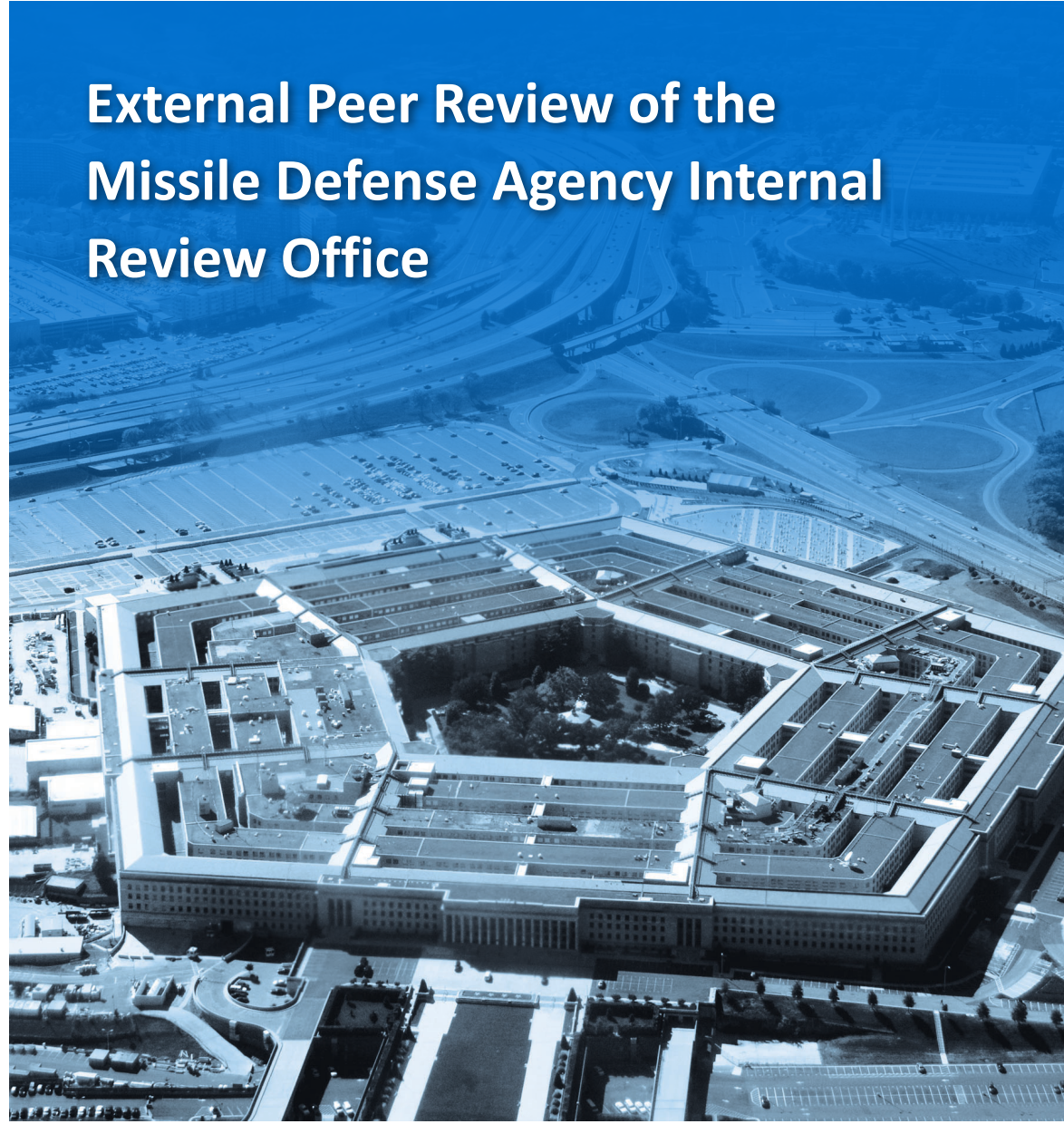




# INSPECTOR GENERAL

*U.S. Department of Defense*

MAY 22, 2024



## External Peer Review of the Missile Defense Agency Internal Review Office

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY







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

May 22, 2024

MEMORANDUM FOR DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: External Peer Review of the Missile Defense Agency Internal  
Review Office (Report No. DODIG-2024-089)

This final report provides the results of the DoD Office of Inspector General's external peer review of the Missile Defense Agency Internal Review (MDA IR) Office. We are providing this report for information and use. This report does not contain recommendations. We provided a discussion draft of this report to the MDA IR Office officials. The officials concurred with the discussion draft and provided no additional comments. Therefore, we are publishing this report in final form.

