

# Naval Audit Service



## Peer Review Report



# Opinion Letter – Peer Review of the Air Force Audit Agency

P2009-0001  
8 October 2008

## Obtaining Additional Copies

To obtain additional copies of this report, please use the following contact information:

**Phone:** (202) 433-5757  
**Fax:** (202) 433-5921  
**Email:** NAVAUDSVC.FOIA@navy.mil  
**Mail:** Naval Audit Service  
Attn: FOIA  
1006 Beatty Place SE  
Washington Navy Yard DC  
20374-5005

## Providing Suggestions for Future Audits

To suggest ideas for or to request future audits, please use the following contact information:

**Phone:** (202) 433-5840 (DSN 288)  
**Fax:** (202) 433-5921  
**Email:** NAVAUDSVC.AuditPlan@navy.mil  
**Mail:** Naval Audit Service  
Attn: Audit Requests  
1006 Beatty Place SE  
Washington Navy Yard DC 20374-  
5005

## Naval Audit Service Web Site

To find out more about the Naval Audit Service, including general background, and guidance on what clients can expect when they become involved in research or an audit, visit our Web site at:

<http://secnavportal.donhq.navy.mil/navalauditservices>



DEPARTMENT OF THE NAVY  
NAVAL AUDIT SERVICE  
1006 BEATTY PLACE SE  
WASHINGTON NAVY YARD, DC 20374-5005

7510  
N2008-NPR000-0098.000  
8 Oct 08

MEMORANDUM FOR AUDITOR GENERAL OF THE AIR FORCE

Subj: **PEER REVIEW OF THE AIR FORCE AUDIT AGENCY (OPINION LETTER P2009-0001)**

Encl: (1) Peer Review Scope and Methodology

1. We have completed our review of the system of quality control for the audit function of the Air Force Audit Agency (AFAA) in effect for selected audit reports and for a quality assurance review issued during the 6-month period ended 30 September 2007. The objective of our review was to verify that AFAA's internal quality control system was complied with in order to provide reasonable assurance that applicable auditing standards, policies, and procedures were met. As stated below, we are issuing an unmodified opinion on your system of audit quality control.

2. We conducted our review in conformity with standards and guidelines established by the President's Council on Integrity and Efficiency (PCIE) 2005 and Generally Accepted Government Auditing Standards (GAGAS). We tested compliance with AFAA's system of quality control to the extent we considered appropriate. These tests included a review of five centrally-directed audits (CDAs) and one local audit report judgmentally selected from an AFAA-provided listing of 46 CDAs and 636 local audit reports, and the only quality assurance review published during the above stated periods. Enclosure (1) contains additional background information on our scope and methodology, and on the reports selected for review.

3. In our opinion, the system of quality control for the audit function of AFAA — in effect for the year ended 30 September 2007 — was designed in accordance with the quality standards established by the President's Council. We found reasonable assurance that AFAA personnel complied with the system of quality control and conducted audits in accordance with GAGAS and internal policies. Therefore, we are issuing an unmodified opinion on your system of audit quality control for the year ended 30 September 2007.

Subj: **PEER REVIEW OF THE AIR FORCE AUDIT AGENCY (OPINION LETTER P2009-0001)**

4. During our review, we did not identify any reportable conditions. A reportable condition for peer review purposes represents a deficiency in the design or operation of the reviewed organization's internal control system that could adversely affect the organization's ability to comply with applicable auditing standards and established auditing policies and procedures. We did note areas where Air Force Audit Agency could strengthen its quality control system. These areas for improvement are presented in a separate Letter of Comments issued on xx September 2008 (Please make this date the same date that the Letter of Comments is issued), and did not affect our opinion.

5. We express our thanks to you and your staff for your cooperation and professionalism during this peer review. If you have any questions, please contact Mr. Carl "Marty" Grenn, Audit Director, at 202-433-3675 or e-mail [carl.grenn@navy.mil](mailto:carl.grenn@navy.mil).



JONATHAN KLEINWAKS  
Assistant Auditor General  
Manpower and Reserve Affairs Audits

Copy to:  
DoDIG (AIG/APO)

# Peer Review Scope and Methodology

---

## ***Scope and Methodology***

We conducted our review during the period January through April 2008. We performed the review in accordance with GAGAS, the President's Council on Integrity and Efficiency (PCIE) Guide for Conducting External Quality Control Reviews of the Audit Operations of Office of the Inspector General 2005, and the Air Force Audit Agency (AFAA) and Naval Audit Service Memorandum of Understanding of 18 December 2007. We tested compliance with AFAA's system of quality control to the extent considered appropriate. We judgmentally selected, using PCIE Addendum 2, "External Peer Review Guide" criteria, 5 reports from an AFAA-provided listing of 46 centrally directed audits, one local report from an AFAA-provided listing of 636 local audits, and the only quality assurance review report published during the 6-month period ended 30 September 2007. We reviewed and examined selected information from the published reports to the supporting work papers, applicable AFAA policies and procedures, and auditor Continuing Professional Education (CPE) achievement and documentation. We also interviewed responsible AFAA personnel.

In analyzing the AFAA's quality control system, we evaluated audit policies and procedures, and the following eight PCIE elements for the selected reports reviewed:

- Independence;
- Professional Judgment;
- Competence;
- Audit Planning;
- Supervision;
- Evidence and Audit Documentation;
- Reports on Performance Audits; and
- Quality Control Process.

We found and noted areas for improvement within aspects of the elements of Independence; Competence (CPE); Audit Planning; Supervision; Evidence and Audit Documentation; Reports on Performance Audits; and Quality Control. These areas, which will be addressed in a separate Letter of Comments, did not adversely affect the

organization's ability to comply with applicable auditing standards, and established auditing policies and procedures.

**AFAA Offices Visited and Reports Reviewed**

We visited AFAA Centrally Directed Audit offices at Brooks-City Base (formerly Brooks Air Force Base (AFB)), TX; March Air Reserve Base (ARB), CA; and Wright-Patterson AFB, OH. Additionally, we visited AFAA Headquarters, Arlington, VA. The following table lists the seven reports reviewed.

No.	Report Number	Report Location/ Audit Site Visited	Report Date	Report Title
1	F2007-6002-FA1200	Arlington, VA	07/31/2007	QAR, Financial and Systems Audits Directorate, Financial Management Division (AFAA/FSF)
2	F2007-0011-FD1000	Brooks-City Base	8/22/2007	Halon 1301 Fixed Fire Suppression Systems (CENTRALLY-DIRECTED AUDIT - CDA)
3	F2007-0006-FD2000	Brooks-City Base	06/08/2007	Active Duty Medical Profiles (CDA)
4	F2007-0010-FB1000	March ARB	04/20/2007	Follow-up Audit, Miscellaneous Obligation Reimbursement Documents for Government Furnished Property Purchases (CDA)
5	F2007-0008-FB4000	March ARB	08/06/2007	Selected Aspects of the Tactical Data Network Systems (CDA)
6	F2007-0007-FC4000	Wright-Patterson AFB	08/22/2007	Reparable Item Requirements - Deferred Disposal Items (CDA)
7	F2007-0018-FCW00	Wright-Patterson AFB	04/11/2007	Janitorial Service contracts at the 88th Air Base Wing (LOCAL AUDIT)