

## Audit Committee –Peer Review

### Guide

1. The most recent peer review guide (*Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*) was published in March 2009.

Based on your organization's peer review experiences, are there any guidelines or topic areas that require revision or more explanation in the guide?

If so, please provide specific details

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Possibly. The peer review guide does not require the peer review team to conduct follow-up work regarding its recommendations. Need to ensure this topic is consistent with the IG community's/CIGIE's interpretation of the Dodd-Frank Act requirements for reporting on peer reviews in semiannual reports to Congress.

No improvements suggested.

Substantially reduce rather than expand the guide further

More specific guidance on selecting the audit sample (and sample size) would be useful.

Yes, add procedures about who to contact if the report is delayed and will not be issued within the time constraints.

Add procedures on how differences will be resolved when the reviewed OIG and reviewing OIG disagree. How will the issue be resolved and resolution be reached.

Guidance on how to extend the 6-month review period is needed. This guidance needs to include which office (the reviewing office or the office being reviewed) is responsible for securing an extension to the review period. Additionally, guidance is needed to explain how an extension of the review period affects reporting requirements in the Semiannual Reports to Congress.

Guidance needs to specifically address which office is responsible for initiating and obtaining extension.

No revisions needed

No major revisions necessary as far as I can tell.

The CIGIE guide is appropriate. None of the topic areas require revision or more explanation.

Yes. Appendix A does not have a question to identify policies or procedures to fulfill the GAS requirements for documenting an overall assessment of audit evidence (GAS 7.68–7.71). This was a new requirement in the 2007 version of the Yellow Book, supports the new, expanded GAGAS statement in the report, and is still often overlooked by audit organizations.

No

No

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No, the guide was an excellent resource and provided structure to the review to ensure all essential areas were included.

Most of the questions from the peer review checklist "Appendix C - Checklist for Review of Financial Audits Performed by the Office of Inspector General" are geared towards financial statements audits. We suggest adding a peer review checklist for "financial-related" audits.

No

No

No

We may need to evaluate the impact of the American Recovery and Reinvestment Act (ARRA) on work products that could be subject to the next Peer Review. Guidance may be needed on how audit organizations conducting peer reviews should handle the variety of products that were issued as a result of the review of ARRA projects.

No

Yes, more explanation needed on the need for Quality Control & Assurance of individual OIGs performing an annual assessment of its operations. Some are using the annual A-123 exercise as part of the financial statements as their assessment.

No

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### Audit Peer Review Schedule and Assignment

1. The triennial Audit Peer Review Schedule is developed and disseminated by the CIGIE Audit Committee. The schedule identifies the reviewing offices, periods of review, and prior reviewing office.
- 

**a. Please provide any suggestions you may have regarding scheduling, timeframes, or assignments.**

No improvements suggested.

There may be utility in the concepts noted. However as a practical matter small DFE-OIGs, or any small OIG, do not have the resources to conduct a peer review of large OIGs as these reviews historically consume far more time and resources ( that are not available at small OIGs) than reviews of at the small OIGs. Much of smaller OIGs time is already consumed by mandated requirements and the additional time and resources needed to conduct a review at a major OIG would further reduce the OIGs attention to oversight of its agency. Some small OIGs would like to review a larger OIG to gain additional insights but the practicality of this should be a major consideration.

Set a multi-year rotation schedule so eventually one OIG reviews all the other OIGs within their group.

The extension of the review timeframe to 8 or 9 months should be considered to allow sufficient time to complete review and to discuss results of review.

We would appreciate any possible reconsideration of OPM OIG's schedule, since we are scheduled to both have a peer review done on us by the Federal Reserve Board and conduct a peer review of Department of Commerce in 2012, after having conducted a peer review of the Department of the Interior in 2011.

It would be preferred if the year an OIG had to conduct a peer review was before or after the year the OIG had to be peer reviewed (not the same year).

None

Guidance for reporting results of peer reviews in Semiannual Reports to Congress required by Dodd-Frank Wall Street Reform and Consumer Protection Act, SEC. 998C., Strengthening Inspector General Accountability.

None

None

None

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**b. The schedule assigns OIGs to review similar size offices based on the size of the Audit staff. These criteria are: Audit staff size less than 10, Audit staff size of 10-100, and Audit Staff size of more than 100.**

Group parameters appear reasonable.

Larger offices may have a broader perspective on management processes and techniques and/or auditing practices, which could benefit smaller offices.

We are ok with reviewing offices of similar size.

Report recommendations from External Peer Review Report and not recommendations made in Letter of Comment.

Appears Reasonable

None B. Gallus

**c. Does your organization see any benefit of a larger office reviewing a smaller office or vice versa?**

While there may be a benefit to looking at any organization, regardless of size, the staffing imbalances would likely make it difficult for the smaller offices to peer review the larger offices.

No

A smaller office might benefit from exposure to systems and techniques in place at larger organizations with more resources available to develop more complex policies and internal control systems.

Potentially. A large office reviewing small offices would drastically reduce the impact on the small office being reviewed and have only a minimal impact on the large office. However, a small office may not have the staff to be able to conduct a peer review of a large OIG in a timely fashion. This may be an overwhelming task for a small OIG. That said it may be best to continue to group the reviews by audit staff size.

The scheduling and timeframes are reasonable.

There may be some benefit from a larger office reviewing a smaller office but I don't think that would be true the other way around.

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Yes, we think there may be a benefit to see how a larger or smaller office conducts their audits and quality assurance

Allowing for the review of an office of a different size would expose the auditor to different work processes and allow for professional growth in the peer review audit arena.

We don't believe a smaller office could satisfactorily evaluate the complexity of a much larger office. On the other hand, a larger office could probably evaluate a smaller office, provided that the larger office displayed understanding for the staffing and service limitations of the smaller office.

The benefit of keeping the status quo of reviewing a similar size office is that it provides an opportunity to observe other work processes and practices that could be adopted for use in their own offices.

No, overall it is better the way it is being done now. The nature and extent of the quality system differs between larger and smaller organizations and would be best understood by a team from a like-size organization.

No benefit

No. Small OIG do not have the staff to conduct reviews of larger offices. Larger OIGs would not be unfamiliar with problems that small offices encounter. Most importantly, reviewing similar size organization one can learn more effective and efficient methods of conducting audits.

No – quite the opposite. Small offices do not have the infrastructure that large offices have and establish alternate methods of meeting GAGAS. As such, large offices will be looking for approaches that are appropriate for large offices and which probably do not exist in small offices. In the end, it could take longer to conduct the peer review and the results may be suspect.

No, larger organizations are not attuned to operating in a smaller organizational environment, e.g., addressing the system of quality control requirements of GAS 3.54 that requires audit organization to summarize the results of its monitoring procedures annually (outside of supervision) to identify systemic issues needing improvement. Smaller audit organizations don't have enough resources to adequately institute independent monitoring activities required by GAS 3.53f., let alone address requirements of 3.54. Further, adding an investigative and inspection peer review to a small OIG organization's workload exacerbates the situation.

No

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No

Small OIGs should continue to review small OIG because they understand the dynamics of the environment.

No

#### **d. Would there be a benefit for your organization to apply this concept?**

Potentially, but we are a mature organization with an established, proven system.

As a medium size office with staff already spread thin, we believe it would be difficult for us to peer review a large OIG.