We appreciate the cooperation and assistance we received during the peer review. If you have any questions, please contact [REDACTED]

FOR THE INSPECTOR GENERAL:

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

Randolph R. Stone  
Assistant Inspector General for Evaluations  
Space, Intelligence, Engineering, and Oversight







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

May 22, 2024

MEMORANDUM FOR DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: System Review Report on the External Peer Review of the Missile  
Defense Agency Internal Review Office (Report No. DODIG-2024-089)

We reviewed the system of quality control for the Missile Defense Agency Internal Review (MDA IR) Office in effect for the 3-year period that ended on September 30, 2023. A system of quality control encompasses the MDA IR Office's organizational structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming in all material respects with Government Auditing Standards and applicable legal and regulatory requirements. The elements of quality control are described in Government Auditing Standards.

In our opinion, the system of quality control for the MDA IR Office in effect for the 3-year period that ended on September 30, 2023, has been suitably designed and complied with to provide the MDA IR Office with reasonable assurance of performing and reporting in conformity with Government Auditing Standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The MDA IR Office has received an external peer review rating of *pass*.

### ***Basis of Opinion***

We conducted our peer review in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency "Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General," March 2020 revision.

During our review, we interviewed MDA IR Office audit personnel and obtained an understanding of the nature of the MDA IR Office and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessment, we nonstatistically selected four projects to test for compliance with Government Auditing Standards and the MDA IR Office's system of quality control, consisting of:

- 3 of 15 performance audits, and
- 1 of 2 terminated audits.

The four projects represent a reasonable cross-section of the universe of projects that the MDA IR Office performed during the 3-year period that ended on September 30, 2023.

In performing our peer review, we tested for compliance with the MDA IR Office's quality control policies and procedures to the extent that we considered appropriate. These tests covered the application of the MDA IR Office's policies and procedures on the four selected projects. We based our review on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

On May 8, 2024, we held an exit conference with MDA IR Office representatives to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The Enclosure identifies the scope and methodology, including our basis for selecting the four projects.

### ***Responsibilities and Limitation***

The MDA IR Office is responsible for establishing and maintaining a system of quality control designed to provide it with reasonable assurance that the organization and its personnel comply in all material respects with Government Auditing Standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and the MDA IR Office's compliance based on our review.

Inherent limitations exist in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. The projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

FOR THE INSPECTOR GENERAL:



Randolph R. Stone  
Assistant Inspector General for Evaluations  
Space, Intelligence, Engineering, and Oversight

Enclosure:  
As stated

# Enclosure

## Scope and Methodology

We conducted this peer review from November 2023 through May 2024 in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General” (CIGIE Guide). The standards and guide require that we obtain an understanding of the audit organization’s system of quality control and conclude whether:

- the system is appropriately designed to ensure compliance with Government Auditing Standards, and
- the audit organization is complying with Government Auditing Standards and internal policies and procedures.

We also conducted this peer review in accordance with the “Quality Standards for Inspection and Evaluation,” published in December 2020 by CIGIE. Those standards require that we adequately plan the peer review to ensure that objectives are met and that we perform the peer review to obtain sufficient, competent, and relevant evidence to support the findings, conclusions, and recommendations. We believe that the evidence we obtained was sufficient, competent, and relevant to lead a reasonable person to sustain our conclusions.

This peer review covered the 3-year period from October 1, 2020, through September 30, 2023. We tested compliance with the MDA IR Office’s system of quality control to the extent we considered appropriate. We selected projects that would provide a reasonable cross-section of work that the MDA IR Office completed during the 3-year review period. As detailed in the following sections, we used the appendixes and procedures in the CIGIE Guide to conduct this peer review.

### ***Policies and Procedures (CIGIE Appendix A)***

We reviewed the MDA IR Office’s audit policies and procedures to determine if they comply with Government Auditing Standards. We requested that the MDA IR Office complete Column 1 of the CIGIE Guide, Appendix A, “Policies and Procedures,” and provide a copy of relevant policies and procedures. We recorded our conclusions and comments on whether the policies and procedures were adequate and complied with Government Auditing Standards in Column 2 of Appendix A. We concluded that the policies and procedures were adequate and complied with Government Auditing Standards.



## ***Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review (CIGIE Guide Appendix B)***

Using the CIGIE Guide's Appendix B checklist, we tested the MDA IR Office for compliance with Government Auditing Standards' general standards, consisting of independence, competence and continuing professional education, and quality control and peer review.

