors do not comply with applicable requirement(s), they should (1) assess the significance of the noncompliance to the engagement objectives; (2) document the assessment, along with their reasons for not following the requirement(s); and (3) determine the type of GAGAS compliance statement. Lastly, GAGAS 9.03 states that when auditors comply with all applicable GAGAS requirements, they should include an unmodified GAGAS compliance statement in the audit report to indicate that they conducted the audit in accordance with GAGAS.

### **AMC-ASC IRACO**

The auditors at the AMC-ASC IRACO did not include the unmodified GAGAS compliance statement in Report No. 2021-001, “Audit of IT Equipment Property Accountability.” According to the AMC-ASC IRACO Chief, the auditors assigned to the engagement did not have experience conducting performance audits and were not aware of the GAGAS requirement to include a GAGAS compliance statement in the audit reports.

We are not making a recommendation to address this finding at the AMC-ASC IRACO. As discussed in Deficiency 1 in the System Review Report, the auditors did not collectively possess the competence needed to perform their work and they were not aware of the GAGAS requirement to include a GAGAS compliance statement in their reports. However, AMC-ASC IRACO took corrective action to address this finding in October 2024. Their SOP was updated to include guidance to help ensure that the auditors comply with GAGAS 2.17 and 2.18.

## **CHRA AICO**

The auditor at the CHRA AICO did not include a modified GAGAS compliance statement in the following two performance audit reports.

- Project No. 23-04, “Audit of Earned Income”
- Project No. 24-03, “Audit of Manpower Management”

The auditor should have included a modified GAGAS statement in the two reports because the auditor did not comply with GAGAS in the areas of independence and supervision as we discussed in Deficiencies 2 and 4 in the System Review Report. However, the CHRA AICO SOP does not require the auditors to include a GAGAS compliance statement in their reports. See Finding 1 of the Letter of Comment for additional details.

It is important that auditors include the appropriate GAGAS compliance statement in their audit reports. Auditors should consider the potential effect of the instances of noncompliance on the sufficiency and appropriateness of evidence that supports the findings, conclusions, and recommendations; and whether report users might misunderstand the implications of a modified or unmodified GAGAS compliance statement.

We determined that this finding does not rise to the level of a deficiency as defined in the CIGIE Guide because the auditors obtained sufficient and appropriate evidence to provide a reasonable basis for the auditors’ findings and conclusions based on the audit objectives. In addition, the GAGAS noncompliance we identified did not affect the assurance provided.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 11***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Director, U.S. Civilian Human Resources Agency to require that auditors comply with Generally Accepted Government Auditing Standards 2.17 through 2.19 when conducting engagements in accordance with Generally Accepted Government Auditing Standards.**

## ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that the Assistant Secretary of the Army for Financial Management and Comptroller participated in a meeting with leadership at the U.S. Civilian Human Resources Agency, and leadership confirmed that the agency no longer employs auditors and does not intend to for the foreseeable future. Since the U.S. Civilian Human Resources Agency no longer employs any auditors, the Deputy Assistant Secretary stated that issuing a memorandum to the agency on compliance with GAGAS 2.17 through 2.19 would not produce any benefit. The Deputy Assistant Secretary considers the intent of this recommendation to be fully implemented.

### ***Our Response***

Comments from the Deputy Assistant Secretary did not address the specifics of the recommendation; therefore, the recommendation is unresolved. Specifically, not issuing a memorandum to require auditors comply with GAGAS 2.17 through 2.19 can potentially impact the U.S. Civilian Human Resources Agency Audit and Internal Control office's compliance with GAGAS if the agency employs auditors in the future. Therefore, we request that the Deputy Assistant Secretary of the Army for Financial Operations and Information provide additional comments within 30 days of this report describing how they will ensure that the Director, U.S. Civilian Human Resources Agency addresses compliance with GAGAS 2.17 through 2.19.

## **Finding 7. For One of Nine Army IR Offices, Auditors Did Not Explain in the Report the Relationship Between the Population and the Items Tested**

For one of the nine Army IR offices we reviewed, the auditors at the USARPAC-Eighth Army IR office did not explain in the report the relationship between the population and the items tested for 1 of the 13 performance audits we reviewed. GAGAS 9.13 states that in describing the work performed to address the audit objectives and support the reported findings and conclusions, auditors should, as applicable, explain the relationship between the population and the items tested. Additionally, GAGAS 9.14 states that in reporting audit methodology, auditors should explain how the audit work supports the audit objectives, including the evidence-gathering and evidence-analysis techniques. This information should be in sufficient detail to allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives. GAGAS 9.14 further states that auditors should describe the sample design and state why they chose the design. The description should also include the results of sample testing when the testing significantly supports the auditors' findings, conclusions, or recommendations, including whether the results can be projected to the intended population. In addition, the USARPAC-Eighth Army IR office's SOP states that

auditors should explain the relationship between the population and the items tested, describe the sample design including the population and sample size, and state whether the results can be projected in the methodology section of the audit report.

The auditors did not explain the relationship between the population and the items in Report No. IRR 23-11, “Audit of the Army’s Management of the Good Neighbor Program, Honorary Club Members, and Sponsored Guest Passes in Korea.” The auditors’ working papers showed that they used a random sample of 193 application packets for guest passes. However, the auditors did not explain the relationship between the population and the items tested, describe the sample design and state why they chose the design, and state whether the results could be projected to the intended population in the report.

According to the USARPAC-Eighth Army IR Deputy Director, the auditors did not explain in the report the relationship between the population and the items tested due to an oversight. Auditors should explain the relationship between the population and the items tested and other evidence-gathering and evidence-analysis techniques related to the sample design and why the design was chosen. When the auditors provide sufficient details, they allow knowledgeable users of their reports to understand how they addressed the audit objectives and whether the results can be projected to the intended population. We determined that this finding does not rise to the level of a deficiency because the auditors complied with the GAGAS reporting requirements overall.