Only if small office was used to prepare for large office review.

Some offices might welcome the opportunity to see processes and common or promising practices from other offices. This could be beneficial for many offices if it is approached as a neutral forum to share helpful information like the results of the recent best practices survey completed by the EPA OIG.

The assignment of like-sized OIGs seems reasonable.

I believe so, that is, a larger office reviewing our office.

Yes, it would enable our organization to see other perspectives.

See above comment.

We would prefer to continue evaluating, and being evaluated by, a similar sized organization.

No

No

No

No

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No

No

No

No

- e. Please comment whether offices might welcome the opportunity to see work processes, common practices, or assignments are managed in a different sized environment.**

There is always a learning opportunity from seeing how other organizations conduct their work; however, the burden for a smaller OIG to review a larger OIG may outweigh this benefit.

Potentially. Every organization's system should be open to possibilities for improvement.

It would be welcome from the small offices. Large offices could do a small office as a precursor for the large office and allow the team to become familiar with the peer review guidance and process prior to starting the large office.

We believe any opportunity to see how other organizations run their business is beneficial. Generally, we believe it is more beneficial for like-sized organizations to learn from each other. It may also be a good learning experience for larger offices to review smaller offices to learn how those smaller offices meet GAGAS with less staff. However, doing so may also lengthen the amount of time that auditors need to do a review due to a learning curve, and the larger offices may not be able to understand the resource constraints of the smaller offices.

We do not have any suggestions related to scheduling, timeframes, or assignments. With regard to larger offices reviewing smaller offices or vice versa, we see potential benefits in applying this concept, but there are operational challenges. Due to their broad experience and depth of audit coverage, larger offices may provide smaller offices with a more expansive insight in dealing with wide-ranging audit issues. Conversely, due to their size, smaller offices must operate efficiently and can perhaps provide larger offices with insight on how to effectively target and conduct audit work. However, it would be difficult for a small office to have staff to be able to sufficiently review a large audit operation.

No. Individuals assigned to the external peer review may gain a greater insight of how other-sized organizations work but we don't see any advantage extending to the organization.

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We do not see any real benefit to a smaller office reviewing a larger office or vice versa. Because the audit standards are the same, nothing prevents an office from reviewing one of a different size. Small offices might benefit from reviewing larger offices in some cases. However, small offices would learn more from offices of similar size about how to provide proper supervision, etc. with a limited number of people.

Offices of any size would benefit most from reviewing other offices performing audits of similar types and auditees.

We do not object to performing a review of any sized OIG.

Yes, I think offices would welcome it. However, very small offices may be overwhelmed by the approaches of the large offices.

Yes, we think offices would welcome the opportunity to see the management of work processes, practices, and assignments in a different-sized organization.

While in theory peer review teams from larger offices may bring new insight to smaller offices (and vice versa), there are unique practices (operational aspects and applicability of laws and regulations) that might not be easily understood by larger offices (and vice versa).

We suggest that CIGIE encourage all peer review teams to formally identify best practices from the OIGs that are reviewed. These best practices should be reported to CIGIE, which should share them periodically with all OIGs.

We think some offices might welcome this, but it could also be accomplished through dissemination of peer review results regarding other sized entities in the OIG community.

Yes, but not during a peer review process. Perhaps in some other forum.

We think this benefit is already achieved with the current arrangement (like-sized offices reviewing like-sized offices).

Our office does not see any benefit of a larger office reviewing a smaller office or vice versa. It would be difficult for a small OIG to review a large OIG, and a large OIG would tend to dismiss recommendations from a small OIG.

No. Small OIG do not have the staff to conduct reviews of larger offices. Larger OIGs would not be unfamiliar with problems that small offices encounter. Most importantly, reviewing similar size organization one can learn more effective and efficient methods of conducting audits.



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Size matters and processes and practices of large offices are generally not applicable to small offices.

No, many of our staff members previously worked in large audit offices and brought that perspective to the design of our operations.

While we welcome the opportunity to see how work processes, common practices or assignments are managed in different sized environments, we feel any benefit would be outweighed by the resource commitment that would be placed on smaller organizations assigned to review larger ones.

This might be beneficial to smaller OIG shops to see work processes of larger IGs

This concept might be useful for larger offices, perhaps in excess of 60 auditors, but I think that in general the smaller offices would find a peer review at a larger office to require too large a commitment of resources and/or time.

## Audit Committee –Peer Review

2. Currently, a review is conducted by members of the same office.
    - a. **Would review team members from multiple OIGs benefit the process?**
    - b. **Would your organization see any benefits or detriments to having staff from multiple OIGs conduct the reviews?**
    - c. **Please explain the benefits/detriments in detail.**
- 

It could add an additional dimension to the review; however, logistically it could really complicate conducting the peer review and slow down the process.

No.

I don't believe this would be positive.

No

No

The potential benefits would again be related to team members from different OIGs sharing thoughts and ideas on how best to do things.

We can see both benefits and detriments.

We think the benefits would be getting different perspectives in conducting a peer review. We think detriments could involve the loss in efficiency with which Peer Reviews are conducted and completed, as the staff are not used to working together. We also think the different audit platforms (i.e., Teammate, Lotus Notes, etc.) which are utilized by various OIGs could cause problems in completing and reviewing peer review steps.

Would provide staff with diversified experience and different perspective.

Possibly, but detriments may outweigh any benefits. Timely completion of a review could be negatively impacted given the additional planning, cooperation, and logistics that would be required.

Another option might be that one staff, formed under the auspices of the CIGIE Audit Committee, by members matrixed from multiple OIGs. This team would conduct all, or a substantial portion, of the scheduled peer reviews in a given year. The benefit being that one team would have the opportunity to review several audit organizations and report on best practices based on observations made during the reviews.

No

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- 

Review team members from multiple OIGs might benefit the process, BUT team members should be on full-time detail to the lead OIG conducting the review, or the coordination will be difficult.

No

USCP has only one auditor and would not benefit from a large review team from multiple team members.

Not Sure

Not necessarily, it may make the review less efficient as different organizational approaches or philosophies have to be resolved within the peer review team.

Not necessarily, it may make the review less efficient as different organizational approaches or philosophies have to be resolved within the peer review team.

This would be more difficult to manage and would likely increase costs.

Yes, it would benefit the process. It may assist OIGs performing peer reviews in appreciating that there is more than one approach to accomplish the objectives of the peer review process. Sometimes peer reviewers feel that if the office being reviewed doesn't follow a process exactly as their office they are not in compliance with the peer review standards.

Not for small OIGs.

No

Possibly

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**a. Would your organization see any benefits or detriments to having staff from multiple OIGs conduct the reviews?**

It could add an additional dimension to the review; however, logistically it could really complicate conducting the peer review and slow down the process.

Potential difficulties, as detailed below.

I see no theoretical disadvantages in having staff from multiple OIGs perform peer reviews provided all staff were competent, experienced auditors with a good knowledge of auditing standards. The pitfall of such a process is the assignment of staff and the support provided by the various OIGs since such an assignment, from my view, has generally not been a high OIG priority but rather is often viewed as a necessary nuisance.

My proposal has always been that a Peer Review Team with some permanency would be more efficient, effective and consistent than the current process and provide a higher level of importance and reward to assigned staff. Such a team utilizing rotational assignments of OIG staff, particularly staff interested in this type of work, could be assigned to CIGIE, for example.

