



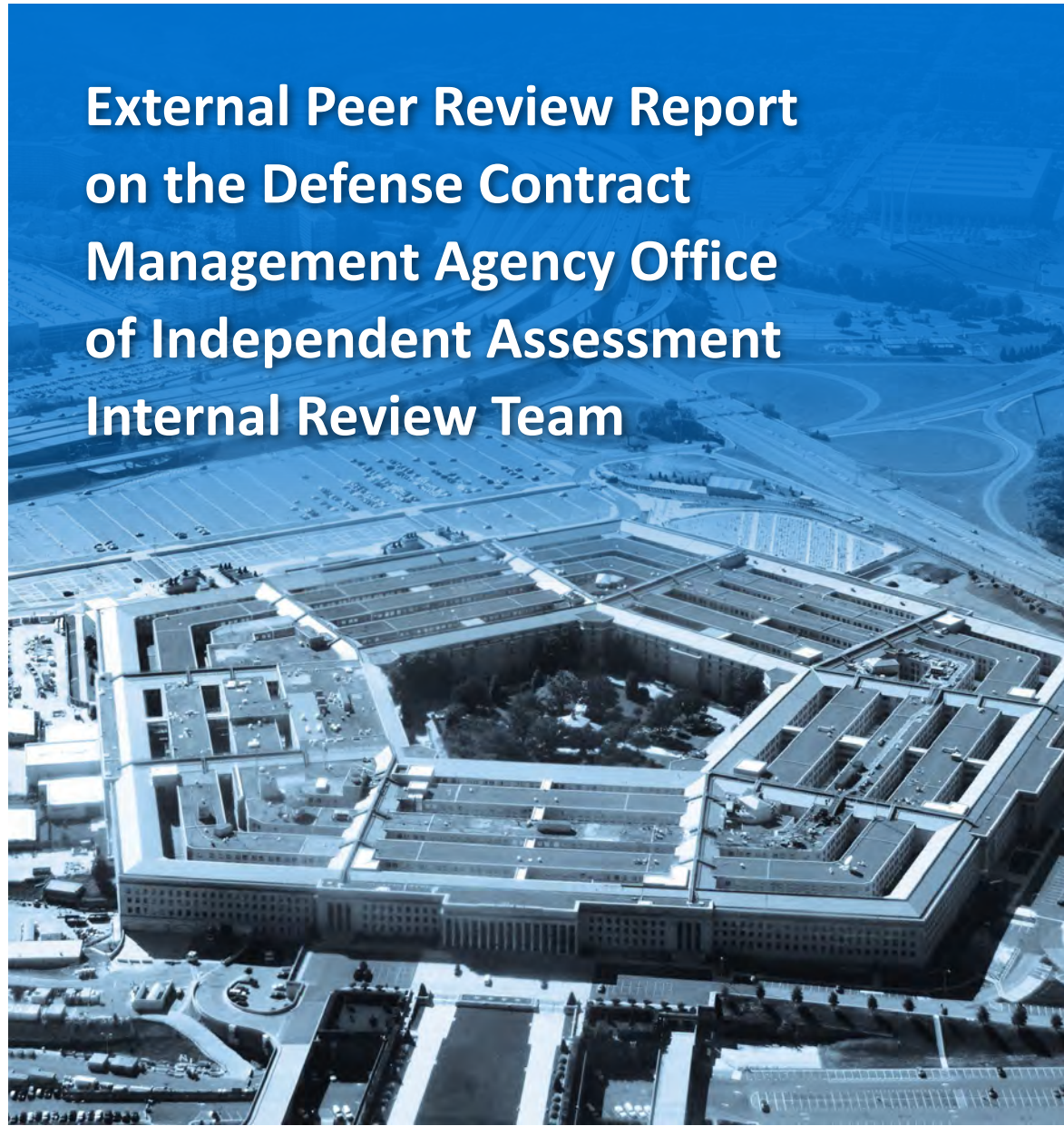
INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 2, 2015



External Peer Review Report on the Defense Contract Management Agency Office of Independent Assessment Internal Review Team



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

November 2, 2015

MEMORANDUM FOR EXECUTIVE DIRECTOR, OFFICE OF INDEPENDENT ASSESSMENT,
DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: External Peer Review Report on the Defense Contract Management Agency
Office of Independent Assessment Internal Review Team
(Report No. DODIG-2016-007)

Attached is the External Peer Review Report on the Defense Contract Management Agency Office of Independent Assessment Internal Review Team conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Our scope and methodology of the review is provided as an enclosure.

We appreciate the cooperation and courtesies extended to our staff during the review.

Please direct questions to Ms. Carolyn R. Hantz at (703) 604-8877, or e-mail at

carolyn.hantz@dodig.mil.

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

Randolph R. Stone
Deputy Inspector General
Policy and Oversight

Attachment





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

November 2, 2015

**MEMORANDUM FOR EXECUTIVE DIRECTOR, OFFICE OF INDEPENDENT ASSESSMENT,
DEFENSE CONTRACT MANAGEMENT AGENCY**

SUBJECT: System Review Report (Report Number DODIG-2016-007)

We have reviewed the system of quality control for the Defense Contract Management Agency's Internal Review Team (Internal Review Team) in effect for the year ended May 31, 2015. A system of quality control encompasses the Internal Review Team's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. The Internal Review Team is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Internal Review Team's compliance with standards and requirements based on our review.

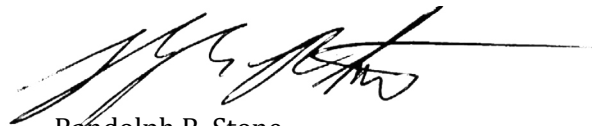
Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed audit personnel and obtained an understanding of the nature of the Defense Contract Management Agency's audit organization and the design of its system of quality control sufficient to assess the risks implicit in its audit function.¹ Based on our assessment, we selected audits and administrative files to test for conformity with professional standards and compliance with the Internal Review Team's system of quality control. The audits selected represented a reasonable cross section of the audit organization with an emphasis on higher risk audits. Before concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with the Internal Review Team's management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

¹ The Defense Contract Management Agency's Internal Review Team is the audit organization responsible for following Government Auditing Standards.

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

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

In our opinion, the system of quality control for the Defense Contract Management Agency's Internal Review Team in effect for the year ended May 31, 2015, has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies* or *fail*. The Internal Review Team has received an External Peer Review rating of *pass*.

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

Randolph R. Stone
Deputy Inspector General
Policy and Oversight

Enclosure:
As stated

Enclosure 1

Scope and Methodology

Internal Review Team Office Visited and the Audits Reviewed

We visited the Internal Review Team in Fort Lee, Virginia. We tested compliance with the Internal Review Team's system of quality control to the extent we considered appropriate. These tests included a review of three of nine audit reports issued from June 1, 2012, to May 31, 2015. The table lists the audit reports reviewed. We tested compliance with the requirements for continuing professional education hours. In addition, we interviewed personnel to determine their understanding of and compliance with quality control policies and procedures. Finally, we reviewed the Internal Review Team's audit policies and procedures that were published on May 10, 2013.

Table. Reviewed Audits Performed by the Defense Contract Management Agency's Internal Review Team

Report Title	Report Number	Date	Type of Review
Audit of DCMA's Payroll Process	DCMA-DMI-2014-004	October 28, 2014	Performance
Audit of DCMA's Overtime Process	DCMA-DMI-2014-001	January 13, 2015	Performance
Management of Wireless Devices	DCMA-DMI-2014-006	March 30, 2015	Performance



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

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