## **Recommendation, Management Comments, and Our Response**

### ***Recommendation 12***

**We recommend that the Director, U.S. Army Pacific-Eighth Army Internal Review office issue a memorandum to the audit staff to emphasize that auditors must explain the scope of work performed in the audit report, including the relationship between the items reported on and the items sampled, in accordance with Generally Accepted Government Auditing Standards 9.13 and 9.14.**

### ***Director, U.S. Army Pacific-Eighth Army Internal Review Office Comments***

The Director, U.S. Army Pacific-Eighth Army Internal Review Office agreed and stated that they will issue a memorandum to the audit staff to ensure that they clearly explain the relationship between the population and items tested in the audit report. The memorandum will also emphasize that the audit staff should describe the sample design and state why the design was chosen and state whether the results could be projected to the intended population in accordance with GAGAS 9.13 and 9.14. The Director plans to issue the memorandum by September 30, 2026.

## ***Our Response***

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Director provides a copy of the signed memorandum that emphasizes that the auditors must explain the scope of work performed in the audit report, including the relationship between the items reported on and the items sampled, in accordance with GAGAS 9.13 and 9.14.

## **Finding 8. For Three of Ten Army IR Offices, Auditors Did Not Meet the GAGAS CPE Requirements**

For 3 of 10 Army IR offices we reviewed, auditors did not meet the GAGAS CPE requirements. Specifically, 5 of 33 Army IR auditors at the HRC IRACO, USARPAC-Eighth Army IR office, and FORSCOM IRACO did not meet the GAGAS CPE requirements. We identified the following CPE noncompliances at each office.

- Two auditors at the HRC IRACO did not meet the GAGAS 20-hour CPE requirement. Additionally, one of the two auditors did not meet the GAGAS 56-hour and the 80-hour CPE requirements.
- One auditor at the USARPAC-Eighth Army IR office did not meet the GAGAS 80-hour CPE requirement.
- Two auditors at the FORSCOM IRACO did not meet the GAGAS 80-hour CPE requirements. Additionally, one of the auditors did not meet the GAGAS 20-hour and 56-hour CPE requirements.

GAGAS 4.16 states that auditors who conduct engagements in accordance with GAGAS should develop and maintain their professional competence by completing at least 80 hours of CPE in every 2-year period, including 24 hours of subject matter directly related to the government environment, government auditing, or specific or unique environment to the audited entity, 56 hours of subject matter that directly enhances auditors' professional expertise. In addition, GAGAS 4.17 states that auditors should complete at least 20 hours of CPE each year of the 2-year reporting period. Also, GAGAS 4.18 states that the audit organization should maintain auditors earned CPE documentation. Lastly, GAGAS 4.51 states that the audit organization may delegate the responsibility to maintain CPE hours documentation to the auditors.

### ***Two Auditors at the HRC IRACO Did Not Meet the GAGAS 20-hour, 56-hour and 80-hour CPE Requirements***

Two auditors at the HRC IRACO did not meet the annual GAGAS 20-hour CPE requirement during the 2-year CPE period of October 1, 2022, through September 30, 2023. Additionally, one of the two auditors did not meet the GAGAS biennial 56-hour and 80-hour CPE requirements. Specifically, during the 2-year CPE period, one auditor completed 17 CPE hours in the first year of the reporting period and 19 hours in the second year of the reporting period. As a result, the

auditor did not meet the GAGAS 20-hour, 56-hour, and 80-hour CPE requirements. In addition, another auditor completed 308 CPE hours during the first year of the 2-year reporting period and 7 CPE hours during the second year. Therefore, they did not meet the GAGAS 20-hour CPE requirement the second year of the 2-year reporting period.

The HRC IRACO's Internal Controls Program SOP mirrors the GAGAS CPE hour requirements.<sup>48</sup> The SOP also states that the auditors are responsible for maintaining documentation to verify completed CPE hours and that CPE hours will be verified annually. However, the HRC IRACO also could not demonstrate that one of the auditors met the GAGAS CPE requirements because it did not maintain adequate documentation to support the CPE hours recorded in the CPE tracking spreadsheet.

We compared the training recorded in the CPE tracking spreadsheet to the CPE completion certificates provided by the HRC IRACO and found that the spreadsheet did not match the CPE completion certificates the HRC IRACO maintained. For example, for one auditor the CPE tracking spreadsheet recorded 44.5 CPE hours in FY 2022 and 100.5 CPE hours in FY 2023. However, the HRC IRACO was only able to provide CPE completion certificates for the 17.1 CPE hours in FY 2022 and 18.5 CPE hours in FY 2023 that were recorded in the spreadsheet. We could not determine why the discrepancies occurred between the HRC IRACO CPE tracking spreadsheet and the CPE completion certificates because the Director, who was responsible for monitoring CPE compliance, departed the office in June 2025.

### ***One Auditor at the USARPAC-Eighth Army IR Office Did Not Meet the GAGAS 80-hour CPE Requirement***

One auditor at the USARPAC-Eighth Army IR office did not meet the GAGAS 80-hour CPE requirement during the 2-year reporting period of October 1, 2021, through September 30, 2023. The USARPAC-Eighth Army IR SOP states that auditors must complete, every two years, at least 80 hours of CPE in accordance with the GAGAS requirements for CPE.

During the 2-year reporting period, the auditor completed 70.5 CPE hours and was deficient 9.5 hours of the 80-hour requirement. The USARPAC-Eighth Army IR Director stated that the auditor did not meet the GAGAS 80-hour CPE requirement due to the lack of funding and limited training opportunities based on the office's location in South Korea.

### ***Two Auditors at the FORSCOM IRACO Did Not Meet the GAGAS 20-hour, 56-hour, or 80-hour CPE Requirements***

Two auditors at FORSCOM IRACO did not meet the GAGAS 80-hour CPE requirement during the 2-year reporting period of October 1, 2022, through September 30, 2024. Additionally, one of the two auditors did not meet the GAGAS 20-hour and 56-hour CPE requirements.