There would need to be more coordination between the Peer Team. Someone would have to be “in-charge”. Cultural OIG differences could prolong the effort should there be disagreement among the Peer Team members. This would have an impact on the OIG being reviewed.

No

Consistency amongst the Peer Team.

Lead OIG and supporting OIG Issues. Supervision and control disadvantages.

The logistics of coordinating teams from different OIGs would hinder the timely completion of these reviews. Each OIG uses different computer technology and workpaper programs, just the granting of network access to employees from other agencies could significantly slow the review process.

Benefit: Multiple perspectives can be useful.

Detriment: The logistics of having multiple agencies involved could present difficulties and slow down the process.

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- 

We see potential logistical difficulties in coordinating and reviewing work assignments. In addition, unfamiliarity with skill-sets of team members from other organizations may lead to an inefficient distribution of work assignments.

Army Audit Agency Comment: We believe the drawbacks far outweigh the benefits of having a team made up of multiple OIGs perform a peer review of another organization. The detriments we envision include:

- Each OIG office has its own processes for executing audits. Just one example is how offices document work: some use TeamMate, some use a Microsoft Office based system, and there may be other methods. When one office performs a peer review, all the auditors on the team fully understand the office's process. There's no learning curve, and there's no problems sharing information among the team. If a peer review team is made up of multiple offices, the team will have to decide to use a standard practice among the team and there will be learning curves to overcome. This learning curve would also provide no benefit in the long run since the peer review is essentially a short-term one-time event in many auditors careers. If individuals document work differently, it will cause problems in sharing and storing data.
- The auditors on the peer review team need to have some form of performance evaluation for the period of time they are on a peer review—up to 6 months. It would be difficult to do a performance evaluation on an auditor from a different organization since the expectations and job objectives at their home office may differ significantly. Having a peer review team all from one OIG eliminated this issue entirely.

Although a review team comprised of members from multiple agencies would promote cross-learning and diversity—i.e., people from different agencies would bring different work practices and perspectives to the process—it could be very difficult to implement. The coordination and logistics challenges would be very difficult to overcome.

No. The external peer review is much more efficient when staffed by one organization.

The principle benefit would be the synergy drawn from team members with diverse backgrounds meeting and discussing observations noted during the peer review. The more diverse the staff assigned to the peer review, the more opportunity for greater synergy. Staff from one organization tends to bring several individuals with similar experiences and backgrounds.

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The detriments far outweigh the benefits. The principle weakness of multiple OIGs performing the peer review would be the extension of time needed to complete the peer review. One organization performing the peer review enters the process with a standing organizational structure and the ability to make assignments with deadlines from the beginning of the process. Peer review leadership and all responsibilities are clearly defined from the onset. Peer reviews with staff from multiple organizations are lead by committee. Members of the peer review team are too cautious, fearing they will step on someone's toes.

Note: Last year, the CIGIE Audit Committee chair requested us to perform an out-of-cycle peer review. We led a team composed of staff from multiple OIG offices, so our answers to these questions are based on direct experience.

In some cases, having team members from multiple offices would be of some benefit because there would be more perspectives and experiences available to assess operations. This would be of particular benefit when another audit office may have unique knowledge not present in the reviewing OIG.

Also, if an OIG needed to take on an extra or out-of-cycle review, sharing the load among multiple OIGs could ease the burden.

There are some significant detriments, mostly logistical.

No. The array of work processes, common practices, assignments, policies, procedures etc., would be overwhelming.

Detriments – additional time and effort would have to be devoted to coordinating the work and reaching consensus on different approaches or interpretations of the work required. Also, who would in charge?

There are two main challenges to “mixing” the peer review team members from different OIGs: (1) It could be difficult to determine which OIG would take the lead, issue the peer review report, and ultimately be responsible for the specific peer review and its' findings and recommendations; (2) Given the potential diversity of such a mixed the peer review team, it could become difficult to manage the peer review team and reach consensus on issues.

Yes, both benefits and detriments.

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Benefits: provide different perspectives and experiences from various OIGs. Detriments: Possible disagreements over methodology, interpretation of criteria, evidence, and findings. There would be a certain synergy to staff from multiple OIGs. However, there could also be more fragmentation and difficulty in reaching consensus, as well as issuing timely final reports, when the respective management of the various OIGs became involved at key decision points and in the writing of the report.

We do not see any benefits. The review is probably performed more efficiently by a team of members of the same organization who are used to working together or at least have been trained in the same manner. Part of the problem with mixed OIG teams for conducting the reviews is filtering out the size differences in OIGs and the policies and procedures they use to implement GAGAS. A smaller IG has a smaller variety of jobs, probably less standardization because there is more hands on management to compensate for lack of detailed policies and procedures like you might find in a larger organization.

No

We are too small to accommodate staff from multiple OIGs. Do not have space or staff to accommodate multiple individuals.

Biggest detriment would be logistical. That is, having staff from different offices all available at the same time for the duration of the project and able to conduct the analysis, form an opinion, and write the report.

Cannot think of any real benefit; detriment would be difficulty in getting a high quality peer review done in the appropriate time frames.

No

No

Interruptions, prolonging the process and coordination are some detriments to having multiple staff from multiple OIGS conducting the reviews.

A disadvantage is that this would increase the amount of inter-OIG coordination needed and slow the review. Would all OIGs providing staff review the report? If so, this would slow down the report as well.

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- 

The potential detriments could be less effective organization, difficulty sharing automated work papers between organizations, and structural problems due to geographic differences and the need for greater coordination.

I can see both benefits and detriments to this.

The benefits would include a wider range of experience and perspectives being brought to a peer review and would serve to protect an office under review from being subjected to a peer reviewer with ulterior motives and/or a hidden agenda. The detriments would include additional challenges for the peer review team in terms of organization and timing of the review plus the potential for conflicts and “turf wars” between members of the review team.



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3. Currently, the same OIG does not review the office it reviewed in the preceding cycle.
    - a. Does your organization see any benefits or detriments to having the same OIG conduct consecutive peer reviews?
    - b. Please detail the benefits or detriments in your response.
- 

Yes. Benefit: The team potentially would be familiar with the office and previous findings, so the review could be performed more efficiently. Also, it would eliminate some of the coordination that now has to occur between the new review team and the previous review team.

Detriment: The second time around, the team might not bring “fresh” eyes to the review, e.g., it may make assumptions, and the team may limit aspects of its review based on assumptions because of its previous work. In addition, offices tend to have set ways of doing things and perspectives on the “right way” to do things, so bringing in different teams each time gives more exposure to varying ways of doing things.

Reviews may be performed faster, since the reviewing organization is already familiar with the reviewed organization's systems and personnel.

We prefer to continue the practice of rotating assignments. Possible detriments to having the same OIG conduct consecutive peer reviews are that staff could potentially become too “friendly” with the reviewed agency; or staff could develop preconceived ideas about the reviewed agency based on their initial review. In both instances, the peer review team’s judgment could be adversely affected.

Detriment.

May get to complacent with the review. Believe it is good to rotate.

No, there would be no assurance that the same audit team or individual auditors would be available to conduct the reviews or to discuss the overall scope of the prior review.

