



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



March 20, 2023

To: John F. Sopko, Inspector General, Special Inspector General for Afghanistan Reconstruction

The Department of Health and Human Services, Office of Inspector General (OIG), has reviewed the internal policies and procedures for implementing the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) *Quality Standards for Inspection and Evaluation* (Blue Book), December 2020, for the Audits and Inspections Directorate and the Lessons Learned Program of the Special Inspector General for Afghanistan Reconstruction (SIGAR) in effect between October 1, 2021, and September 30, 2022. We also reviewed three reports for compliance with the Blue Book standards and SIGAR's internal policies and procedures guide (i.e., *Products and Procedures Manual*), issued in October 2021. We issued our peer review report with this letter of comment, in which we summarized our overall conclusions regarding SIGAR's compliance with the Blue Book standards. We found that SIGAR's *Products and Procedures Manual* generally was consistent with the Blue Book standards and that the three reports we reviewed generally complied with the Blue Book standards and SIGAR's internal policies and procedures. Our peer review report should be read in conjunction with the comments in this letter, which were considered in reaching our conclusions. The findings described below were not considered to be of sufficient significance to impact our overall conclusions. These findings did not rise to the level of a significant noncompliance with a Blue Book standard, and as such, they are included only in this letter of comment and not in the peer review report.

Finding 1. Independence

Requirement 1.2 of the Blue Book Independence Standard states that inspectors must document all known threats to independence or document that there are no known threats to their independence for each inspection they are assigned to conduct.

SIGAR's *Products and Procedures Manual* requires all staff and managers involved with audit, inspection, and evaluation work to sign annual independence certifications every October (Form A-2.2/S-2.2). Signing the certification form indicates that staff and managers agree to maintain independence in all matters related to conducting the work.

Although all evaluation and inspection teams signed form A-2.2/S-2.2 for the review period, they were not specific to each individual evaluation or inspection, as required by the Blue Book. Individual team members' risks for threats to independence may vary on each evaluation or inspection. For example, a team member's risk of threat to independence on a financially focused report may differ from a report on military strategy.

Recommendation: OIG management should add a procedure to gather independence attestations specific to each evaluation or inspection for employees to sign upon the start of each new evaluation or inspection conducted under Blue Book standards, perhaps as an addendum to form A-2.2/S-2.2. This additional procedure could help ensure that there are no known threats to team members' independence for each assigned inspection, as required within Standard 1 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

Views of Responsible Official: Concur. SIGAR will update its policies and procedures for certifying independence to require that staff attest to their independence for each new evaluation or inspection assigned throughout the year and update its policies and procedures manual accordingly, effective October 1, 2023.

Finding 2. Competence

Requirement 2.2 of the Blue Book Independence Standard states that inspectors must complete a minimum of 40 hours of training every 2 years. If an inspection organization has special circumstances such as, but not limited to, part-time employees or employees on extended leave, it may authorize an exemption to this requirement. In addition, Application Guidance 2.3b states that the inspection organization should maintain documentation of any granted exemptions to the training requirement, in accordance with the inspection organization's records retention policies.

All team members on the reviewed inspections and evaluations completed the required training hours.

SIGAR's *Products and Procedures Manual* provides guidance on prorating continuing professional education training hours for employees based on the number of 6-month periods worked. Although its policies do not explicitly note which training exemptions are accepted, SIGAR verbally provided accepted training exemptions when requested by the reviewing OIG.

Recommendation: OIG management should consider updating SIGAR's *Products and Procedures Manual* to include special circumstances, such as family leave or military service, and individual roles that are authorized to receive training exemptions under Standard 2 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

Views of Responsible Official: Concur. SIGAR will update its policies and procedures manual for inspections and evaluations to include the types of circumstances that warrant an exemption from training requirements, effective October 1, 2023.

Finding 3. Planning

Requirement 3.3 of the Blue Book Planning Standard states that inspectors must research the operation, program, policy, or entity to be inspected. Application Guidance 3.3a states that inspectors should use the results of research to determine the objectives and scope of the inspection. Research may include:

- review of data and other documentation consistent with the inspection;
- review of results and corrective actions from previous reviews that may be relevant to the inspection;

- discussions with program and other appropriate officials; and
- an assessment of risks facing the inspected program, activity, or entity.

SIGAR's *Products and Procedures Manual* requires staff to research the operation, program, policy, or entity to be inspected. Staff are required to document the results of their research in Folder Q5 of the quality control folder and in the evidentiary files.

For two of the three reports, the sources used to support the background research to determine the objectives and scope were not clearly documented. One of the two reports, 22-35-IP, relied on media reports but did not include these reports in the workpapers. The other report, 22-22-IP, relied on program knowledge from the team lead but did not document this in the workpapers.

