



DEPARTMENT OF THE AIR FORCE

AIR FORCE AUDIT AGENCY

7 August 2008

HQ AFAA
1126 Air Force Pentagon
Washington DC 20330-1126

Mr. Patrick Fitzgerald
The Auditor General, U.S. Army
SAAG-ZA
3101 Park Center Drive
Alexandria, VA 22302-1596

Dear Mr. Fitzgerald

We reviewed the Army Audit Agency (AAA) system of quality control in effect for the 6-month period ended 30 September 2007 for selected audit reports and during the 12-month period ended 30 September 2007 for selected quality assurance reviews. The objective of our review was to determine whether the AAA internal quality control system provided reasonable assurance AAA auditors followed established policies, procedures, and applicable auditing standards.

We conducted the review in accordance with standards and guidelines established by the President's Council on Integrity and Efficiency (PCIE), April 2005 Revision, and our Memorandum of Understanding dated December 2007. Specifically, we tested compliance with the AAA system of quality control to the extent we considered appropriate (see attached). These tests included a review of ten audit reports (nine performance audits and one attestation) and one internal quality assurance report. In performing our review, we considered the requirements of quality control standards and other auditing standards contained in the 2003 Revision of the *Government Auditing Standards* issued by the Comptroller General of the United States.

In our opinion, the system of quality control for the audit function of the AAA in effect for the 6-month period ended 30 September 2007 was designed in accordance with quality standards established by the PCIE. Further, the internal quality control system was operating effectively to provide reasonable assurance for the period then ended that audit personnel were following established policies, procedures, and applicable auditing standards. Accordingly, we are issuing an unmodified opinion on your system of audit quality control for the review period ended 30 September 2007.

We have identified other issues that did not warrant inclusion in the formal report and will be presented in a separate letter of comments. These other matters did not affect our overall opinion.

We wish to express our thanks to you and your staff for their cooperation and professionalism. Should you have any questions, please have your staff contact Ms Victoria L. Coffin, Peer Review Project Manager at (703) 696-7440 or Ms Deborah D. Jeffries at (703) 696-7727.

Sincerely,

Cathlynn B. Novel

CATHLYNN B. NOVEL
Deputy Auditor General and
Director of Operations

Attachment:

Peer Review Scope and Methodology

cc:

DoDIG (AIG/APO)

Deputy Auditor General, Policy & Operations Management (AAA)

Peer Review Scope and Methodology

We performed this review from 31 January to 2 June 2008 at HQ AAA and eight AAA field offices (Ft. Bragg, NC; Ft. Monmouth, NJ; Ft. Meade, MD; Ft. Monroe, VA; Ft. Belvoir, VA; Rock Island, IL; Ft. Knox, KY; and San Antonio, TX). To accomplish the objectives, we interviewed AAA auditors, reviewed AAA internal audit-related policies and procedures, and applied checklists based on the PCIE Guide for conducting external quality control reviews.

We judgmentally selected and reviewed nine audit reports and one attestation from the 125 formal reports the AAA issued between 1 April and 30 September 2007. Our review excluded audit work on special access programs, as stipulated in the Memorandum of Understanding. Finally, we judgmentally selected and reviewed one internal quality assurance report reviewed from the seven quality assurance reports the AAA issued during the 12-month period ended 30 September 2007. The following tables identify the specific reports reviewed.

Report Number Project Number	Date	Title
A-2007-0102-FFM A-2006-FFM-0433.000	4Apr 07	Army Contract Pricing Process for Commercial Travel Office Fees
A-2007-0097-ALM A-2005-ALM-0170.000	4 Jun 07	Rotor Blades
A-2007-0111-ALL A-2005-ALS-0509.004	19 Apr 07	Offline Purchases
A-2007-0187-FFM A-2005-FFG-0513.000 (Attestation)	9 Aug 07	General Fund Enterprise Business System Federal Financial Management Improvement Act Compliance
A-2007-0154-ALR A-2006-ALR-0146.000	2 Jul 07	Followup Audit of Aged Accounts
A-2007-0165-FFI A-2004-FFB-0260.000	31 Jul 07	Information Technology Contracts With the US General Services Administration – Selected Contract Reviews
A-2007-0181-FFH A-2006-FFH-0518.000	8 Aug 07	Implementation of AHLTA
A-2007-0108-ALO A-2005-ALO-0412.000	4 Apr 07	Installation Contract Guards
A-2007-0238-FFF A-2007-FFF-0436.000	28 Sep 07	Followup audit of Management of the Reserve Component’s Non-Participants
A-2007-0131-ALA A-2006-ALA-0179.000	18 May 07	Rapid Equipping Force Initiative

Table 1. Audit Reports Reviewed.

Report Number Project Number	Date	Title
A-2007-0018-PMO A-2006-PMO-0531.000	2 Feb 07	Quality Assurance Postaudit Review of the Audit of the Military Construction Process.

Table 2. Quality Assurance Report Reviewed.