### ***Independence***

We reviewed the MDA IR Office independence records for all auditors assigned to the four projects we reviewed. We concluded that the MDA IR Office complied with the independence requirements in Government Auditing Standards and the MDA IR Office's policies and procedures.

### ***Competence and Continuing Professional Education***

We interviewed 14 of the 17 audit staff employed by the MDA IR Office as of September 30, 2023. We interviewed the audit staff (which consisted of audit supervisors and auditors) to determine their understanding of, and compliance with, Government Auditing Standards and the MDA IR Office's quality control policies and procedures. Based on the interview results, we concluded that the audit staff are competent and have an adequate understanding of Government Auditing Standards and the MDA IR Office's policies and procedures.

We also reviewed all MDA IR Office audit staff's training records for the most recently completed 2-year continuing professional education (CPE) reporting period to determine whether they earned the CPE hours required by Government Auditing Standards. The MDA IR Office's last 2-year CPE reporting period covered FY 2021 and FY 2022. In addition, we nonstatistically selected 8 of 17 MDA IR Office audit staff and validated the accuracy of the CPE training records by reconciling CPE hours to the actual training certificates. We determined that all audit staff employed by the MDA IR Office during the recently completed CPE reporting period met the CPE requirements.

### ***Quality Control and Peer Review***

We reviewed the three internal quality control reviews that the MDA IR Office completed during the 3-year review period to determine if the MDA IR Office complied with Government Auditing Standards for monitoring of quality procedures. Specifically, we reviewed the internal quality control reviews to determine whether the MDA IR Office:

- performed monitoring procedures that enabled it to assess compliance with Government Auditing Standards and quality control policies and procedures; and
- analyzed and summarized the results of its monitoring procedures, at least annually, with identification of any systemic or repetitive problems needing improvement and with recommendations for corrective action.

We determined that the MDA IR Office complied with Government Auditing Standards for monitoring of quality procedures.

Additionally, we determined that the MDA IR Office complied with Government Auditing Standards for peer reviews by obtaining a peer review once every 3 years. See the Prior Coverage section in this Enclosure for additional information.

### ***Checklist for Performance Audits Performed by the Office of Inspector General (CIGIE Guide Appendix E)***

From October 1, 2020, through September 30, 2023, the MDA IR Office completed 15 performance audits. We nonstatistically selected three completed performance audits to review. In selecting our nonstatistical sample, we chose projects that would provide a reasonable cross-section of what the MDA IR Office completed during the 3-year review period. For example, we chose projects that various supervisors and auditors performed. We reviewed the completed performance audits for compliance with Government Auditing Standards using Appendix E of the CIGIE Guide. We determined that the MDA IR Office complied with Government Auditing Standards and the MDA IR Office’s policies and procedures.

The following table lists the performance audits we selected for review.

*Table. MDA IR Office Performance Audits Selected for Review*

Title	Project Number	Report Date
Assessment of MDA’s Hiring and Onboarding (Phase 2)	A-21-03-02	September 15, 2023
Onboarding of MDA Civilian and Contractor Employees	A-22-04	July 31, 2023
MDA 2021 Depot Maintenance Workload Distribution	A-21-01	May 9, 2022

Source: The DoD OIG.

### ***Terminated Audits (CIGIE Risk Assessment Procedure)***

From October 1, 2020, through September 30, 2023, the MDA IR Office terminated two performance audits. We nonstatistically selected one of the two terminated performance audits, Project No. A-22-01, “Data Storage and Records Management Practices,” to review. We reviewed the audit documentation to determine whether the auditors complied with the Government Auditing Standards requirements and the MDA IR Office’s policies and procedures to document the results of the work to date of the termination and the reason why the auditors terminated the audit. We determined that the MDA IR Office complied with Government Auditing Standards and its internal policies and procedures.

## Use of Computer-Processed Data

We did not use computer-processed data to perform this peer review.

## Prior Coverage

During the last five years, the DoD OIG issued one report discussing a peer review of the MDA IR Office. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

### **DoD OIG**

Report No. DODIG-2021-103, “External Peer Review Report of the Missile Defense Agency Internal Review Office,” July 16, 2021

The DoD OIG evaluated whether the MDA IR Office’s system of quality control in effect for the 3-year period that ended on September 30, 2020, was suitably designed and complied with to provide the MDA IR Office with reasonable assurance of conformity with the applicable professional standards. The MDA IR Office received a peer review rating of *pass*.



# Acronyms and Abbreviations

- CIGIE** Council of the Inspectors General on Integrity and Efficiency
- CPE** Continuing Professional Education
- IR** Internal Review
- MDA** Missile Defense Agency



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