---

<sup>48</sup> HRC IRACO's Internal Controls Program SOP, section 4-2, "Continuing Professional Education," December 2021, updated October 2024.

The FORSCOM IRACO SOP states that auditors are required to take 80 hours of CPE in a 2-year period and with at least 20 hours in one year.

We identified that the two auditors did not meet the following GAGAS CPE requirement.

#### **Auditor 1**

- **20-hour requirement:** The auditor completed 19.5 CPE hours in the first year and was deficient 0.5 CPE hours. The auditor completed 8.5 CPE hours in the second year and was deficient 11.5 hours.
- **56-hour requirement:** The auditor completed 28 CPE hours and was deficient 28 hours.
- **80-hour requirement:** The auditor completed 28 CPE hours and was deficient 52 hours.

#### **Auditor 2**

- **80-hour requirement:** The auditor completed 69.5 CPE hours and was deficient 10.5 hours.

The FORSCOM IRACO could also not demonstrate that it maintained adequate documentation of each auditor's earned CPE hours and monitored CPE hours to ensure that the auditors complied with the GAGAS requirements. The FORSCOM IRACO SOP states that documentation must be kept for all auditors and that either the Director or the Training Coordinator will use a spreadsheet to track the CPEs.

We verified the CPEs to the corresponding completion certificates and found that they did not match. For example, for Auditor 1, the CPE tracking spreadsheet recorded 45 CPE hours in FY 2023 and 41.5 CPE hours in FY 2024. However, the FORSCOM IRACO was only able to provide the CPE completion certificates for 28 CPE hours, 19.5 hours in FY 2023 and 8.5 hours in FY 2024 because the certificates became corrupted when they were saved to a different electronic location. By contrast, we received CPE completion certificates that were not recorded in the CPE tracking spreadsheet. For example, for Auditor 1, 8.5 CPE hours completed in FY 2024 were not recorded. Additionally, for Auditor 2, 1.5 CPE hours completed in FY 2023 and 15.5 CPE hours completed in FY 2024 were not recorded. The FORSCOM IRACO Director could not provide the completion certificates for the courses listed in the tracker because the certificates became corrupted when they were saved to a different electronic location.

Auditors need to meet the GAGAS CPE requirements so that they maintain the knowledge, skills, and abilities necessary to conduct their work in accordance with GAGAS. Additionally, audit organizations need to maintain CPE documentation and keep accurate records of the CPE hours earned for an appropriate period of time to satisfy any legal and administrative requirements, including peer review.

We determined that this finding does not rise to the level of a deficiency because only 5 of 33 auditors (15 percent) that we sampled did not meet GAGAS CPE requirement and it does not appear to be systemic for the Army IR Program as a whole.

## **Recommendations, Management Comments, and Our Response**

### ***Recommendation 13***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army Internal Review offices to emphasize that auditors should obtain the required continuing professional education hours in accordance with Generally Accepted Government Auditing Standards 4.16 and 4.17.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated that they will issue a policy memorandum to the Army Internal Review offices to emphasize that the auditors should comply with the GAGAS continuing professional education requirements. The Deputy Assistant Secretary will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open.

We will close the recommendation when the Deputy Assistant Secretary provides a copy of the signed memorandum that emphasizes that auditors should obtain the required continuing professional education hours in accordance with GAGAS 4.16 and 4.17.

### ***Recommendation 14***

**We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army Internal Review offices to require the offices to develop and implement controls to track auditor's continuing professional education compliance on a quarterly basis.**

### ***Deputy Assistant Secretary of the Army for Financial Operations and Information Comments***

The Deputy Assistant Secretary of the Army for Financial Operations and Information agreed and stated the Assistant Secretary of the Army for Financial Management and Comptroller will issue a policy memorandum to the Army Internal Review offices that requires the offices

to develop and implement controls to track an auditor's continuing professional education compliance and monitor continuing professional education compliance on a quarterly basis. The Deputy Assistant Secretary will issue the memorandum by December 31, 2026.

### ***Our Response***

Comments from the Deputy Assistant Secretary addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Deputy Assistant Secretary provides a copy of the signed memorandum that requires the Army Internal Review offices to develop and implement controls to track an auditor's continuing professional education compliance on a quarterly basis.

### **The DoW OIG Identified Two of the Eight Findings in This Letter of Comment in the Previous Peer Review of the Army IR Program**

Of the eight findings included in this Letter of Comment, Finding 3 related to ongoing investigations or legal proceedings and Finding 5 related to fraud risk, were identified in the previous peer review of the Army IR Program. In the prior peer review report, Report No. DODIG-2023-042, "External Peer Review of the Army Internal Review Program," January 9, 2023, we made a recommendation to correct the ongoing investigations or legal proceedings finding and help ensure that Army IR auditors comply with GAGAS when they perform their work. In the prior report, we also explained that the affected Army IR office took corrective action to address the fraud risk finding before our peer review. The corrective actions the Army IR offices took were not fully effective because we identified the same findings at two of the nine IR offices selected for this peer review. Based on the results of this peer review, the Office of the ASA(FM&C) should take additional actions to ensure that auditors comply with GAGAS when they perform their work.

If you have any questions or would like to meet to discuss the review, please contact

 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

## Appendix B

### Army IR Program's Inadequate Policies and Procedures

The following table lists the CIGIE Guide's Appendix A questions that we answered as inadequate at HRC IRACO, USARPAC-Eighth Army IR office, and CHRA AICO. We organized the table into four areas consisting of independence, quality control and peer review, fieldwork standards for performance audits, and reporting standards for performance audits.

