



## System Review Report

August 11, 2022

The Honorable John F. Sopko  
Inspector General  
Special Inspector General for Afghanistan Reconstruction  
1550 Crystal Drive Suite 900  
Arlington, VA 22202

We have reviewed the system of quality control for the audit organization of the Special Inspector General for Afghanistan Reconstruction (SIGAR) in effect for the year ended September 30, 2021. A system of quality control encompasses the SIGAR's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards*<sup>1</sup> 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 audit organization of the SIGAR in effect for the year ended September 30, 2021, was suitably designed and complied with to provide the SIGAR with reasonable assurance of performing and reporting in conformity with applicable professional 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 SIGAR has received an External Peer Review rating of *pass*.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to the SIGAR's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted

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<sup>1</sup> Government Accountability Office, *Government Auditing Standards*, GAO-21-368G, April 2021.

that monitoring of GAGAS engagements performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether the SIGAR had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on the SIGAR's monitoring of work performed by IPAs.

### **Letter of Comment**

We have issued a letter dated August 11, 2022, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

### **Basis of Opinion**

We conducted our review in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

During our review, we interviewed the SIGAR personnel and obtained an understanding of the nature of the SIGAR audit organization, and the design of the SIGAR's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with the SIGAR's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the SIGAR audit organization, with an emphasis on higher-risk engagements.

In performing our review, we obtained an understanding of the system of quality control for the SIGAR audit organization. In addition, we tested compliance with the SIGAR's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the SIGAR's policies and procedures on selected GAGAS engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with the SIGAR management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the SIGAR offices that we met with and the engagements we reviewed.

### **Responsibilities and Limitation**

The SIGAR is responsible for establishing and maintaining a system of quality control designed to provide the SIGAR with reasonable assurance that the organization and its personnel comply in all material respects with professional 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 SIGAR's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. 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.

Sincerely,

The Honorable Robert J. Feitel  
Inspector General  
U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board

Enclosure -1

## Scope and Methodology

We tested compliance with the SIGAR audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 5 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from October 1, 2020, through September 30, 2021. We also reviewed the internal quality control reviews performed by the SIGAR.

In addition, we reviewed the SIGAR's monitoring of two of twenty-five GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2020, through September 30, 2021.

We met with the SIGAR staff at the office headquarters located in Arlington, VA.

### Reviewed GAGAS Engagements Performed by the SIGAR:

Report No.	Report Date	Report Title
SIGAR 21-04-AR	10/15/2020	Facilities to Support Women in the Afghan Security Forces: Better Planning and Program Oversight Could Have Helped DOD Ensure Funds Contributed to Recruitment, Retention, and Integration
SIGAR 21-29-AR	3/25/2021	Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts to Disrupt Illicit Narcotics Financing in Afghanistan

### Reviewed Monitoring Files of the SIGAR for Contracted GAGAS Engagements:

Report No.	Report Date	Report Title
SIGAR 21-07-FA	11/6/2020	Department of State's Demining Activities in Afghanistan: Audit of Costs Incurred by the Mine Detection Dog Center
SIGAR 21-40-FA	6/24/2021	USAID's Emergency Water, Sanitation, and Hygiene Assistance to Disaster Affected Populations in Afghanistan: Audit of Costs Incurred by the Agency for Technical Cooperation and Development