

Inspectors General Peer Review



Flora Miller, Peer Review Chair

Peer Review Purpose

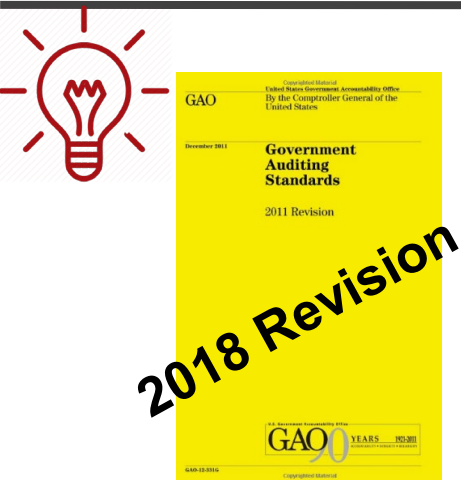
At it's most basic level
Peer Reviews answer the
fundamental question of:

“Who audits the auditors
and investigators?”

A common question asked
of Offices of Inspector
General



WHAT ARE THE STANDARDS USED BY OFFICES OF INSPECTORS GENERAL?



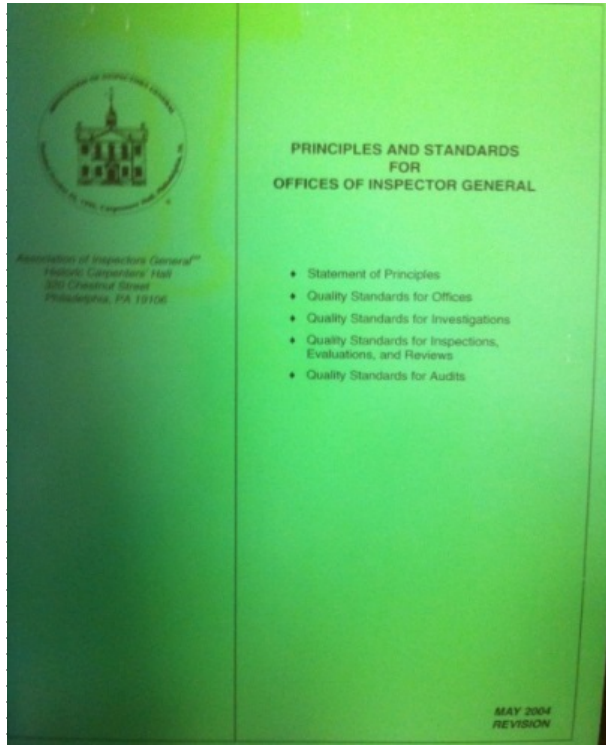
Audit



Audit



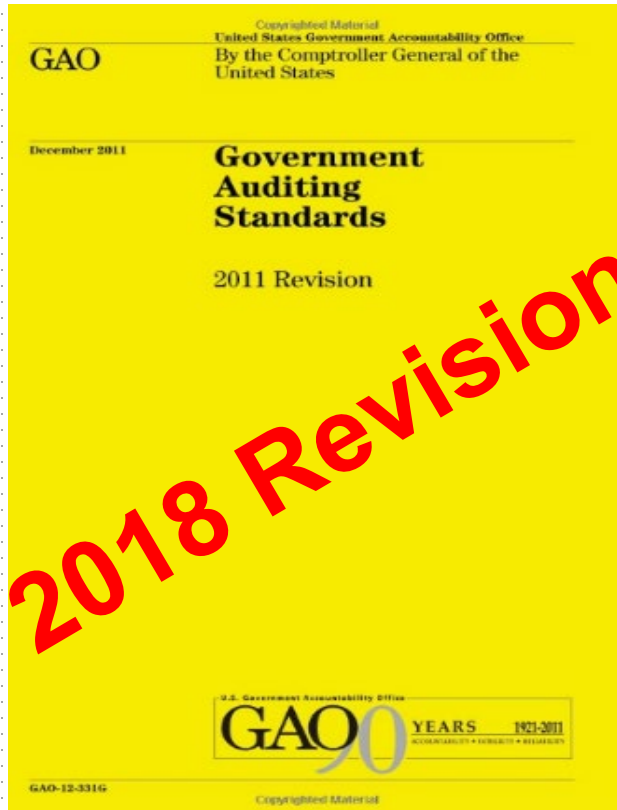
**Audit, Investigations,
and I&E**



GREEN BOOK

Principles and Standards for Offices of Inspector General of the Association of Inspectors General