Theoretically, the benefits of having the same OIG conduct consecutive peer reviews is that the office can use the lessons learned from the previous peer review to conduct the current peer more efficiently and effectively. The benefits of having a different OIG review a different office each cycle is that the office under review is looked at from a different perspective. However, we have found that these benefits are minor in reality. Navy Audit, Air Force Audit, and Army Audit perform a round robin of reviews. For a series of peer reviews up until this year, Army reviewed Navy, Navy reviewed Air Force, and Air Force reviewed Navy. We only switched it up this year because a senior official from Navy became The Auditor General for the Army, and all parties agreed that it be best that Army does not review Navy. Having said that, we have not noticed any significant benefit or detriment from the change. For each iteration of the peer review, we have a different set of auditors perform the peer review so there is limited direct knowledge transfer from iteration to iteration. For example, to better understand Air Force’s processes, this year the Army team obtained and reviewed the Navy working papers from their 2008 review of

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Air Force. We would have done the same thing with Army's working papers from 2008 had we still reviewed Navy.

Yes, there are benefits of having the same OIG conduct consecutive peer reviews.

Under the current process, each peer review for each OIG is a "first year" review. Allowing an OIG to conduct consecutive year peer reviews allows for a shorter learning curve and helps ensure that the reviewer's organization is familiar with the working papers, reports, findings and recommendations.

The biggest detriment is that the teams cannot take advantage of the internal work processes and electronic workpaper systems to document and review work. Agencies may have different software for electronic workpaper systems or different versions of the same software. Even if all the reviewers had the same version of the same software, not all of the reviewers would be able to access the lead OIG's server to update the project.

Another detriment is the difficulty of keeping a team from different OIGs together when the report is being drafted and revised in the weeks after the review. Even the storage location of documentation can be problematic. If teams leave documentation in the lead OIG's possession, personnel from other offices would have to rely on memory for follow-up analysis or summaries of their documentation.

Having the same OIG conduct consecutive peer reviews has some minor benefits and larger detriments.

The reviewing OIG would already have some knowledge of the reviewed OIG on a consecutive review. However, knowledge is readily available from one review team to another through the prior peer review's workpapers. Even if the same OIG conducts the review, it is likely that a different team would perform the review after three years, and any benefit of prior knowledge would be lost anyway.

Although a repeat review is not necessarily bad, a repeat review would mean that the reviewed OIG would miss the opportunity of learning from an OIG with a different perspective and experience. The external peer review process is one of the ways OIGs learn from each other.

### Benefits

The second review would require somewhat less planning. Only the changes from the prior three years would be needed, and completely new learning would not be required. However, this benefit is not significant because many organizations have substantial changes in three years.

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Follow-up of prior minor findings or suggestions would be consistent.

### Detriments

The reviewed OIG would not have the different viewpoints and experiences of a different OIG performing the review.

If the reviewing OIG missed an issue in the first review, it may tend to miss the issue again on subsequent reviews.

Yes, the rotation maintains objectivity and skepticism.

The benefits of having the same office are somewhat minimized due to changes in personnel and audit approach, especially for the small offices. Any benefits from consistency would not be such an important aspect of the review.

We see both benefits and detriments.

We think a benefit would be the ability for the Peer Reviewing IG to confirm that their recommendations were implemented appropriately. Also, a second review should be more efficient as they do not have to learn the reviewed IG's methods and processes for the first time. A detriment would be that having a Peer Reviewer remain the same may start to breed familiarity, diminishing the benefit of new and different perspectives each review.

Benefits – much more efficient since reviewing OIG is already familiar with established audit policies and procedures, format of audit reports, workpaper organization, etc.

We believe maintaining the same OIGs could be detrimental to the peer review process. Having a different OIG assigned for each peer review cycle would allow the audited OIG to obtain a new perspectives on, or approaches to, its' operations.

Yes - both benefits and detriments.

Benefits: peer reviewer familiarity with the entity, which would reduce the learning curve of the peer reviewers. Also, a greater ability to follow through and monitor whether corrective actions have taken place.

Detriments: Peer reviewers may become more complacent in follow-on reviews (this is more likely if there are more than two consecutive reviews of the same OIG).

## Audit Committee –Peer Review

3. Currently, the same OIG does not review the office it reviewed in the preceding cycle.
    - a. Does your organization see any benefits or detriments to having the same OIG conduct consecutive peer reviews?
    - b. Please detail the benefits or detriments in your response.
- 

It is beneficial to have a different team take a fresh look. New ideas, techniques, and perspectives can be obtained and put into practice.

Detriments outweigh the benefits of having the same OIG conduct consecutive peer reviews. Familiarity may affect objectiveness of reviewing team. Exposure to different review teams is more beneficial to reviewed OIG.

Benefit –Yes

Having the same OIG conduct consecutive reviews creates efficiency for the OIG performing the work and allows greater scheduling flexibility.

May streamline the process if familiar with prior recommendation(s) and the organization's environment.

Benefit: Expedite process. Detriment: Possible retaliatory actions.

No benefit. One of the benefits of having different office conduct the peer review is that you receive different viewpoints based on the practices of the office conducting the peer review. You would lose this perspective if the same office always conducted the review.

Benefits when initial review went well, a follow-up review by the same organization should be done more efficiently because of prior knowledge. Detrimental if initial review found significant problems. Relationships are often strained during first peer review and organization being peer reviewed is not receptive to being reviewed by same organization again.

The benefit is that the team would have experience/historical knowledge of the audited OIG operations. However we feel that all of the teams assigned to review our operations have been qualified to do so and too much familiarity may lead to questions of independence.

Yes. A potential detriment may be the loss of objectivity in that the reviewing OIG may become too comfortable with the IG office being reviewed (staff, processes, etc.) and over look some issues. Change is good to get a fresh perspective on the review process.

Detriments: The same OIG should not review the office in the preceding cycle because the reviewed OIG can get a different perspective from a different review team.

Staff of the reviewer organization becoming too familiar with staff being reviewed could lead to independence concerns.

## Audit Committee –Peer Review

3. Currently, the same OIG does not review the office it reviewed in the preceding cycle.
    - a. Does your organization see any benefits or detriments to having the same OIG conduct consecutive peer reviews?
    - b. Please detail the benefits or detriments in your response.
- 

Prior knowledge of the organization and potential consistency of the audit team could be a benefit. However, if the prior review had some negative aspects, that may lead to pre-conceived ideas for the current review.

Yes. The benefits of having the same OIG perform consecutive peer reviews include gaining knowledge of an office over multiple review cycles that would increase productivity. Further, performing consecutive reviews allows the peer reviewer to more readily identify changes in the reviewed office's policies and procedures. The downside includes the risk that the peer reviewer might gain too high a comfort level with the office under review and not catch errors/issues that had not been present in the prior review. I would say the prior practice of rotating peer reviewers every 2-3 cycles is appropriate.

## Audit Committee –Peer Review

### Training

1. Topics for consideration may include training content, length of training, timing of training, or other thoughts for improving training related to peer reviews.
    - a. Does your organization feel that staff are trained adequately to conduct peer reviews in accordance with the most recent peer review guide?
    - b. If not, please provide details regarding how peer review training could be improved within the CIGIE community.
- 

We had one employee attend an IG community training session a little over a year ago; we're not familiar with any other training offered by the community.

Yes, when provided with adequate supervision.

Yes, as the individuals involved in the prior cycle will be involved with this cycle.

Yes

Opportunity needs to be provided to all staff assigned to perform the peer review and not limited to one or two individuals.

Additional IG community training sessions would be beneficial, with perhaps more hands-on details provided therein.

The guide is a great start, but nothing can replace the opportunity to ask questions and interact with someone who has completed a peer review or knows the expectations for completing a peer review.

Audit peer review is not a complicated process (although we make it so) and it is relatively easy to determine if key standards relative to independence, competence, professional judgment, quality control and assurance, planning, supervision, evidence and documentation, legal and regulatory requirements, and reporting are documented and implemented. The current peer review guide should be more than sufficient for any competent, experienced auditor with even a basic understanding of auditing standards and some ability to communicate, analyze and evaluate, and training now provided should be sufficient.

We believe staffs are trained adequately to conduct peer reviews. The training conducted during the last peer review cycle was very useful. Having smaller groups allowed the attendees more opportunity to interact. We suggest training be held in September for individuals who will conduct reviews beginning in October to allow them an opportunity to have training prior to the start of the review.

Generally, but there is always room to look for ways to improve training.

Suggestions for improvements to training:

## Audit Committee –Peer Review

### Training

1. Topics for consideration may include training content, length of training, timing of training, or other thoughts for improving training related to peer reviews.
    - a. Does your organization feel that staff are trained adequately to conduct peer reviews in accordance with the most recent peer review guide?
    - b. If not, please provide details regarding how peer review training could be improved within the CIGIE community.
- 

- Provide just-in-time training to each team as it begins its review instead of holding general sessions sometime before the reviews begin.
- Expand training participation to all members of the review teams.
- Consider use of technology such as webinars to increase participation.

Include specific training guidance on the differences between Pass with Deficiency and Fail. Provide specific examples of what constitutes a Pass with Deficiency vs. Fail.

Staff is trained adequately to conduct the reviews.

Yes. CIGIE training is adequate.

We believe the training was very good. However, the training will be of the greatest value if the staff who are going to conduct the peer reviews are identified before the training is offered. This would help OIGs ensure that personnel who will most need the training can attend.

We recommend posting the training session slides online along with the peer review guide so they are readily available. The slides answered a lot of questions during review planning. Reviewers would also find it helpful if the presenters annotated the slides with any extra information provided orally.

Yes

We believe it could be improved.

One idea for improvement would be for the current peer review training to include specific examples of areas noted during peer reviews that need correction or improvement. Also, we think training should be provided on an annual basis in order to keep current and new peer reviewers competent.

We are not aware of any existing specific peer review training. It would be beneficial for at least an 8 hour class covering the use of the CIGIE guide and interpreting the results. Maybe this training could be combined with any training planned on the changes to the yellow book revisions coming out this summer.

2009 CIGIE training sessions by CIGIE Audit Committee were very good, but attendance was limited. Additional training sessions would benefit all participating OIGs.

## Audit Committee –Peer Review

### Training

1. Topics for consideration may include training content, length of training, timing of training, or other thoughts for improving training related to peer reviews.
    - a. Does your organization feel that staff are trained adequately to conduct peer reviews in accordance with the most recent peer review guide?
    - b. If not, please provide details regarding how peer review training could be improved within the CIGIE community.
- 

Yes

Yes, every staff member on the team should take peer review training in the year in which they are conducting a peer review.

Yes, training provided was adequate.

Yes

The CIGIE training is adequate, but should be provided more frequently. Online training may be a cost effective way to offer the training more frequently.

Yes

Yes

No, I just think that making periodic peer review training would benefit the community; I would welcome the opportunity to send some of our staff to a training session.



## Audit Committee –Peer Review

### Conducting the Review

1. Does your organization have general suggestions or comments regarding conducting peer reviews in accordance with the guide?
- 

**a. Please provide adequate details in your response for proper consideration.**

Overall, the guide is a valuable tool. If the guide is being rewritten, it would be good for the writers to be conscious of looking for possible ways to shorten it—its length is a little intimidating. Also, it would be helpful if the CIGIE webpage made the guide easier to find.

Pages 11 and 12 sufficiently identifies the needed information. A real problem is the extensive time OIGs put in to “pretty up workpapers” and assure all areas to be reviewed are up to grade before the review starts. The only truly effective peer review, be it in the government or private sector, would be one that is unannounced but this will never happen and considerable OIG resources will continue to be used on a resource intensive process oriented checklist approach to identify few significant standards related problems, which in themselves may have had no adverse impact on actual results in terms of reporting and management corrective actions.

We do not have any suggestions or comments regarding conducting peer reviews in accordance with the guide. With regard to streamlining or conducting work in advance of the review, we believe the development of standardized data requests could be very beneficial. However, in some instances it could be challenging and may require some additional preparatory work. For example, using the example cited above (review of CPE/training records), the reviewing team would need to have selected the sample of employees prior to the data call. Otherwise, the reviewed office would have to provide training records for all employees.

None

Additional guidance is needed on the priority risk factors to be considered during the risk assessment portion of the review.

The Office of the Inspector General, DOD has provided standardized common data requests for the services to use. It works well because it ensures we don't forget to ask for significant items; and as an organization being reviewed, we know what we will be expected to provide the reviewing activity.

CIGIE should consider providing more guidance about the Letter of Comment information. Because of the recent legislation about reporting outstanding recommendations from peer reviews, the guide should be amended to specify the type of language used to write the comments in the letter. The words “findings,” “deficiencies,” “recommendations,” etc. should be avoided. This practice would ensure that there is no confusion with the deficiencies and recommendations from the report, which are subject to reporting in the semi-annual report.

## Audit Committee –Peer Review

### Conducting the Review

1. Does your organization have general suggestions or comments regarding conducting peer reviews in accordance with the guide?
- 

I believe a pro forma spreadsheet could be supplied to the reviewing office (by the office under review) with all audits performed over the past three years, with the full name of the audit, the issue date, the report number, the type of audit, who did the audit (i.e., OIG vs. IPA), and supervisory auditor.

No

Guide was an excellent resource and easy to follow.

No

No

No

No Suggestion

We feel the guide should more clearly address security and data handling (including report disclosure) requirements that have the potential to affect a review. For example, in a previous peer review, our team was asked to sign a “Rules of Behavior” document that essentially could have prevented disclosure of information. This was not the agency’s intent, but still required resolution by General Counsels.

No

No

No

None

## Audit Committee –Peer Review

### Conducting the Review

2. Does your organization have any suggestions about how to streamline or conduct work in advance of the formal start of the review?
- 

a. **For example, would it be beneficial for the Audit Committee to standardize common data requests (like review of CPE/training records) to a standard pro-forma that could be sent to the reviewed office with the engagement letter and returned to the reviewing OIG at the entrance conference? If so, please provide examples or review topics where this should be pursued.**

Yes, this could be beneficial, with training records being a good example. Perhaps Appendix A could be expanded to address such types of standard information.

Yes

1) An organization chart, including details by field office if possible, a staff roster (including series and grades), and professional designations. If available, provide information on the staff's advanced degrees or special skills.