*Table 10. CIGIE Guide's Appendix A Questions Marked Inadequate*

| Question Count                                                                                                                                                                                     | CIGIE Guide's Appendix A Question Number | CIGIE Guide's Appendix A Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Army IR Office |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Standards Applicable to All Engagements</b> —Do policies and procedures for Ethics, Independence, and Professional Judgment for all engagements require auditors and/or audit organizations to: |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |
| 1                                                                                                                                                                                                  | 1.6a                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: Would providing such service create a threat to independence with any GAGAS engagement? (GAGAS 3.64, 3.78, 3.87-3.90, 3.96-3.98, 3.102, 3.104, and 3.106)                                                                                                                                                                                                    | CHRA AICO      |
| 2                                                                                                                                                                                                  | 1.6b                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: Has the audited entity designated an individual with suitable skill, knowledge, or experience and who understands the services to be provided sufficiently to oversee them and conclude that a threat exists if the audited entity is unable or unwilling to assume responsibility for effectively overseeing the services to be provided? (GAGAS 3.73-3.75) | CHRA AICO      |
| 3                                                                                                                                                                                                  | 1.6c                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: Does management assume responsibilities, oversee the services, evaluate the adequacy and results, and accept responsibility for the results? (GAGAS 3.76)                                                                                                                                                                                                    | CHRA AICO      |
| 4                                                                                                                                                                                                  | 1.6d                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: Did the auditors share their understanding with the audited entity of the objectives, services provided, responsibilities, and limitations? (GAGAS 3.77)                                                                                                                                                                                                     | CHRA AICO      |

Table 10. CIGIE Guide's Appendix A Questions Marked Inadequate (cont'd)

| Question Count                                                                                                                                                                                                                                                                           | CIGIE Guide's Appendix A Question Number | CIGIE Guide's Appendix A Question                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Army IR Office          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| 5                                                                                                                                                                                                                                                                                        | 1.6e                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: Are there any previously performed nonaudit services that could affect the prospective engagement? (GAGAS 3.83)                                                                                                                                                                                                                            | CHRA AICO               |
| 6                                                                                                                                                                                                                                                                                        | 1.6f                                     | Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity? Did the auditors disclose the nature of the threat to independence that could not be eliminated or reduced to an acceptable level and modify the GAGAS compliance statement? (GAGAS 3.84)                                                                                                                                                  | CHRA AICO               |
| <b>Do policies and procedures for Fieldwork and Reporting Standards for all engagements require that auditors:</b>                                                                                                                                                                       |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |
| 7                                                                                                                                                                                                                                                                                        | 4.2                                      | Consult and document difficult or contentious issues that arose among team members during the engagement and the parties' understanding of the resulting conclusions reached and implemented? (GAGAS 5.24)                                                                                                                                                                                                                                                                            | HRC IRACO               |
| 8                                                                                                                                                                                                                                                                                        | 4.3                                      | Document supervisory review, before the report release date, of the evidence that supports the findings and conclusions contained in the engagement report? (GAGAS 6.31, 7.33, and 8.135c)                                                                                                                                                                                                                                                                                            | CHRA AICO               |
| 9                                                                                                                                                                                                                                                                                        | 4.4                                      | Assess the significance of and document departures from GAGAS requirements and the impact on the engagement and on the auditors' conclusions, and determine the type of GAGAS compliance statement when auditors do not comply with applicable GAGAS requirements? (GAGAS 2.03, 2.04, 2.17b-2.19, 6.32, 7.33b, and 8.136)                                                                                                                                                             | HRC IRACO and CHRA AICO |
| <b>Standards Applicable to Financial Audits, Attestation Engagements, and Reviews of Financial Statements—Do policies and procedures for Fieldwork and Reporting Standards for financial audits, attestation engagements, and reviews of financial statements require that auditors:</b> |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |
| 10                                                                                                                                                                                                                                                                                       | 6.2                                      | Extend the AICPA requirements concerning consideration of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements? (GAGAS 6.15, 7.17, 7.73, 7.81, 7.89, and 8.30)                                                                                                                                                                                                                                         | HRC IRACO               |
| 11                                                                                                                                                                                                                                                                                       | 6.3                                      | As part of planning, document an understanding with the auditee (and those charged with governance) in a letter or an engagement memorandum that generally includes the objectives and scope, management's and auditors' responsibilities, any limitations of the engagement, applicable framework and criteria, materiality, timing and direction of the engagement, and other appropriate items? (AT-C §205.12, AT-C §205.14, AT-C §205.16, AT-C §210.08-.11, and AT-C §215.10-.14) | HRC IRACO               |

Table 10. CIGIE Guide's Appendix A Questions Marked Inadequate (cont'd)

| Question Count                                                                                                                                       | CIGIE Guide's Appendix A Question Number | CIGIE Guide's Appendix A Question                                                                                                                                                                                                                                                                            | Army IR Office                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 12                                                                                                                                                   | 6.4                                      | Obtain written representation/assertion about the subject matter or objectives, an explanation if management refuses to provide the representation, and document restrictions on the use of the report when management refuses to provide the assertion?? (AT-C §205.10, AT-C §210.11, and AT-C §215.28-.30) | HRC IRACO and USARPAC-Eighth Army IR office |
| 13                                                                                                                                                   | 6.5                                      | Develop an overall engagement strategy that sets the scope, timing, and direction of the engagement and guides the development of the engagement plan? (AU-C §300.07-.11, AU-C §300.13, and AT-C §205.13)                                                                                                    | USARPAC-Eighth Army IR office               |
| 14                                                                                                                                                   | 6.7                                      | Document, as part of analytical and substantive procedures, the suitability, reliability, expectation, and explanation for differences identified for various stages of testing? (AU-C §520.01, AU C §520.05-.07, and AT-C §205.27-.28)                                                                      | HRC IRACO and USARPAC-Eighth Army IR office |
| 15                                                                                                                                                   | 6.8                                      | Document, as part of the sampling techniques, the purpose of the testing, sample size, testing and deviations, projections, and results? (AU-C §530.06-.14 and AT-C §205.31)                                                                                                                                 | USARPAC-Eighth Army IR office               |
| <b>Standards Applicable to Examination Engagement</b> —Do policies and procedures for examination engagements require that auditors:                 |                                          |                                                                                                                                                                                                                                                                                                              |                                             |
| 16                                                                                                                                                   | 8.4                                      | Document revised risk assessment if the risk of material misstatement is changed? (AT C §205.34)                                                                                                                                                                                                             | HRC IRACO                                   |
| <b>Standards Specific to Performance Audits</b> —Do policies and procedures for fieldwork and reporting on performance audits require that auditors: |                                          |                                                                                                                                                                                                                                                                                                              |                                             |
| 17                                                                                                                                                   | 9.1                                      | Adequately plan the work necessary to address the audit objectives and reduce audit risk to an acceptable level and include (GAGAS 8.03, 8.04): Assessing significance and audit risk? (GAGAS 8.05)                                                                                                          | CHRA AICO                                   |
| 18                                                                                                                                                   | 9.13                                     | Perform additional procedures, as appropriate, when identifying limitations or uncertainties in evidence that is significant to the audit findings and conclusions? (GAGAS 8.110)                                                                                                                            | HRC IRACO                                   |

