



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

June 15, 2020

Acting Inspector General
U.S. Department of State
1700 North Moore Street
Arlington, VA 22209

Subject: External Peer Review Report on the Department of State, Office of Inspector General, Offices of Inspections, Evaluation and Special Projects, and Audit

Dear Ambassador Akard:

Attached is the External Peer Review Report of the Department of State, Office of Inspector General, Offices of Inspections, Evaluations and Special Projects, and Audit conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General, dated September 2019*. Your response to the report is included as an enclosure.

We appreciate the cooperation and courtesies extended to our staff during the review.

A handwritten signature in blue ink that reads "Sean W. O'Donnell".

Sean W. O'Donnell
Acting Inspector General

Enclosure



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

External Peer Review Report

Date: June 15, 2020

To: Ambassador Stephen J. Akard, Acting Inspector General

This required external peer review was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Inspection and Evaluation Committee guidance in the *CIGIE Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General*, dated September 2019. The peer review was conducted from January 29, 2020, through June 15, 2020.

The CIGIE External Peer Review Team (Review Team) assessed the extent to which the Department of State, Office of Inspector General (OIG), Offices of Inspections (ISP), Evaluation and Special Projects (ESP), and Audits (AUD) met seven Blue Book standards: quality control; planning; data collections and analysis; evidence; records maintenance; reporting; and followup. This assessment included a review of the ISP, ESP, and AUD internal policies and procedures implementing the seven required CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book), January 2012, standards. To accomplish this assessment, the Review Team reviewed the Department of State OIG's ISP Handbook, effective December 2019; the ESP Handbook, effective June 20, 2019; and the AUD Manual, January 2020, to determine whether each document contained guidance that addressed the seven Blue Book standards.

The external peer review also included a review of three inspection reports issued by ISP and one evaluation report issued by ESP between January 1, 2019, and December 31, 2019, to determine whether the reports complied with the covered Blue Book standards and with the ISP Inspectors Handbook, August 2017; and the ESP Policy OIG-14-005, effective January 13, 2017. The Review Team did not review the one evaluation report issued by AUD in 2019 because the AUD internal policies and procedures generally included appropriate policies and procedures that, if properly implemented, would address the seven covered Blue Book standards. AUD also received an external peer review rating of pass with no letter of comment issued for the year ended September 30, 2018.

The Review Team determined that the ISP, ESP, and AUD policies and procedures generally met the seven Blue Book standards addressed in the external peer review. Additionally, all four reports

reviewed generally met the Blue Book standards and generally complied with associated internal policies and procedures in effect at the time.

Department of State OIG management officials provided a response to our Report (Enclosure 1).



Sean W. O'Donnell
Acting Inspector General

Enclosure: a/s

U.S. Department of State Comments to Draft Report



Office of Inspector General
United States Department of State

UNCLASSIFIED

June 3, 2020

Michael J. Roark
Deputy Inspector General for Evaluations
Office of Inspector General
Department of Defense
4800 Mark Center Drive
Alexandria, Virginia 22350-1500

Dear Mr. Roark,

Thank you for the opportunity to provide comments on the draft report of the Inspection and Evaluation peer review of the Department of State OIG's Offices of Inspections (ISP), Evaluations and Special Projects (ESP), and Audits (AUD). We appreciate the peer review team's independent assessment that ISP, ESP, and AUD's policies and procedures generally met the seven reviewed standards contained in the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation* (Blue Book). It was also reassuring to hear that the peer review team concluded that the four ISP and ESP reports it reviewed generally met the Blue Book standards and complied with associated internal policies and procedures in effect at the time. We concur with the team's assessment and therefore have no specific comments on the peer review team's draft report.

Please convey our appreciation to the members of the peer review team for their time, dedication, and professionalism in conducting this review, particularly given the operational challenges in recent weeks due to the COVID-19 pandemic. If you have any questions, please contact ISP's Deputy Assistant Inspector General for Operations, Lisa Rodely, at Lisa.R.Rodely@stateoig.gov.

Sincerely,

A handwritten signature in cursive script that reads "Stephen J. Akard".

Ambassador Stephen J. Akard
Acting Inspector General

Letter of Comment, Scope, and Methodology

A Council of the Inspectors General on Integrity and Efficiency (CIGIE) External Peer Review Team consisting of four Office of Inspector General (OIG) inspection and evaluation (I&E) professionals from the Department of Defense, the Department of Veterans Affairs, and the United States Postal Service assessed the extent to which the Department of State OIG met the following seven *CIGIE Quality Standards for Inspection and Evaluation* (Blue Book), January 2012, standards: quality control, planning, data collection and analysis, evidence, records maintenance, reporting, and followup.¹ The peer review began in January 2020.