2) Printouts from your audit tracking system showing audits scheduled (actually started), cancelled (not announced), terminated, or completed during the period XX/XX/XX through XX/XX/XX. For audit reports issued during this period, include the following:

- Staff days, elapsed days, responsible office, name and location of the primary contacts for the audits, and location of working papers. Also, identify whether the working papers are in hard copy or electronic format, and whether hard copies of certain documents exist to supplement the TeamMate files.
- The GAGAS revision applicable to those audits.
- Whether any of the audits or attestation engagements issued during this period were performed by contracted independent public accountants (IPAs).
- Special security restrictions for audits that would prevent us from seeing certain working papers.
- Information on terminated audits: how terminations were documented, why they were terminated, and how the reason for termination was communicated to governing officials of the audited entity.

3) Legend of codes used to construct audit report numbers.

4) Response to Section 1 of Appendix A (questionnaire entitled "Policies and Procedures") to the CIGIE Peer Review Guide.

5) Set of policies and procedures covering the period under review.

6) Description of the reviewed organization's quality assurance program and copies of the last quality assurance reviews performed on each office, including the summary report. This should involve the 3-year period since the last year-end covered by the preceding peer review, extending through XX/XX/XX.

## Audit Committee –Peer Review

### Conducting the Review

2. Does your organization have any suggestions about how to streamline or conduct work in advance of the formal start of the review?
- 

- 7) Description of corrective actions taken in response to recommendations generated during the last peer review conducted.
- 8) Continuing Professional Education (CPE) summary for all audit staff for FYs 20XX and 20XX.
- 9) Annual audit plan for FY 20XX.
- 10) Semiannual Report to Congress for the periods ending XX/XX/XX and XX/XX/XX.
- 11) Policies and procedures identifying minimum education and experience requirements for auditors and analysts performing audits.
- 12) Documentation showing that the prior peer review report was distributed to required parties, per July 2007 GAGAS section 3.61 and Silver Book section V.D.8.
- 13) Listing and description of all non-audit services rendered during FYs 20XX through 20XX.

None

In the prior review we conducted, we found that obtaining the office's organizational structure, audit policies, quality assurance program, types of reviews conducted (financial statement, program, attestation), and a partial list of audit reports assisted us in understanding the office's operating environment. Suggest including steps for obtaining this information a couple of months before the review begins, as best practice.

Yes. Previous internal and external reviews, list of contract support, and pertinent Executive-level correspondence received from agency.

There should be a common level of understanding, or a materiality threshold, as to what should be included in the Letter of Comments. During the reporting process, there is always a debate on whether the issues identified rise to the level of needing to be in the letter of comments or not. For example, when we review independence statements, how many missing statements does it take to make it into the letter of comments? Do you report the fact regardless (for example, "1 of 50 was missing") or do you report only if it is above a certain percentage. This decision is generally left to the professional judgment of the OIG office performing the review. Any additional guidance in this area would be much appreciated by the field.

Yes. Common data requests would be very helpful.

In addition to the CPE/Training records, we'd like to see a cross-walk between Appendix C, D and E and with organization's working paper system (TeamMate). I presume the reviewed audit

## Audit Committee –Peer Review

### Conducting the Review

2. Does your organization have any suggestions about how to streamline or conduct work in advance of the formal start of the review?
- 

organization uses an automated working paper system and the organization files similar documents in standard locations. The reviewed audit organization should be responsible to direct the peer review team members to find answers to standard questions, similar to Appendix A.

No, the audit guide provides a good list of information to be requested in advance of a peer review to assist in performing the risk assessment and planning the review. We cannot think of any additional information to request.

Requiring information to be converted into a standard format or report would require additional work by both the reviewed and reviewing agency.

- The reviewed agency would be burdened because they could not simply pull requested data from their system using reports they have available.
- The reviewing agency would have to do additional work (most likely on-site) before using the data. They would have to verify the accuracy and completeness in order to ensure errors were not introduced when data was converted to the pro-forma layout.

However, we would suggest that the Audit Committee issue guidance requiring reviewed agencies to provide all information (staff rosters, listings of audits, training records, etc.) in electronic and in database format (one record to a line) whenever possible. Electronic documentation would better enable sorting or other electronic analysis.

No

We have no concerns.

Reporting guidance appears to be clear. No suggestions for improvement.

We think that getting standardized data as soon as possible would be very beneficial.

We think that other areas of data requests could include a completed Appendix A, copy of the Annual Audit Plan, organization's audit policies and procedures, semiannual reports, listing of audits scheduled, cancelled, and completed during the review period, organization chart and staff roster, list of employees with job series, grade, professional designations, and advance degrees, internal quality assurance reports, and documentation to support auditor's independence.

This is an excellent idea and should include audit policies and procedures, SAR, organization chart, etc.

## Audit Committee –Peer Review

### Conducting the Review

2. Does your organization have any suggestions about how to streamline or conduct work in advance of the formal start of the review?
- 

We have found it beneficial to receive in advance the Appendix A (Policies and Procedures) responses from the OIG being reviewed. However, we have received responses with only general references to an entire document or general section of a document rather than a specific citation that includes subsection, page number, etc. While the CIGIE guidance states that the responses should be cross-referenced to the applicable sections of the audit manual or supplementary documentation, it would be helpful if it could also state that specific citations are needed. This would allow quicker review rather than having to search the document for the specific information that answers the question(s).

Yes, that would be extremely helpful.

Overviews of organizational structure and a list of applicable organizational policies and procedures.

Yes, this would be beneficial to all and would save time. Also, enhancing training should help to improve the efficiency of reviews.

It would be beneficial for the Audit Committee to standardize common data requests (like review of CPE/training records) to a standard pro-forma that could be sent to the reviewed office with the engagement letter and returned to the reviewing OIG at the entrance conference. CIGIE Audit Committee could develop the standard pro-forma, and discuss pro-forma at 2012 CIGIE training sessions.

No, we do not think it is necessary.

Yes. XXXX provides its Audit Manual, policies and procedures, organizational chart, staff resumes, CPE, and other required documents on a CD ROM before the team conducts its entrance conference. As result, the team has an opportunity to review data in advance.

Yes. All OIGs should provide in advance their Audit Manual, CPE, policies and procedures related to the peer review, staff resumes, organizational charts, semiannual reports if not on website, prior peer review report if not posted to website, and corrective actions on prior recommendations.

No

Yes

No

No – provide needed information for the review in the engagement letter and generally receive requested documents at the entrance conference or a couple days after.

## Audit Committee –Peer Review

### Conducting the Review

2. Does your organization have any suggestions about how to streamline or conduct work in advance of the formal start of the review?
- 

We have a standard list of documents we send the office under review so that those documents are prepared in advance of the review:

1. Your audit organization's policies and procedures in effect for audit and attestation reports issued from October 1, 2008 through September 30, 2009.
2. CIGIE March 2009, Peer Review Guide Appendix A, *Policies and Procedures*, with Section 1 completed.
3. Semiannual Reports to Congress issued during the period October 1, 2008 through September 30, 2009.
4. Annual audit plan(s) for the period October 1, 2008 through September 30, 2009. A printout of the audit tracking system showing audits and attestations scheduled, cancelled, terminated, and completed during the period; an organization chart; a roster of staff (including series and grades); professional designations; and a continuing education summary for all staff for the most recent 2-year reporting period. Also, if readily available, information regarding the staff's advanced degrees or special skills. (If the information is not readily available, it will be requested at a later date for staff assigned to sampled audits.)
5. Copies of all internal quality assurance reports issued from October 1, 2008 through September 30, 2009. Also, a list of internal quality assurance reports in process.