Source: The DoW OIG, based on language from CIGIE Guide's Appendix A, March 2020.

# Management Comments

## Deputy Assistant Secretary of the Army for Financial Operations and Information



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109

SAFM-FO

MEMORANDUM FOR Audit Oversight Director for Evaluations, Space, Intelligence, Engineering and Oversight, Office of the Inspector General Department of War (DoW OIG), ATTN: [REDACTED]

SUBJECT: Consolidated Army Response to DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000)

1. Reference DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000)
2. This memorandum and the following enclosures comprise the consolidated Army response to DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000):
  - a. Synopsis of Responses to Individual Recommendations Included in DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000)
  - b. Memorandum, Director, Internal Review, 8th Army, August 19, 2026, subject: Eighth Army Internal Review Response to Draft Report External Review of the Army Internal Review Program dated 18 August 2026
  - c. Memorandum, Director, Internal Review, U.S. Army Corps of Engineers, August 19, 2026, subject: Headquarters, U.S. Army Corps of Engineers (HQ USACE) Office of Internal Review (CEIR) comments for External Peer Review of the Army Internal Review Program, Project No. D2025-DEV0SO-0077.000)
3. The Army concurs with the overall rating of "pass with deficiencies" DoW OIG assigned to the Army Internal Review (IR) program in the draft report for its recently conducted External Peer Review of the program. With a limited number of exceptions, we additionally acknowledge and concur with the Deficiencies, Findings, and Recommendations described in the draft report and supplementary Letter of Comment. Detailed responses to the draft report and Letter of Comment Recommendations are included in the three enclosures to this memorandum.
4. We have reviewed the External Peer Review draft report and Letter of Comment in detail and did not identify any specific information within these publications which we believe is exempt from release to the Public and/or to Congress. We also do not

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

SUBJECT: Consolidated Army Response to DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000)

believe that any specific information within the consolidated Army response to the draft report (including the three enclosures to the response) is exempt from release.

5. We appreciate the hard work and conscientiousness exhibited by your staff throughout the external peer review process and look forward to working with you again during the next DoW OIG peer review of the Army IR program.

6. The OASA (FM&C) point of contact for this waiver is [REDACTED] Chief, Army Risk Management & Internal Control (FO-M), who may be reached by phone at [REDACTED] or by e-mail at [REDACTED]

ANDERSON.NATA  
SHA.NOEL [REDACTED]  
[REDACTED]  
Digitally signed by  
ANDERSON.NATASHA.NOEL [REDACTED]  
Date: 2026.08.28 16:06:07  
-04'00'

Encls

Natasha N. Anderson  
Director, Financial Operations and  
Accounting

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

**Enclosure: Synopsis of Responses to Individual Recommendations Included in DoW OIG Draft Report, "External Peer Review of the Army Internal Review Program" (Project No. D2025-DEV0SO-0077.000)**

**Recommendation 1:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:*

*a. Coordinate with the Director, U.S. Civilian Human Resources Agency to inquire whether any auditors are currently employed at the Audit and Internal Control office after the departure of all the audit staff during this peer review.*

*b. Based on the results of their inquiry, issue a memorandum to the Director, U.S. Civilian Human Resources Agency to require that the agency determine whether any self-review threats exist within the U.S. Army Civilian Human Resources Agency Audit and Internal Control office, evaluate the significance of any threats identified, and apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level in accordance with Generally Accepted Government Auditing Standard 3.27.*

**Army Response:** Concur. On May 21, 2025, ASA-FM&C participated in a meeting with CHRA leadership where CHRA leadership confirmed that they did not intend to employ any additional auditors for the foreseeable future. Because of this, issuing a memorandum to CHRA involving self-review threats for auditors is unnecessary and we consider the intent of this recommendation to be fully implemented.

**Recommendation 2:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:*

*a. Issue a memorandum to the Internal Review offices to emphasize that auditors should perform and document monitoring procedures in accordance with Generally Accepted Government Auditing Standards 5.43, 5.44, and 5.45.23*

*b. Provide annual training to the audit staff at the Internal Review offices to improve their understanding and knowledge of Generally Accepted Government Auditing Standards for monitoring of quality.*

**Army Response:** Concur with comments. At the conclusion of FY 2023, ASA-FM&C issued a memorandum establishing the Army IR Annual Quality Monitoring Report (subsequently renamed to Army IR Annual Quality Assessment) to address a similar deficiency from DoW OIG's CY 2022 Peer Review of the Army IR Program. The memorandum requires each Army IR office to create an annual written summary which describes its local quality monitoring processes, issues discovered through these processes, and related corrective actions and submit this summary to the IR office within its higher headquarters for evaluation. On an annual basis beginning with FY 2023, ASA-FM&C has created a consolidated Army IR Annual Quality Monitoring