The Review Team conducted its review in accordance with the CIGIE Inspection and Evaluation Committee guidance as contained in the *CIGIE Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General*. The Review Team assessed the extent to which (1) Department of State OIG's internal policies and procedures addressed the seven Blue Book standards, and (2) the four reports reviewed met the seven Blue Book standards.

The Review Team assessed the Department of State OIG's ISP, ESP, and AUD internal policies and procedures, including the ISP Inspections Handbook, effective December 2019; ESP Handbook, effective June 20, 2019; and AUD Manual, January 2020 that implemented the seven required CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book), January 2012. The Review Team also assessed other related documents that were in effect at the time the reports were issued, including the ISP Inspectors Handbook, August 2017 and ESP Policy OIG-14-005, effective January 13, 2017.²

The Review Team selected 4 of 44 reports issued during the period of January 1, 2019, through December 31, 2019. Specifically, from 41 reports issued by ISP, the Review Team selected three reports, one from each report category identified by ISP: one unclassified overseas report, one classified report, and one unclassified domestic report. Additionally, the Review Team selected one report from the three unclassified reports issued by ESP. The Review Team reviewed the following reports.

1. *Inspection of Embassy Nassau, The Bahamas*, August 1, 2019 (ISP-I-19-19)
2. *Inspection of Embassy Bogota, Columbia*, April 22, 2019 (ISP-S-19-14)³
3. *Review of the Effects of the Department of State Hiring Freeze*, August 7, 2019 (ISP-I-19-23)
4. *Evaluation of the Bureau of Diplomatic Security's Aegis Construction Contract at Camp Eggers, Afghanistan*, July 26, 2019 (ESP-19-04)

¹ Two I&E professionals were from Department of Defense OIG, one was from the Department of Veteran Affairs OIG, and one was from the United States Postal Service OIG.

² Department of State, OIG, "Inspections Handbook," Effective December 2019.

Department of State, OIG, "Office of Evaluation and Special Projects (ESP) Handbook," Effective Date: June 20, 2019.

Department of State, OIG, "Office of Audits Manual," January 2020.

Department of State, OIG, Office of Inspections, "Inspectors Handbook," August 2017.

Department of State, OIG, Office of Evaluations and Special Projects, OIG-14-005, Effective Date: January 13, 2017.

³ Classified report.

The Review Team did not review the one evaluation report issued by AUD in 2019 because the Review Team concluded that the AUD Manual, January 2020, included appropriate policies and procedures, except as noted under the Results and Findings section that, if properly implemented, would address the seven covered Blue Book standards. The Review Team also considered the results of AUD's most recent external peer review conducted by the Nuclear Regulatory Commission OIG for the year ended September 30, 2018.⁴ The Nuclear Regulatory Commission OIG peer review team concluded that AUD's system of quality control was suitably designed to provide reasonable assurance of conformity with applicable professional standards in all material respects. AUD received an external peer review rating of pass, and a letter of comment was not issued.

The Review Team met with Department of State OIG officials at the Arlington, Virginia, headquarters office on January 29, 2020, to conduct an entrance conference and gain access to necessary project files and documents. The Review Team conducted additional onsite visits in February and March 2020. During those visits, the Review Team met with directors from the ISP compliance, quality assurance, and inspection operations divisions. Beginning on March 19, 2020, access to the Department of State OIG's offices for the Review Team and ISP staff was restricted due to the coronavirus disease-2019 (COVID-19). The Review Team continued to communicate with management officials and project teams via e-mail and teleconferences. The review of the classified report was essentially complete as of that date, but ISP staff were unable to answer followup questions or provide the quality assurance review performed on the report due to limited access to the classified network. This access limitation did not impact the Review Team's overall conclusions on its review of the classified report.

RESULTS AND FINDINGS

INTERNAL POLICIES AND PROCEDURES

Based on the Review Team's assessment, if implemented, the policies and procedures in the ISP Inspections Handbook, effective December 2019, and the ESP Handbook, effective June 20, 2019, sufficiently address the seven required Blue Book standards.

The Review Team also determined that the policies and procedures in the AUD Manual, January 2020, sufficiently addressed the seven required Blue Book standards. However, the AUD Manual does not contain or reference specific implementation guidance for conducting work in compliance with Blue Book standards. For instance, the AUD Manual does not explain which chapters should be followed or which procedures do not need to be performed when conducting Blue Book work. The AUD Manual only broadly states that AUD staff performing non-GAGAS work will comply with other professional standards, such as Blue Book standards. On March 30, 2020, the AUD representative partially agreed with this assessment stating that AUD drafted new policy guidance for conducting engagements using Blue Book standards and also developed a TeamMate standard library for Blue Book engagements to ensure that evaluation work complies with the Blue Book standards.