Perhaps; for offices in our size range CPE review is not typically a time-consuming part of the review.

I think the review of policies and procedures prior to initiating fieldwork is an efficient practice.

# Audit Committee –Peer Review

## Reporting Peer Review Results

1. Does your organization have any comments, feedback, or suggestions regarding reporting peer review results?
    - a. If so, please provide adequate details regarding suggestions for improvement.
- 

The peer review report should be presented as a unified document, as opposed to being one of a series of documents, e.g., transmittal letter and letter of comments. An electronic version Section 508 compliant should also be provided to the reviewed agency.

Put the results of the review –PASS, FAIL etc. in the first paragraph of the report rather than at the end after considerable standards gobbledygook. Immediately identifying the condition noted should be a requisite for all OIG audit related reports.

No, clarification regarding the Pass with Deficiency and Fail ratings is needed. Examples of findings that would result in a Pass with Deficiency and Fail rating should be included in the Guide.

The Guide should also include reference to the recent requirement to include information on the peer review results in each OIG's Semiannual Report to Congress. The Guide should include specific guidelines on how to report the peer review results and status of corrective actions.

The Guide should also provide additional information on what should be included in the memorandum of understanding between the two OIGs, specifically regarding the communications process to be used throughout the review and information on determining who should sign the reports – the Inspector General or the head of Audit.

We'd like to see the letter of comment addressed to the head of the audit organization and not to the Inspector General. The letter of comment should provide a forum for the reviewer organization's AIG/A to candidly discuss opportunities for improvement with the reviewed organization's AIG/A. Correspondence with the head of the organization should be limited to the formal report.

No

Reporting guidance appears to be clear. No suggestions for improvement.

No

No

We suggest CIGIE create a designated webpage (either within or outside the CIGIE website) where the public can read or download the most recent peer review reports of each OIG. Yes, shorten the length of the standard System Review Report language so as to limit the narrative that explains the background and purpose of the peer review and get to the core result – the rating.



## Audit Committee –Peer Review

### Reporting Peer Review Results

1. Does your organization have any comments, feedback, or suggestions regarding reporting peer review results?
    - a. If so, please provide adequate details regarding suggestions for improvement.
- 

No

No

Yes. The Letter of Comments should not be placed on the website because it could cause one IG to be required to testify against another IG. Further, if a specific audit is reviewed during the peer review and is involved in an investigation the work and investigation could be called into question.

No

We have no concerns.

Yes, it is not always clear all parties to send the peer review report in the OIG community. Posting on agency's website and providing to agency head is clear.

No

No

## Audit Committee –Peer Review

### Reporting Peer Review Results

2. Does the guide provide sufficient guidance for reporting the results of the reviews, e.g., form and content of the illustrative reports, letter of comment, or transmittal letters?
- 

**a. If not, please provide adequate details regarding deficiencies or suggestions for improvement.**

The terms used to refer to some of the documents are not intuitive—perhaps clearer, more self-explanatory terms could be used.

We recommend the guide clarify how final reports are provided to the reviewed office. For example, guidance should specifically instruct the reviewing office to separately issue the letter of comment and report rather than combine them into one document. The reviewed agency could then post and provide the report to external parties without including the letter of comment.

We believe there is too much ambiguity regarding the timelines between when an auditor completes a working paper and when it is reviewed and signed by a supervisor. In each of the recent peer reviews, this timeline is used to determine timeliness, and therefore appropriateness of supervision. In some cases, OIGs have recommended that an audit organization set a standard amount of days for a supervisor to review a working paper. We believe that timely reviews are an important element of the audit process and help maintain both accuracy and credibility of the information. (Army Audit Agency policy is calls for all working papers to be reviewed within 60 days.) However, GAGAS is silent on the timing between completion of audit documentation and the act of approving the documentation. GAGAS only appears to require is evidence of supervisory review before the audit report is issued. Any guidance you can provide the CIGIE community on the appropriate way to evaluate supervision and the use or non-use of the timelines between completion and approval would be appreciated.

The review guide is adequately comprehensive.

Yes

Guidance was clear and easy to use – great to have standard language and report format so same conclusions are consistently reported by all peer reviewers.

Yes

Yes

Yes

Yes

Yes

Yes

## Audit Committee –Peer Review

### Reporting Peer Review Results

2. Does the guide provide sufficient guidance for reporting the results of the reviews, e.g., form and content of the illustrative reports, letter of comment, or transmittal letters?
- 

Yes

Yes

## Audit Committee –Peer Review

### Yellow Book Revision

The peer review guide will need to be updated, as needed, once the revised Yellow Book is finalized (expected summer 2011). We expect to train peer review staff on the new Yellow Book once the revised Yellow Book is final.

There will be three groupings of Peer Reviews during the triennial peer review cycle.

- a. All work under review will have been conducted under pre-2011 revision of Yellow Book.
- b. Work under review will be a mix of pre-2011 revision and 2011 revision Yellow Books.

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No

No

When do you plan to conduct this training and who will be eligible to attend?

When available, guidance on the specifics of these delineations will be helpful.

## Audit Committee –Peer Review

### Other Observations or Suggestions

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Although most of the comments are insignificant as stand alone comments, in combination they create, at least to me, concerns about the overall ability of OIG to efficiently and effectively perform what I also consider to be a straightforward and uncomplicated task. Most of the comments are in the context of questions that revolve around my first impression when reading the guide as a private citizen shortly after it was published with my first question being WOW - why was it necessary for a profession with very well paid auditors to need a elementary guide that would be very beneficial for tenth graders with no audit experience or knowledge of auditing standards.

An observation made at that time was that although the guide is not intended to supplant professional judgment it actually essentially eliminates professional judgment  
My next question is why has the OIG community accepted being captive of the standards setting bodies with their only emphasis being placed on standards implementation which increases professional credibility, but continue to resist any assessment of the key elements of audit operations –planning, timely and quality reporting, staff development, including meaningful training and utilization, audit follow-up, supervision, and actual ,rather than potential, results, that are far more relevant for determining actual OIG audit effectiveness than simply compliance with standards.

With respect to overall guide length, and to reduce the appearance that auditors need 80 pages of checklists to perform an uncomplicated task, why can't the available checklists be noted and the availability of these checklists on the website be sufficient.

In addition to eliminating the hard cover checklists in the guide is it really necessary to have a 31 page checklist for review of financial statement audits especially when almost no OIG conducts these reviews with OIG staff?

Why is it necessary to repeat some of the same basic questions in each checklist rather than have a standard checklist for the same questions and a addendum for specifics applicable to the type of review being assessed?

If an OIG has previously passed the assessment of policies and procedures and no manual changes have been made why is it necessary to complete Appendix A each time? In practice the questions should be directly related to whether the policies and procedures have been implemented in line with the bold faced statement on page 2 of Appendix A about the importance of control procedures in place to ensure that activities stated in policies are actually performed as intended. Since in place control procedures are nice they do not reflect implementation and Appendix A should be eliminated in the context of simply having the OIG identify available procedures and having the review team waste time confirming the existence of such policies and procedures –( which after 30 plus years most OIGs have ) and replaced by tests of available controls and actual implementation.