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

Report / Annual Quality Assessment which incorporates consolidated quality monitoring information submitted by the ACOMs / ASCCs / DRUs covering every IR office within the Army. Four of the five instances of quality monitoring noncompliance identified in DoW OIG's CY 2025-2026 External Peer Review of the Army IR Program occurred prior to the time these corrective actions were implemented, and the fifth instance, which was isolated to AMC ASC IR, was independently identified through HQ AMC IR's own quality monitoring activities prior to the time of DoW OIG's External Peer Review. The marked decrease in quality monitoring noncompliance for the Army IR Program during FY 2023 and FY 2024 demonstrates that the actions ASA-FM&C has taken to address this deficiency have been effective. While we consider our recent implementation of the Army IR Annual Quality Monitoring Report / Quality Assessment to fully meet the intent of this recommendation, we will also issue a memorandum emphasizing GAGAS quality monitoring requirements no later than December 31, 2026 and additionally emphasize these requirements during forums such as Army IR Directors' Meetings and the Army IR Training Symposium. In addition to the corrective actions described above, USACE IR (one of the commands the deficiency associated with this recommendation pertained to) independently identified similar concerns within their own command and implemented related improvements effective FY 2023, including the provision of annual guidance and training on quality monitoring, an annual summary checklist, and an annual reporting memorandum. [See USACE IR's verbatim comments memorandum for additional details about implementation within USACE IR.]

**Recommendation 3:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Internal Review offices to emphasize that supervisory auditors must document supervisory review of all audit documentation that supports the findings, conclusions, and recommendations contained in audit reports before the reports are issued in accordance with Generally Accepted Government Auditing Standard 8.135c.*

**Army Response:** Concur. ASA-FM&C will issue a policy memorandum to all Army IR offices emphasizing GAGAS requirements for documentation of supervisory review, subject to the allowance specified in GAGAS Paragraph 5.58 for one-person audit organizations to use alternative procedures to achieve the GAGAS requirement for review of work products, no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

**Recommendation 4:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:*

*a. Conduct a review of the Internal Review offices to determine if the offices have a tool, such as a working paper tracking checklist, to assist supervisory auditors with detecting working papers that do not include evidence of supervisory review before issuing an audit report.*

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

*b. Based on the results of the review in Recommendation 4.a, require the Internal Review offices to develop and implement a tool, such as a working paper tracking checklist, to help ensure that the auditors document supervisory review in accordance with Generally Accepted Government Auditing Standard 8.135c.*

**Army Response:** Concur with comments. ASA-FM&C will develop a working paper tracking tool to assist supervisory auditors within Army IR offices to detect working papers that do not include evidence of supervisory review prior to the issuance of a related audit report. We will disseminate this tracking tool in conjunction with the policy memorandum we issue to all Army IR offices on supervisory review requirements no later than December 31, 2026.

**Recommendation 5:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information develop and implement a requirement for audit staff at the Internal Review offices to complete annual training that emphasizes requirements to comply with Generally Accepted Government Auditing Standards and American Institute of Certified Public Accountants standards for:*

- a. Conducting review engagements.*
- b. Conducting examination engagements.*
- c. Conducting agreed-upon procedure engagements.*

**Army Response:** Concur with comments. Based on information we have received through recent Army IR Annual Metrics Reports, only a relatively small number of Army IR offices perform attestation engagements. ASA-FM&C will issue a policy memorandum requiring Army IR offices to complete a certification statement prior to initiating any type of attestation engagement which indicates that all IR personnel assigned to the attestation engagement have completed training on conducting attestation engagements within the 12 months preceding the announcement of the attestation engagement. We will issue this policy memorandum no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

**Recommendation 6:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army IR offices to emphasize that auditors must comply with Generally Accepted Government Auditing Standards when they perform nonaudit services.*

**Army Response:** Concur. ASA-FM&C will issue a policy memorandum to all Army IR offices emphasizing compliance with GAGAS requirements for nonaudit services no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

**Recommendation 7:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Internal Review offices directing them to review, and if needed, update their policies and procedures to include Generally Accepted Government Auditing Standards in the following areas.*

- a. Planning*
- b. Fieldwork and reporting standards that are applicable to financial audits*
- c. Reviews of financial statements*
- d. Attestation engagements*
- e. Performance audits*
- f. Nonaudit services.*

**Army Response:** Concur. ASA-FM&C will issue a policy memorandum to all Army IR offices directing them to review and, if necessary, update their local policies and procedures to address planning, fieldwork and reporting standards for financial audits, reviews of financial statements, attestation engagements, and performance audits no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

**Recommendation 8:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information:*

*a. Require the Director, Civilian Human Resources Agency Audit and Internal Control office to develop and implement policies and procedures to ensure auditors assess significance and audit risk in accordance with GAGAS 8.05.*

*b. Issue guidance to all Army Internal Review offices that emphasizes the requirement to comply with existing policies and to document the assessment of significance and audit risk for all performance audits.*

**Army Response:** Concur with comments. On May 21, 2025, ASA-FM&C verified that CHRA no longer employs any auditors and does not intend to for the foreseeable future; because of this, CHRA IR is defunct and we cannot issue a separate memorandum or directive to them. However, ASA-FM&C will issue a policy memorandum to all Army IR offices emphasizing the GAGAS requirement to comply with existing policies and document the assessment of significance and audit risk for all performance audits. We will issue this memorandum no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

**Recommendation 9:** *We recommend that the Director, U.S. Army Pacific-Eighth Army Internal Review office develop a tool, such as a working paper template to document inquiries of the audited entity's management on whether any investigations or legal*

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

*proceedings significant to the audit objectives have been initiated or are in process regarding the period under audit in accordance with Generally Accepted Government Auditing Standard 8.27.*

**Army Response:** Concur. 8th Army IR will develop and implement a working paper template to ensure auditors directly ask audited entity's management about any ongoing investigations or legal proceedings that relate to the audit objectives and period being audited. The template will also require auditors to document management's response and relevant information provided and to evaluate how these initiated or in-process proceedings affect the scope, methodology, and conclusions of the current audit in accordance with GAGAS 8.27. The target implementation date for these actions is September 30, 2026. [See 8th Army IR's verbatim comments memorandum for additional details.]

