



**DEPARTMENT OF THE ARMY  
U.S. ARMY AUDIT AGENCY  
OFFICE OF THE DIRECTOR  
POLICY AND OPERATIONS MANAGEMENT  
3101 PARK CENTER DRIVE  
ALEXANDRIA, VA 22302-1596**

SAAG-PMZ

15 August 2011

MEMORANDUM FOR The Auditor General of the Air Force

SUBJECT: Opinion Report on the Fiscal Year 2011 External Quality Control Peer Review of the Air Force Audit Agency, Report: A-2011-0179-PMZ

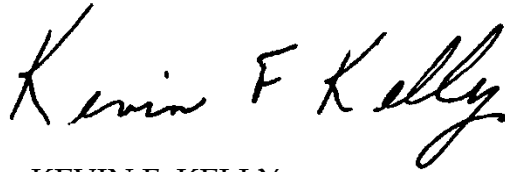
1. We reviewed the system of quality control for the audit function of the Air Force Audit Agency (AFAA) in effect for the year ended 30 September 2010. We conducted our review in accordance with standards and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Audit Committee. We tested compliance with AFAA's system of quality control to the extent we considered appropriate. These tests included reviewing five centrally directed performance audits, one installation-level performance audit, and one quality assurance review. Enclosure 1 has additional background information on our scope and methodology and on the reports we reviewed.
2. We performed our reviews in accordance with the CIGIE Audit Committee's Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspectors General, dated March 2009. The guide indicates that an organization's quality control policies and procedures should be appropriately comprehensive and suitably designed to provide reasonable assurance that the objectives of quality control will be met. It also recognizes that the nature, extent, and formality of an organization's system of quality control depend on various factors. These factors include its size, the location of its offices, the nature of the work, and its organizational structure.
3. In our opinion, the system of quality control for the audit function of AFAA in effect for the year ended 30 September 2010 was designed in accordance with quality standards established by CIGIE. We found reasonable assurance that AFAA personnel complied with the system of quality control and conducted audits in accordance with generally accepted government auditing standards and internal policies. Accordingly, AFAA has received a peer review rating of pass for the year ended 30 September 2010.

SAAG-PMZ

SUBJECT: Opinion Report on the Fiscal Year 2011 External Quality Control Peer Review of the Air Force Audit Agency, Report: A-2011-0179-PMZ

4. In a separate letter of comments, we identified issues that came to our attention. These didn't affect our overall opinion, but warrant management attention.
5. If you have any questions or wish to provide additional comments, please contact Mr. Thomas Robertson by telephone at commercial (703) 681-6039 or DSN 761-6039, or by e-mail at [Thomas.P.Robertson@us.army.mil](mailto:Thomas.P.Robertson@us.army.mil).
6. I appreciate the courtesies and cooperation extended to us during the review.

FOR THE AUDITOR GENERAL:

A handwritten signature in black ink that reads "Kevin F Kelly". The signature is written in a cursive style with a large, prominent "K" at the beginning.

Encl

KEVIN F. KELLY  
Director  
Policy and Operations Management

# PEER REVIEW SCOPE AND METHODOLOGY

## Scope and Methodology

We conducted our review during the period January through April 2011. We performed the review in accordance with generally accepted government auditing standards (GAGAS), the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Audit Committee's Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspectors General, dated March 2009, and the Air Force Audit Agency (AFAA) and Army Audit Agency's memorandum of understanding dated 24 November 2010.

We tested compliance with AFAA's system of quality control to the extent considered appropriate. Using Section 2, paragraph 22 criteria in CIGIE's guide, we judgmentally selected six reports from an AFAA-provided listing of 64 centrally directed audits, one installation report from an AFAA-provided listing of 579 installation audits, and one of two quality assurance review reports published during the 6-month period ended 30 September 2010.

In analyzing AFAA's quality control system, we reviewed applicable AFAA policies and procedures, organizational independence, and auditor continuing professional education achievement and documentation. We examined selected information from the published reports and tracked the information to supporting workpapers. We also interviewed responsible AFAA personnel. For the audit reports we selected, we evaluated the audit procedures and documentation for these eight CIGIE elements:

- Quality assurance program.
- Independence.
- Professional judgment.
- Competence.
- Planning.
- Supervision.
- Evidence and documentation.
- Reporting.

We found and noted areas for improvement within aspects of the elements of quality assurance, independence, planning, supervision, evidence and documentation, and reporting. These areas, which will be addressed in a separate letter of comments, didn't adversely affect AFAA's ability to comply with applicable auditing standards and established auditing policies and procedures.

### AFAA Offices Visited and Reports Reviewed

We visited AFAA Headquarters in Arlington, Virginia; and AFAA's centrally directed audit offices at Brooks City-Base, Texas; March Air Reserve Base, California; Andrews Air Force Base, Maryland; and Wright-Patterson Air Force Base, Ohio.

Here are details about the seven reports we reviewed:

Report Number	Title	Directorate	Location
F-2010-0007-FC4000	Spare Parts Inductions	Acquisition and Logistics Audits	Wright Patterson Air Force Base
F-2010-0006-FC3000	Aircraft Engine Component Improvement Program	Acquisition and Logistics Audits	Wright Patterson Air Force Base
F-2010-0007-FB4000	Access Controls for Air and Space Operations Networks	Financial and Systems Audits	March Air Reserve Base
F-2010-0009-FD3000	Weather Support to the Warfighter	Support and Personnel Audits	Brooks City-Base
F-2010-0040-FDN000	Weather Support to the Warfighter	Support and Personnel Audits	Andrews Air Force Base
F-2010-0089-FDS000	Innovative Development Through Employee Awareness	Support and Personnel Audits	Randolph Air Force Base
F-2010-6002-FA1200	Quality Assurance Review, Support and Personnel Audits Directorate, Health Care Division	Operations—Policy, Oversight, and Systems	Arlington, Virginia