As with checklists why can't the illustrative examples be referred to and placed on the website and why can't one illustrative example noting the standard introductory language about the

## Audit Committee –Peer Review

### Other Observations or Suggestions

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system review report ( with inclusion of the review results at start of report ) be noted with footnotes or supplemental information for how to address the different types of results be used?

Many of the questions in the audit staff questionnaire are prefaced with” were you informed”. Most audit staff at some time during their tenure probably were informed or read the yellow book and such questions, like asking trainees to rate a training program, are of little value. I doubt if many responders say “no “ to such questions especially since most auditors are well aware that criticizing their organization is not a career enhancement step. A more meaningful approach if you want to gain an understanding of what staff knows about standards or the OIGs policies and procedures would be interview questions such as explain your understanding of the independence standard or what are your OIGs policies and procedures relating to auditor independence. Also, staff auditors would have little knowledge with respect to many of the questions asked such as guidance about the preparations, format, content, etc. of reports as staff auditors are almost never involved in these review aspects. Overall, staff assigned to peer reviews should be able to obtain relevant and far more productive information by a few good interviews and questions rather than through the type of checklist used.

With respect to the optional questionnaire is it really necessary to explain to an audit team headed by a very experienced and knowledgeable team leader that responses to the questionnaire should not be viewed in isolation. I also disagree that the criteria for follow-up appears to be the need for a significant number of negative responses. While negative responses may be attributable to unhappy or uninformed employees the usual general absence of numerous negative responses is not a good indicator since, as noted above, most employees are reluctant to criticize their organization. Thus, negative comments by a few or even one employee can and should be followed up particularly if supported by some factual information.

Is it really necessary to define “Yes,” “Mostly,” “Some,” “No,” and “No Opinion,” for professional auditors? It may well be but that is an unfortunate admission.

Repetitiveness can be reduced with an example being the reiteration of Review Approach criteria on pages 19 and 24 rather than citing the page 16 material as appropriate for inclusion in the MOU.

I realize my overall position that a copy of the yellow book and the review team requirements noted on page 5 should be sufficient to perform the peer review is unrealistic but there should be a middle ground that does not require an experienced and competent audit team to need a 150 or so page guide with 80 pages of checklists. As an aside, at the outset of a peer review I conducted many years ago the IG when asked for his policies and procedures manual provided a copy of the yellow book. I have still not received a convincing answer why that response, with some additions on particular issues, was not adequate .

Pardon the verbiage and my comments , which as previously noted, are not meant to disparage the preparers of the guide as they have followed the increasingly, from my view, disturbing pattern of compliance with auditing standards, (which I fully recognize as necessary and

## Audit Committee –Peer Review

### Other Observations or Suggestions

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important), taking major precedence over audit performance effectiveness. On the one hand I would be nonplussed with the guide if I considered myself a competent auditor while on the other hand the guide is basic support for my overall position that OIG audit has increasingly become a robotic checklist oriented process that essentially eliminates the use of necessary and critical auditor evaluative, analytical, and communication skills, common sense and program knowledge; factors that have contributed to a deterioration of overall OIG credibility.

PREDICTION – Although the survey is an important tool in assessing peer reviews the result will probably be, like yellow book revisions, a further increase in the guide volume which will further stifle auditor needs to utilize auditing skills or be knowledgeable of auditing standards. I would recommend a survey on how to reduce the guide, assure audit teams do not need such a basic and lengthy document, and reduce what in some cases is a unfathomable amount of time and resources used for this activity.

My comments will be in the same vein as when I first read the updated guide as a private citizen and the gist will be in line with the following short comments.

Ridiculous as to length. An excellent elementary guide for tenth graders with no government auditing knowledge. Does not supplant, but is a checklist review that ELIMINATES auditor professional judgment and the need to have and use auditor attributes such as communication, evaluative and analytical skills and basic common sense , thinking, and knowledge of auditing standards. Is a de-facto indictment of audit staff quality. My conclusions may be harsh but they are basically the same as every retired experienced OIG auditor I know and those I have encountered on this matter since my return.

Although unrelated I also wondered why it took two years and forty or so contributors to essentially copy GAO standards and the prior Peer Review Guide, especially as this relates to another of my pet subjects –the timeliness of audit reports.

My comments are not intended to disparage anyone since I realize that preparers are following management edicts and the same situation has been in place for many years

We do not have any comments or suggestions regarding the peer review program or process.

7.6a. What are your policies and procedures for performing and documenting an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments? (GAS, 7.68–7.71)

In addition, two of the questions in Appendix E (fourth bullet in 1-1 and fourth bullet in 4-1) may be misleading or confusing to the reviewers. The text does not match what is actually discussed in the quoted GAS citations, and the reviewers were relying on the text and not looking up the GAS reference.

Old bullet in 1-1:

## Audit Committee –Peer Review

### Other Observations or Suggestions

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Did the OIG determine that auditors assigned to the audit are free of impairments to external independence in both fact and appearance? (GAS, 3.10)

#### Suggested Change:

Did the OIG identify and resolve any external impairments to independence, including actual or perceived pressures from management and employees of the audited entity or oversight organizations? (GAS, 3.10–3.11)

The “impairments to external independence” is confusing. Most reviewers took it as a repetition of the bullet asking about personal impairments rather than evaluating the existence of and actions to address external impairments to independence experienced by the audit team.

#### Old bullet in 4-1:

Perform sufficient procedures to evaluate the effectiveness of internal controls, including information systems controls? (GAS, 7.16, 7.65)

#### Suggested Change:

Perform sufficient work to assess the sufficiency and appropriateness of computer-processed information? (GAS, 7.65)

Internal controls and information systems controls (GAS, 7.16–27) were covered in two bullets in question 2-3. GAS 7.65 covers the evaluation of computer generated evidence and is properly positioned in 4-1 but is not mentioned at all in the language of the bullet. Some of the reviewers overlooked the requirement for data reliability assessment or placed any concerns noted in a general standards question.

Yes, we conduct our peer reviews using a TeamMate template library file. It would be useful to see a standardized file from CIGIE as well.



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### Other Observations or Suggestions

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It would be plus to have a pro-forma request to be included in the engagement letter.

All work reviewed will be under 2011 revision Yellow Book.

We'd like to see CIGIE establish standards for the presentation of statistical projections. When an audit selected for peer review includes statistical data in the report, we'd like to see the audit organization demonstrate that the statistical presentation meets CIGIE standards. CIGIE should have a standard requiring an audit organization identify:

- Confidence interval. It must be reported in the main body and an appendix (if any).
- Margin of error. It must be found in the main body of the report and in an appendix (if any).
- Sample site population values (i.e., Mi). It must be shown in the report.

I think the process is better planned, with guidance and interesting ideas.

Yes

It may be beneficial to include a survey instrument in the guide and request it be completed by the reviewing OIG at the end of the peer review and submitted to the Audit Committee.

Should consider rotating the Audit Committee Chairman every two years which could provide new blood, ideas, and experiences.

We have no concerns.

No

The schedule seems to be updated annually at any given time of the year with changes/selection of OIG that smaller IG offices have to adjust workloads to accommodate the peer review.

No