**Recommendation 10:** *We recommend that the Director, U.S. Army Pacific–Headquarters–Eighth Army Internal Review office develop and implement a tool, such as a working paper template to document the fraud risk assessment, to help ensure that the auditors assess the risk of fraud that is significant to the audit objectives in accordance with Generally Accepted Government Auditing Standards 8.71 and 8.72.*

**Army Response:** Concur. 8th Army has implemented the fraud risk assessment requirements in its audit engagements since Fiscal Year 2025 in accordance with GAGAS 8.71 and 8.72. This recommendation was fully implemented beginning on 10/1/2024. [See 8th Army IR's verbatim comments memorandum for additional details.]

**Recommendation 11:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Director, U.S. Civilian Human Resources Agency to require that auditors comply with Generally Accepted Government Auditing Standards 2.17 through 2.19 when conducting engagements in accordance with Generally Accepted Government Auditing Standards.*

**Army Response:** Concur with comments. On May 21, 2025, ASA-FM&C verified that CHRA no longer employs any auditors and does not intend to for the foreseeable future. Because of this, issuing a memorandum to CHRA involving auditor compliance with GAGAS 2.17 through 2.19 would not produce any benefit and we consider the intent of this recommendation to be fully implemented.

**Recommendation 12:** *We recommend that the Director, U.S. Army Pacific–Eighth Army Internal Review office issue a memorandum to the audit staff to emphasize that auditors must explain the scope of work performed in the audit report, including the relationship between the items reported on and the items sampled, in accordance with Generally Accepted Government Auditing Standards 9.13 and 9.14.*

## Deputy Assistant Secretary of the Army for Financial Operations and Information (cont'd)

**Army Response:** Concur. 8th Army IR will issue a memorandum to the 8th Army IR audit staff to ensure they clearly explain the relationship between the population and the items tested, describe the sample design with specific evidence-gathering and analysis used, state why the design is chosen, and state whether the results could be projected in accordance with GAGAS 9.13 and 9.14. The target implementation date for this action is September 30, 2026. [See 8th Army IR's verbatim comments memorandum for additional details.]

**Recommendation 13:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army Program Internal Review offices to emphasize that auditors should obtain the required continuing professional education hours in accordance with Generally Accepted Government Auditing Standards 4.16 and 4.17.*

**Army Response:** Concur. ASA-FM&C will issue a policy memorandum to all Army IR offices emphasizing compliance with GAGAS CPE requirements no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

**Recommendation 14:** *We recommend that the Deputy Assistant Secretary of the Army for Financial Operations and Information issue a memorandum to the Army Program Internal Review offices to require the offices to develop and implement controls to track auditor's continuing professional education compliance on a quarterly basis.*

**Army Response:** Concur. ASA-FM&C will issue a policy memorandum to all Army IR offices requiring them to develop and implement controls to track auditor CPE compliance and perform related quarterly monitoring no later than December 31, 2026. The memorandum we issue may address multiple recommendations included in the Peer Review Report and Letter of Comment.

# Director of the U.S. Army Pacific-Eighth Army Internal Review



DEPARTMENT OF THE ARMY  
HEADQUARTERS, EIGHTH ARMY  
UNIT #15236  
APO AP 96271-5236

EAIR

19 AUGUST 2026

MEMORANDUM FOR Office of Assistant Inspector General for Evaluations, Space, Intelligence, Engineering and Oversight, Department of War

SUBJECT: Eighth Army Internal Review Response to Draft Report External Review of the Army Internal Review Program dated 18 August 2026

1. Reference. Department of War Office of Inspector General (DoW OIG) Draft Report D2025-DEV0SO-0077.000, External Peer Review of the Army Internal Review Program, 18 August 2026

2. Purpose. Eighth Army Internal Review (8A IR) acknowledges the results in the referenced draft report and provides response to the recommendations.

3. 8A IR acknowledges the Deficiencies, Letter of Comment Findings, and Recommendations applicable to 8A IR from the Draft Report.

a. **DoW OIG's recommendation 9:** DoW OIG recommends that *"the Director, U.S. Army Pacific-Eighth Army Internal Review office develop a tool, such as a working paper template to document inquiries of the audited entity's management on whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process regarding the period under audit in accordance with Generally Accepted Government Auditing Standard 8.27."*

(1) 8A IR's response: **CONCUR.**

(2) Corrective Action Plan: We will develop and implement a working paper template to ensure auditors directly ask audited entity's management about any ongoing investigations or legal proceedings that related to the audit objectives and period being audited. We will also ensure to document management's response and relevant information provided and evaluate how these initiated or in-process proceedings affect the scope, methodology, and conclusions of the current audit in accordance with Generally Accepted Government Auditing Standard (GAGAS) 8.27.

(3) Target Implementation date: 30 September 2026

## Director of the U.S. Army Pacific-Eighth Army Internal Review (cont'd)

EAIR

SUBJECT: Eighth Army Internal Review Response to Draft Report External Review of the Army Internal Review Program dated 18 August 2026

b. **DoW OIG's recommendation 10:** DoW OIG recommends that *"the Director, U.S. Army Pacific-Headquarters-Eighth Army Internal Review office develop and implement a tool, such as a working paper template to document the fraud risk assessment, to help ensure that the auditors assess the risk of fraud that is significant to the audit objectives in accordance with Generally Accepted Government Auditing Standards 8.71 and 8.72."*

(1) 8A IR's response: **CONCUR.**

(2) Corrective Action Plan: We have implemented the fraud risk assessment requirements in our audit engagements since Fiscal Year 2025 in accordance with GAGAS 8.71 and 8.72.