In May 2020, AUD issued a Policy for Evaluations and Reviews, an Evaluation TeamMate Library Template, an Evaluation Report and Supporting Workpapers Checklist, and an Evaluation Report Template.⁵ The Policy for Evaluations and Reviews and the associated technical guidance issued to

⁴ External Peer Review Report on U.S. Department of State, Office of Inspector General, Audit Organization, February 12, 2019.

⁵ All documents were dated May 2020 and provided as attachments to the Department of State OIG's May 6, 2020, response to the peer review discussion draft issued on April 22, 2020.

supplement the AUD Manual should help ensure that evaluations and reviews conducted by AUD are completed in accordance with the CIGIE Quality Standards for Inspection and Evaluation and all professional standards. This management corrective action addresses the peer review team's concern; therefore, we are not making a recommendation.

COMPLIANCE WITH STANDARDS

The following is a summary of the Review Team's assessment of the four Department of State OIG reports against the seven Blue Book standards included in this review.

QUALITY CONTROL

The CIGIE standard for inspection work is: *"Each OIG organization that conducts inspections should have appropriate internal quality controls for that work."* Key elements of this standard include establishing mechanisms for quality control, documenting those mechanisms, and ensuring adequate supervision.

Finding(s):

All three ISP reviewed reports generally met the Quality Control standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Quality Control standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

PLANNING

The CIGIE standard for inspection work is: *"Inspections are to be adequately planned."* Key elements of this standard include creation of a work plan, coordination (both internal and external), and research.

Finding(s):

All three ISP reviewed reports generally met the Planning standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Planning standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

DATA COLLECTION AND ANALYSIS

The CIGIE standard for inspection work is: *"The collection of information and data will be focused on the organization, program, activity, or function being inspected, consistent with the inspection objectives, and will be sufficient to provide a reasonable basis for reaching conclusions."* This standard requires covered I&E organizations to describe the project's sources of data and information in the supporting documentation, ensure information is appropriately scoped, employ procedures to ensure data reliability and validity, and ensure that the confidentiality of sources and sensitive information is safeguarded. Key elements of the standard related to data analysis include ensuring that data is reviewed for accuracy and reliability, information is appropriately presented and documented, procedures provide for supervisory review, and findings satisfy objectives.

Finding(s):

All three ISP reviewed reports generally met the Data Collection and Analysis standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Data Collection and Analysis standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

EVIDENCE

The CIGIE standard for inspection work is: *“Evidence supporting inspection findings, conclusions, and recommendation should be sufficient, competent, and relevant and should lead a reasonable person to sustain the findings, conclusions, and recommendations.”* Key elements of this standard include ensuring that evidence is sufficient to persuade a knowledgeable person of the validity of the related Findings and Recommendations, is collected and evaluated using reasonable methods, and has a logical relationship to the issue(s) being addressed.

Finding(s):

All three ISP reviewed reports generally met the Evidence standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Evidence standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

RECORDS MAINTENANCE

The CIGIE standard for inspection work is: *“All relevant documentation generated, obtained, and used in supporting inspection findings, conclusions, and recommendations should be retained for an appropriate period of time.”* Key elements of this standard include ensuring that supporting information is effectively organized, provides a record of the nature and scope of the inspection, and provides sufficient information for supervisors to manage and evaluate staff, and that the organization has policies and procedures for document retention.

Finding(s):

All three ISP reviewed reports generally met the Records Maintenance standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Records Maintenance standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

REPORTING

The CIGIE standard for inspection work is: *“Inspection reporting shall present factual data accurately, fairly, and objectively and present findings, conclusions, and recommendations in a persuasive manner.”* Key elements of this standard include ensuring that reporting is timely, accurate, and objective; provides sufficient context; describes objectives, scope, and methods; uses clear and concise language; and includes a statement that the inspection was conducted in accordance with the standards. The standard also requires that findings are supported by evidence, conclusions are logical inferences, and recommendations describe what should be corrected.

Finding(s):

All three ISP reviewed reports generally met the Reporting standard and generally complied with the ISP Inspectors Handbook, August 2017. The ESP reviewed report generally met the Reporting standard and generally complied with ESP Policy OIG-14-005, effective January 2017.

FOLLOWUP

The CIGIE standard for inspection work is: *“Appropriate followup will be performed to ensure that any inspection recommendations made to Department/Agency officials are adequately considered and appropriately addressed.”* Key elements of this standard include that the I&E organization determines whether agency officials take action to correct problems, perform followup work as appropriate to verify management actions, and consider prior recommendations and need for followup when planning and conducting new inspections.

Finding(s):

Two of the three ISP reviewed reports generally met the Followup standard and generally complied with the ISP Inspectors Handbook, August 2017. One ISP reviewed report did not contain recommendations. The ESP reviewed report generally met the Followup standard and generally complied with ESP Policy OIG-14-005, effective January 2017.