Inspectors General Investigations, Inspections & Evaluations, and Audit Standards



YELLOW BOOK

- The standards include a definition for waste
"The act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight."
- The performance audit standards are updated with specific considerations for when internal control is significant to the audit objectives.

The new standards are effective for financial audits, attestation engagements, and reviews of financial statements for periods ending on or after June 30, 2020, and for performance audits beginning on or after July 1, 2019.

Early implementation is not permitted.



RED BOOK

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Let's
Not
Forget!**



**A Peer Review provides assurance
about the level of compliance with
professional standards.**

PEER REVIEW

DEFINITION

Peer Review is a process of self-regulation by a profession or a process of evaluation involving qualified individuals within the relevant field.

Recipients of Peer Reviews

- **Public Accounting Firms**
 - The Public Company Accounting Oversight Board performs Peer Reviews for public accounting firms.
- **State & Local IGs**
 - May be required by State Statute, Local Ordinances, or governing regulations
 - Association of Inspectors General, IIA, ALGA, CPA Firms or similar professional organizations.
- **Federal IG's**
 - The Federal agencies use a Round Robin approach with other Federal Agencies to have peer reviews performed.

Peer Reviews Increases Your Office's CREDITABILITY

What
does my
agency
get out
of Peer
Review?

A means of maintaining the highest standards of professionalism and provides accountability to the public and entities under its jurisdiction.

PEER REVIEW



- Required by professional standards, GAGAS-Yellow book, every three years, IIA-Red Book every five years, laws, or governing regulation;
- Our work must hold up to the highest scrutiny;
- Provide assurances of the internal controls of our organization;
- It is an underpinning for an Inspector General function.

BOTTOM LINE

Do you have well documented processes and are you following them?

The Peer-Review Process...

The review consists of an external reviewer, or team of reviewers, who assesses the adequacy of the organization's internal quality control system and its overall level of compliance with government standards.

STANDARDS - TESTING

- Independence
 - Personal Impairments
 - External Impairments
 - Organizational Independence
- Professional Judgment
- Competence
- Quality Control and Assurance
- Planning
- Supervision
- Evidence and Documentation
- Legal and Regulatory Requirements
- Reporting Standards



Who Performs Peer Reviews?

AIG, ALGA, IIA, CPA Firms, Auditor General, Etc.



The screenshot shows the IIA website's 'Quality Services' page. The header includes the IIA logo and navigation tabs: Standards & Guidance, Bookstore & Periodicals, Certification, Training & Events, and Membership. A breadcrumb trail reads: Home > Services > Quality > Quality Services. The main content area is titled 'Quality Services' and describes how an external assessment benefits an organization by allowing internal auditors to state conformity with the International Professional Practice Framework. It also mentions building stakeholder confidence and documenting management's commitment to quality. A sidebar on the left lists various quality services like Quality Assurance, Quality Services, Quality Assessment, Validation, Readiness Assessment, and Meet Our Team Leaders. At the bottom, a banner states 'IIA Quality Services is Here to Support Your Assessment Process'.



The screenshot shows the AIG website's 'AIG Peer Review' page. The header features the AIG logo and navigation links: Home, About, IG Institute, Conference, Join Us, IG News, Videos, Directories, and Jobs. The main heading is 'AIG Peer Review' with a sub-heading 'Peer Review'. The text explains that the AIG encourages professional development, standardizing practices, policies, and ethics, and establishing professional qualifications and certifications for Offices of Inspectors General (OIG). A cornerstone is encouraging OIGs to adopt and comply with one or more of the following Standards:

- The Association of Inspectors General, Principles and Standards for Offices of Inspector General (Green Book)
- The Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing (Red Book) and/or
- The United States Government Accountability Office, Government Auditing Standards (Yellow Book)

AIG's peer review program is intended to help AIG member organizations in their efforts to comply with statutes, local laws, charters, etc. requiring OIGs to follow one or more of the aforementioned standards.

Standards require OIGs to have external peer reviews to assess if their internal quality control system is suitably designed and operating effectively. The Yellow Book requires an external peer review at least once every three years, the Red Book once every five years, and the Green Book recommends periodic external reviews. The Peer review provides assurance that an OIG is following its established policies and procedures and applicable standards.



The screenshot shows the ALGA website's 'Peer Review' page. The header includes the ALGA logo and navigation tabs: About, Resources, Training, and Publications/Media. A breadcrumb trail reads: You are here: Home > Audit Excellence > Peer Review. The main heading is 'Peer Review' with a sub-heading 'Objective'. The text explains that the objective of a peer review is to determine whether an audit organization's quality control system is suitably designed and is in place and operating effectively. A peer review also provides assurance that an audit organization is following its established policies and procedures and applicable auditing standards.

AIG



GOALS

- Encourage professional development and provide a professional network;
- Foster policy research and analysis;
- ***Standardize practices, policies, conduct, and ethics;***
- Sponsor educational programs;
- Establish professional qualifications, certifications, and licensing;
- Encourage interdisciplinary scholarship;
- Conduct joint educational ventures;
- Exchange information and ideas; and
- Identify trends.

AIG Peer Review Process



WHAT
DO WE
DO?

With these Goals
in mind, the
Association has
developed a

*Peer Review
Program*

AIG Peer Review Process

How To Begin...



ASSOCIATION OF INSPECTORS GENERAL

1

2

AIG Peer Review

Peer Review

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- The United States Government Accountability Office, Government Auditing Standards (Yellow Book)

organizations in their efforts to comply with statutes, local
ore of the aforementioned standards.

3

Request a AIG Peer Review

The following is a sample Agency Request for an AIG Peer Review

[OIG to AIG Peer Review Request Memo](#)

Start Here

ectorsgeneral.org/about/meet-the-staff/



- ☐ Experienced/seasoned professionals
- ☐ Well versed in applicable professional standards, laws, and regulations
- ☐ Possess strong knowledge of applicable operations
- ☐ Sufficient knowledge of how to perform a peer review

A Team Member is assigned to each of the areas being reviewed

Site Visit – 2 to 5 days

STEP 3

Reporting

STEP 2

Site Visit

STEP 1

Preparation

Start to Finish – 3 Months (approximately)

PREPARATION



**Preparation for
the Site Visit
begins 3-4
months prior to
arrival.**

SITE VISIT

- ❑ The site-visit begins with an Entrance Conference with the Inspector General and the Senior Management team.
- ❑ The review team examines the organization's internal quality control systems and a sample of products for compliance. *Typically, no advance notice is given regarding the reports selected for review.*



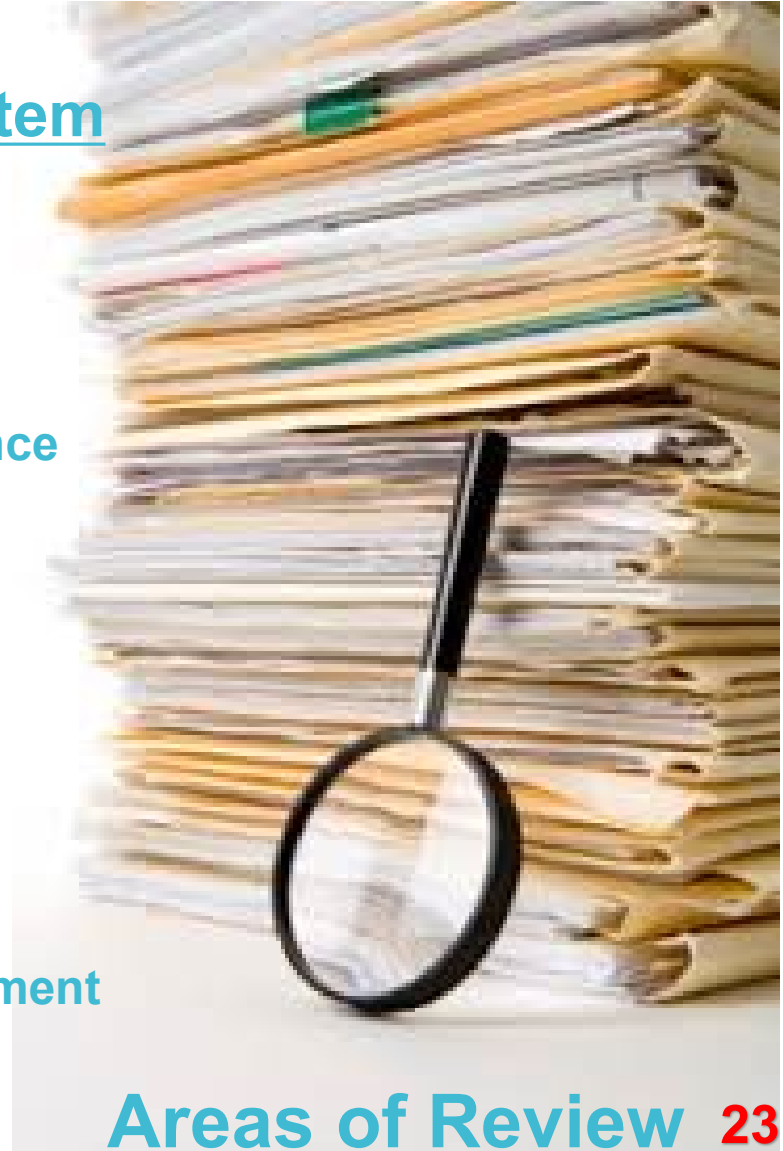
SITE VISIT

Organization's Quality Control System

- Internal Policies & Procedures
- Training & Staff Qualifications
- Independence issues & organizational alignment
- Internal Quality Assurances/Quality Assurance function
- Report documentation
- Report distribution

Review of Documentation

- Review of workpapers & reports
- Internal interviews: staff & management
- External interviews: IG's direct report, department heads (customers), law enforcement partners



REPORTING



Opinion Letter (30 Days)


- Level of compliance with standards (Pass, Pass with Deficiencies, Fail)
- Purpose, Scope, and Method, which may include a summary of exceptions

Management Letter (90 Days)

- Detailed letter of findings, which will include:
 - Areas of Distinction
 - Areas of Consideration



PUBLISHING REPORTS

- The **OPINION LETTER** is intended for publication.
-  GAS 3.105 (2011) & 5.77 (2018) external audit organization **should make** its most recent **peer review report publicly available** (i.e., external website). For government audit organizations, the **peer review report should be communicated to appropriate oversight bodies.**
- The **MANAGEMENT LETTER** is provided as a useful tool for the Inspector General and management team. If a separate communication detailing findings, conclusions, and recommendations is issued, public availability of that communication **is not required.**

ASSOCIATION OF INSPECTORS GENERAL



THE PEER REVIEW COMMITTEE

Having determined that

[YOUR AGENCY NAME HERE]

has successfully completed an external Association of Inspectors General Peer Review of your operational units based upon the Association of Inspectors General Principles and Standards for Offices of Inspector General. It is the unanimous conclusion of the members of the Peer Review Team that the office's operational units met all relevant standards for the period under review.

Witness the seal of said Committee and the official signatures of the President of the Association and the Chair of the Peer Review Committee.

President

Chair Peer Review Committee

QUESTIONS

FLORA MILLER

AIG Peer Review Committee, Chair

**Regional Investigator / Accreditation Manager
FL Dept. of Children & Families OIG**

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