(3) Target Implementation Date: IMPLEMENTED. 01 October 2024

c. **DOW OIG's recommendation 12:** DoW OIG recommends that *"the Director, U.S. Army Pacific-Eighth Army Internal Review office issue a memorandum to the audit staff to emphasize that auditors must explain the scope of work performed in the audit report, including the relationship between the items reported on and the items sampled, in accordance with Generally Accepted Government Auditing Standards 9.13 and 9.14."*

(1) 8A IR's response: **CONCUR.**

(2) Corrective Action Plan: We will issue a memorandum to the 8A IR audit staff to ensure that we clearly explain the relationship between the population and the items tested, describe the sample design with specific evidence-gathering and analysis used and state why the design is chosen, and state whether the results could be projected in accordance with GAGAS 9.13 and 9.14.

(3) Target Implementation date: 30 September 2026

## Director of the U.S. Army Pacific-Eighth Army Internal Review (cont'd)

EAIR

SUBJECT: Eighth Army Internal Review Response to Draft Report External Review of the Army Internal Review Program dated 18 August 2026

4. The point of contact for this memorandum is [REDACTED] IR Director, [REDACTED]  
[REDACTED]

CHOI.JAE.HYUC  
K. [REDACTED]  
JAE H. CHOI  
Director, Internal Review

Digitally signed by  
CHOI.JAE.HYUCK, [REDACTED]  
Date: 2026.08.19 09:13:43  
+09'00'

# Director of the U.S. Army Corps of Engineers Internal Review



DEPARTMENT OF THE ARMY  
U.S. ARMY CORPS OF ENGINEERS  
441 G STREET, NW  
WASHINGTON, DC 20314-1000

CEIR

19 August 2026

MEMORANDUM THRU Assistant Secretary of the Army (Financial Management and Comptroller), Financial Operations & Accounting – Army Risk Management

FOR Department of War Office of Inspector General (DoW OIG), Evaluations: Space, Intelligence, Engineering and Oversight

SUBJECT: Headquarters, U.S. Army Corps of Engineers (HQ USACE) Office of Internal Review (CEIR) comments for External Peer Review of the Army Internal Review Program, Project No. D2025-DEV0SO-0077.000

1. Internal Review (IR) is an essential commander's tool that supports the effective and efficient allocation of resources to accomplish Army missions.
2. I appreciate DoW OIG's insights as we continue to enhance the USACE IR system of quality control and deliver IR services that support the Army's mission.
3. CEIR previously identified and implemented improvements related to Deficiency 3. Effective FY23, CEIR required that USACE IR chiefs use a standardized template for annual monitoring. The template includes an annual summary checklist and reporting memo. This improvement streamlined annual monitoring reporting, improved comparability across IR offices, and enhanced how USACE IR offices summarize the results of monitoring.
4. CEIR also provides annual guidance and training on annual monitoring. CEIR considers Recommendation 2 implemented for USACE IR offices.
5. I appreciate the professionalism of the DoW OIG team and the consideration of our technical comments during the external peer review process.
6. My contact information is [REDACTED]

  
Digitally signed by  
POMMERENCK,JEFFREY.K [REDACTED]  
Date: 2026.08.19 16:33:48 -04'00'

JEFFREY POMMERENCK  
Director, Internal Review

DISTRIBUTION:  
South Atlantic Division IR Office

# Acronyms and Abbreviations

|                     |                                                                        |
|---------------------|------------------------------------------------------------------------|
| <b>AFC</b>          | Army Futures Command                                                   |
| <b>AICPA</b>        | American Institute of Certified Public Accountants                     |
| <b>AMC</b>          | Army Materiel Command                                                  |
| <b>ASA FM&amp;C</b> | Assistant Secretary of the Army (Financial Management and Comptroller) |
| <b>ASC</b>          | Army Sustainment Command                                               |
| <b>AICO</b>         | Audit and Internal Control office                                      |
| <b>AUP</b>          | Agreed-Upon Procedures                                                 |
| <b>CHRA</b>         | Civilian Human Resources Agency                                        |
| <b>CIGIE</b>        | Council of the Inspectors General on Integrity and Efficiency          |
| <b>CPE</b>          | Continuing Professional Education                                      |
| <b>FORSCOM</b>      | Army Forces Command                                                    |
| <b>GAGAS</b>        | Generally Accepted Government Auditing Standards                       |
| <b>HRC</b>          | Human Resources Command                                                |
| <b>HQ</b>           | Headquarters                                                           |
| <b>IAD</b>          | Internal Audit Directorate                                             |
| <b>INSCOM</b>       | Intelligence and Security Command                                      |
| <b>IR</b>           | Internal Review                                                        |
| <b>IRACO</b>        | Internal Review and Audit Compliance office                            |
| <b>SAJ</b>          | District Jacksonville                                                  |
| <b>SOP</b>          | Standard Operating Procedures                                          |
| <b>TSC</b>          | Theater Sustainment Command                                            |
| <b>USACE</b>        | U.S. Army Corps of Engineers                                           |
| <b>USARC</b>        | U.S. Army Reserve Command                                              |
| <b>USARPAC</b>      | U.S. Army Pacific                                                      |



# **Whistleblower Protection**

## **U.S. DEPARTMENT OF WAR**

*Whistleblower Protection safeguards DoW employees against retaliation for protected disclosures that expose possible fraud, waste, and abuse in Government programs. For more information, please visit the Whistleblower webpage at [www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/](http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/) or contact the Whistleblower Protection Coordinator at [Whistleblowerprotectioncoordinator@dodig.mil](mailto:Whistleblowerprotectioncoordinator@dodig.mil)*

**For more information about DoW OIG  
reports or activities, please contact us:**

**Legislative Affairs Division**  
[legislative.affairs@dodig.mil](mailto:legislative.affairs@dodig.mil)

**Public Affairs Division**  
[public.affairs@dodig.mil](mailto:public.affairs@dodig.mil)



[www.dodig.mil](http://www.dodig.mil)

**DoD Hotline**  
[www.dodig.mil/hotline](http://www.dodig.mil/hotline)





DEPARTMENT OF WAR INSPECTOR GENERAL

4800 Mark Center Drive  
Alexandria, VA 22350-1500  
[www.dodig.mil](http://www.dodig.mil)  
DoD Hotline 1.800.424.9098