Recommendation: OIG management should ensure that research conducted in planning evaluations or inspections—including any media reports and program knowledge used during the planning stage—is documented in the workpapers, as required by its procedures manual, to ensure that each report uses the results of research to determine the objectives and scope of the inspection as required within Standard 3 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

Views of Responsible Official: Concur. SIGAR will update its policies and procedures manual and quality control form with language to specifically require that inspection and evaluation teams create a separate background folder to retain evidence that research was conducted and background information was reviewed, effective October 1, 2023.



Christi A. Grimm
Inspector General

Enclosure: SIGAR's Comments to Letter of Comment

ENCLOSURE: SIGAR's Comments to Letter of Comment



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

John F. Sopko
Special Inspector General

February 22, 2023

The Honorable Christi A. Grimm
Inspector General
U.S. Department of Health and Human Services

Dear Ms. Grimm:

We have reviewed the Letter of Comment that provides recommendations for SIGAR's inspection and evaluation organization. We agree that the findings identified by the Health and Human Services (HHS) Office of the Inspector General (OIG) in the Letter of Comment were not considered to be of sufficient significance to impact the overall conclusions of your review. However, we concur with the findings made by your office to improve our quality control processes, and we plan to act in response to each recommendation in the following ways.

Recommendation: OIG management should add a procedure to gather independence attestations specific to each evaluation or inspection for employees to sign upon the start of each new evaluation or inspection conducted under Blue Book standards, perhaps as an addendum to form A-2.2/S-2.2. This could help ensure there are no known threats to team members' independence for each inspection they are assigned to conduct, as required within Standard 1 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

SIGAR Response: **Concur.**

SIGAR's process for obtaining independence attestations for staff is based on the requirement from the 2018 version of *Government Auditing Standards* (GAS) that independence be certified at least annually [GAS § 5.09]. Under GAS, independence is based on the period of professional engagement, which begins when

staff sign an initial engagement letter...to conduct an engagement. The period lasts for the duration of the professional relationship...and ends with the formal or informal notification... of the termination of the professional relationship or with the issuance of a report, whichever is later. [GAS § 3.23]

In many instances, engagements at SIGAR are completed within 1 year's timeframe, and staff independence attestations serve to meet both the yearly requirement under GAS and period of professional engagement, as required under both GAS and *Quality Standards for Inspection and Evaluation*. However, we acknowledge that SIGAR's policy on independence does not address circumstances for when the period of professional engagement is terminated, and staff are assigned to different engagements during the year.

SIGAR will update its policies and procedures for certifying independence to require that staff attest to their independence for each new evaluation or inspection assigned throughout the year and update its policies and procedures manual accordingly. SIGAR will update its form A-2.2/S-2.2 to include a second page that will allow staff to identify each engagement to which they have been assigned and to attest to their independence for each engagement identified using an electronic signature box. This change will allow SIGAR to ensure compliance with Standard 1 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020, and ensure that staff attest to independence for each period of professional engagement, specifically for when

engagements last less than 1 year, in accordance with government auditing standards [GAS § 3.23, § 5.11]. SIGAR will implement these changes effective October 1, 2023.

Recommendation: OIG management could consider updating the *SIGAR Products and Procedures Manual* to include special circumstances, such as family leave or military service, and individual roles that are authorized to receive training exemptions under Standard 2 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

SIGAR Response: **Concur.**

SIGAR will update its policies and procedures manual for inspections and evaluations to include the types of circumstances that warrant an exemption from training requirements, as required under Standard 2 CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020. SIGAR will also update its manual to describe how training exemptions are recorded and retained. SIGAR will update its policies and procedures manual to take effect October 1, 2023.

Recommendation: OIG management should ensure that research conducted in planning evaluations or inspections—including any media reports and program knowledge used during the planning stage—is documented in the workpapers, as required by its procedures manual, to ensure that each report uses the results of research to determine the objectives and scope of the inspection as required within Standard 3 of CIGIE's *Quality Standards for Inspection and Evaluation*, December 2020.

SIGAR Response: **Concur.**

SIGAR will update its policies and procedures manual and quality control form S-1.1 with language to specifically require that inspection and evaluation teams create a separate background folder to retain evidence that research was conducted and background information was reviewed to fully meet the requirements for planning under Application Guidance 3.3. SIGAR will implement these changes effective October 1, 2023.

I would like to take this opportunity to thank your staff for its professionalism during this peer review. We appreciated their diligent efforts to analyze our system of quality control and offer constructive improvements.

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction