

Attachment 1: Responses to Peer Evaluation Suggestions

1. We suggest that SIGAR consider revising its policy on referrals of allegations to require any allegation involving the IG and other senior officials designated annually by the IG be referred to the Integrity Committee, without exception.

Accept. By September 30, 2010, SIGAR will have drafted and executed a specific policy regarding referrals of allegations of wrongdoing to the CIGIE and base it explicitly on language in section 11(d)(4) and (5) of the Inspector General Act of 1978, as amended. All language regarding non-frivolous allegations as the precondition of referral to CIGIE will be removed.

2. In addition to the recommendations included in Appendix III and in light of SIGAR's organizational structure, we suggest that SIGAR continue to pursue the technological enhancements needed to effectively manage the documentation and supervisory aspects of its audits, and obtain additional IT expertise to examine the environment and evaluate alternatives to address this situation.

Accept. In February 2010, SIGAR entered into preliminary discussions with a consultant group to obtain expertise and assistance for SIGAR's IT planning and analysis. The consultant is anticipated to start work by August 31, 2010.

3. Given these initiatives, we suggest that SIGAR pursue with the CIGIE Audit Committee scheduling a follow-up peer review when appropriate.

Accept. Based on an internal assessment of progress in making improvements, SIGAR will request that CIGIE schedule the audit peer review follow-up to verify that deficiencies have been corrected. SIGAR anticipates requesting the follow-up by November 1, 2010.

4. We suggest that SIGAR continue its efforts to finalize and communicate its investigative policies and procedures in an expedited manner, and establish methods to monitor compliance with these policies and procedures.

Accept. The Assistant Inspector General for Investigations (AIG-I) has made finalizing and communicating the Directorate's investigative policies and procedures a top priority. On July 23, 2010, the AIG-I issued an official, directorate-wide communication identifying, and mandating full compliance with, SIGAR's existing investigative policy, including the investigative policies temporarily adopted from the Special Inspector General for Iraq Reconstruction (SIGIR). All 19 of SIGAR's Special Agents are currently recertified and qualified in the use of firearms in accordance with Federal Law Enforcement Training Center (FLETC) standards; they are also current in required training and certification in the Department of Justice (DOJ) deadly force policy. By September 30, 2010, the specific policies noted by the peer review team to be lacking—firearms, use of force, and training policies—will have been fully codified, communicated, and implemented. The Directorate will implement other needed policies as appropriate. The Directorate also is establishing a comprehensive Self-Inspection Program to

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maintain reasonable assurance the Directorate is conducting its work in conformity with applicable professional standards.

5. We suggest that SIGAR pursue the adoption and deployment of a functional electronic information management system to enhance its investigative operations. Throughout this report we cite the benefits of an information management system in managing an organization.

Accept. Adopting and deploying an electronic information management system is a top priority of the Investigations Directorate. By August 31, 2010, the AIG-I will have completed the statement of work, identifying a desirable system for an electronic information management system, and selecting a vendor by September 30, 2010.

6. We suggest that SIGAR pursue with the CIGIE Investigations Committee scheduling a follow-up review when appropriate.

Accept. The Investigations Directorate is moving swiftly toward full compliance with CIGIE standards and will pursue scheduling a follow-up review as soon as appropriate. SIGAR anticipates requesting the follow-up by November 1, 2010.

7. We suggest that SIGAR perform a more formal internal risk assessment that identifies internal risks, assesses likelihood of occurrence and significance, and addresses SIGAR's key controls to mitigate the identified risks.

Accept. SIGAR will designate a Director of Risk Management by September 30, 2010, to lead SIGAR's efforts in conducting a comprehensive internal risk assessment and querying other IGs to identify best practices in risk assessment and analysis. The assessment will include establishing and implementing a manager's internal control program in accordance with OMB Circular A-123. The program will be based on standards established by the Comptroller General and address internal controls for the environment, risk assessment, control activities, information and communications, and monitoring.

8. We suggest that SIGAR ensure that its administrative policies are completed for all key administrative areas to ensure processes and procedures are clearly defined for SIGAR staff, and where applicable, incorporate Department of Defense and Department of State requirements.

Accept. SIGAR has identified key administrative areas requiring policies and by November 30, 2010, will have issued the completed policies. The policies and supplemental guidance will be accessible from SIGAR's internal website. In addition, the policies and guidance will be communicated to all SIGAR staff and questions answered at an all-hands staff meeting.

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9. We suggest that SIGAR continue to make developing an effective quality assurance program a priority to address the deficiencies noted in the audit peer review and to help ensure quality going forward.

Accept. The Quality Control Director is continuing to develop and implement a robust quality assurance program. The program is well under way and includes using Appendix E in the CIGIE Peer Review Guide as the methodology for conducting an annual quality assurance review; soliciting comments from senior audit managers, auditors-in-charge, and referencers to identify systemic issues needing improvement; and making periodic recommendations to the AIG-A for corrective action. The most significant issues—in planning, documentation, supervision, independent referencing, and reporting—will be addressed first through staff meetings and management memos, training courses emphasizing auditing essentials, and periodic audit inspections. In addition, SIGAR is hiring an experienced auditor to serve as a full-time referencer for audit reports.

10. In light of SIGAR's geographic and environmental challenges and the benefits that can be derived from such a program, we suggest that SIGAR consider establishing a quality assurance program for its investigative function.

Accept. We are enhancing quality assurance by establishing a comprehensive Self-Inspection Program in the Investigations Directorate to maintain reasonable assurance the Directorate is conducting its work in conformity with applicable professional standards. The Self-Inspection Program will be implemented by August 31, 2010.

11. We suggest that SIGAR adopt performance targets to guide the collection of performance data to enable SIGAR to define specifically the level of its success.

Accept. SIGAR issued its strategic oversight plan in March 2010 for fiscal years 2010-2014. SIGAR is collecting performance data to develop a baseline for fiscal year 2010 and will be adopting performance targets to guide the collection of performance data for fiscal year 2011. Moreover, the strategic plan will be reviewed and revised as needed to ensure its ongoing usefulness and relevance to SIGAR's oversight responsibilities.

12. We suggest that SIGAR implement a more comprehensive performance management system to provide a mechanism for collecting and reporting this key information to assist management in managing the enterprise and better defining individual and organizational success.

Accept. SIGAR employees are considered Department of Army civilians for the purpose of administration of pay, leave, benefits, and entitlements. Therefore, SIGAR will use the performance evaluation system as described in Army Regulation 690-400 as a basis for designing a performance evaluation system. This system will be in place by September 30, 2010. The system is designed to improve performance by communicating organizational goals and

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priorities, providing tools for supervisors and managers to assess performance systematically, and establishing the basis for effective supervision.

13. We suggest that SIGAR revisit its audit plan, using more input from stakeholders, and employ a risk-based assessment to systematically identify the most important work that needs to be done.

Accept. In conjunction with reviewing and revising the strategic oversight plan, the AIG-A will establish a team by September 30, 2010, to develop a plan to systematically obtain stakeholder input, identify areas of reconstruction program risk, and set work priorities consistent with SIGAR's legislative mandate. Among other activities, the team will reach out to other IGs and obtain input on best practices in developing a risk-based audit plan.

14. We suggest that SIGAR apply a risk-based process to its planning effort to identify where to concentrate its investigative efforts and deploy its limited resources.

Accept. Although the Investigations Directorate had applied a risk-based process in identifying areas in which to concentrate its efforts and deploy resources, this process was not documented. The AIG-I will formalize the process by September 30, 2010. The process will continue to focus on positioning investigators throughout Afghanistan in locations where fraud related to U.S. reconstruction spending is most likely to occur, consulting stakeholders on making decisions about the location of investigators and allocation of resources, and obtaining input from other IGs on best practices to use in developing a risk-based investigations process.

15. In the case of both audit and investigations, in developing the plan, an important element of the process should be input from stakeholders.

Accept. SIGAR responses in #13 and #14 above address this suggestion. It should be noted that SIGAR is unique because we report to the six "appropriate congressional committees" as defined in our enabling legislation—the Senate Committees on Appropriations, Armed Services, and Foreign Relations; the House Committees on Appropriations, Armed Services, and Foreign Affairs; the Secretary of State; and the Secretary of Defense.

16. We suggest that SIGAR continue its coordination efforts at all levels and with multiple stakeholders to maximize the efficient use of resources and minimize duplication.

Accept. SIGAR will maintain diligence in its coordination with task force members and planning working groups to prevent duplication of efforts and leverage resources efficiently and effectively. This includes continued participation in the Southwest Asia (SWA) Planning Group; the Afghanistan-Pakistan SWA subgroup; in-country Shura meetings with the military and U.S. Embassy; vetting of individual audit announcement letters with other IGs to ensure audit coverage is not duplicated; and frequent communication with various task forces and other appropriate planning and working groups. Furthermore, SIGAR will continue its close working relationship with members of the International Contract Corruption Task Force (ICCTF) and the

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National Procurement Fraud Task Force, whose 10 members include SIGAR; SIGIR; the Federal Bureau of Investigation (FBI); the Department of Defense Inspector General; the USAID Inspector General; the Naval Criminal Investigative Service; the U.S. Army Criminal Investigation Command; the Air Force Office of Special Investigations; the Defense Criminal Investigative Service; and the Internal Revenue Service (IRS). SIGAR continues to maintain a Special Agent assigned full-time to the ICCTF's Joint Operations Center in Washington, D.C., and conducts regular briefings on joint and independent investigative activity.

17. We suggest that SIGAR clarify jurisdictional issues involving investigative projects with members of the International Contract Corruption Task Force to ensure a common understanding.

Accept. The Investigations Directorate will ensure there is clarity within the ICCTF regarding SIGAR's reconstruction oversight mission and continue to focus on task force matters that fall within its mandate.

18. We suggest that in the future SIGAR carefully evaluate the operational impact that delays in recruiting senior leadership have on the organization and develop alternative plans to ensure negative impacts are not experienced.

Accept. SIGAR leadership is committed to making timely decisions in recruiting and hiring senior staff. SIGAR has identified seven mission critical positions and is developing succession plans to ensure that any vacancy of a critical position will not have a negative impact on the agency. The positions are Inspector General; Deputy Inspector General; Assistant Inspectors General for the Directorates of Management and Support, Audits, and Investigations; the Director of the Information Management Division; and the Director of Forward Operations. SIGAR has had a Principal Deputy Inspector General position which has been occupied since January 2009 and posted at the U.S. Embassy, Kabul. His principal duties have been to facilitate the standup of SIGAR permanent operations in Afghanistan and serve as the SIGAR primary day-to-day representative to U.S. Government and Afghan Government officials. Recruitment for the Deputy Inspector General position in SIGAR headquarters is under way. Succession plans for key positions will have been completed by October 31, 2010.

19. We suggest that SIGAR re-evaluate staffing and skill-set needs in conjunction with efforts to improve its risk assessment and planning process.

Accept. In conjunction with SIGAR's risk-based analysis and assessment, SIGAR will continuously evaluate staffing and skill-set needs.

The Audit Directorate has 39 auditors or program analysts on board with 16 more in various stages of the hiring process, for a total of 55. Our audit staff comes from a wide range of organizations: 29 have prior GAO experience; 20 have worked with one or more Federal

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Inspectors General; 13 have prior experience working on Afghanistan issues; 7 have worked with SIGIR; 5 bring expertise in the Dari and Pashtu languages; and 2 have worked with the Wartime Contracting Commission.

The Investigations Directorate has assembled a staff of highly experienced professional investigators, analysts, and other personnel. The Directorate's investigators have previous experience with the FBI; IRS; Drug Enforcement Administration; U.S. Customs and Border Protection; Department of Interior; U.S. Army Criminal Investigations Command; Naval Criminal Investigative Service; and SIGIR. SIGAR's current 19 Special Agents are senior-level, career law enforcement officers with an average of 26 years of relevant, federal law enforcement experience. Many have advanced degrees and professional certifications in disciplines such as accounting, fraud examination, and white-collar crime. Additionally, all 19 Special Agents are recertified and qualified in the use of firearms in accordance with FLETC standards and are current in required training and certification in the DOJ deadly force policy. As the Directorate grows, it continues to devote substantial managerial effort to hiring employees who can help expand its investigative capabilities. For instance, Directorate managers are evaluating the advantages of hiring additional speakers of Afghanistan's native languages. In defining all new positions and filling all future vacancies, the Directorate also will be mindful of the importance of hiring employees with skill sets that improve risk assessment and planning.

20. We suggest that SIGAR proceed with its effort to put in place a more formal performance appraisal process to ensure a more structured approach to evaluating performance and making decisions related to pay and promotions.

Accept. As noted in the response to question #12, SIGAR employees are identified as Department of the Army civilians for the purpose of administration of pay, leave, benefits, and entitlements. Therefore, SIGAR will use the performance evaluation system detailed in Army regulations as a basis for designing a performance evaluation system. The new system will be in place by September 30, 2010.

21. We suggest that SIGAR continue to establish and implement requisite training and document and retain records relating to training.

Accept. SIGAR will complete the procurement of tracking software for training by September 30, 2010, which will greatly assist SIGAR in the process of documenting and retaining training records.

22. We suggest that SIGAR ensure that the draft hotline policy is revised and made final to reflect the current practice.

Accept. The Investigations Directorate has drafted a revised hotline policy to reflect the current practice. The policy will be issued by September 30, 2010.