



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

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# Examination of Pilot Peer Review Process for Inspectors General That Follow “Blue Book” *Quality Standards for Inspection and Evaluation*

Report No. 16-N-0317

September 21, 2016



## Quality Standards for Inspection and Evaluation

January 2012

## Report Contributors:

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## Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
EPA	U.S. Environmental Protection Agency
EPR	External Peer Review
I&E	Inspection and Evaluation
MOU	Memorandum of Understanding
OIG	Office of Inspector General

**Cover photo:** Cover of the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*, also known as the “Blue Book.”

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# At a Glance

## Why We Did This Review

We reviewed the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) Inspection and Evaluation (I&E) pilot External Peer Review (EPR) process. Specifically, we evaluated whether the EPR pilot process (1) provided a basis to ensure CIGIE *Quality Standards for Inspection and Evaluation* are achieved; and (2) identified lessons learned and best practices, and whether recommendations were incorporated into subsequent training and guidance.

CIGIE is establishing an external peer review process to provide assurance that Offices of Inspector General adhere to the professional standards established in the 2012 CIGIE *Quality Standards for Inspection and Evaluation*, also called the "Blue Book." These standards were developed to help ensure a level of quality, objectivity and independence in the work of offices that adopt the standards.

**This report addresses the following U.S. Environmental Protection Agency Office of Inspector General goal:**

- *Be the best in public service.*

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## ***Examination of Pilot Peer Review Process for Inspectors General That Follow "Blue Book" Quality Standards for Inspection and Evaluation***

### What We Found

The EPR process provides a basis for determining participants' adherence to seven of 14 Blue Book standards. All 14 quality standards in the EPR process are needed to provide a reasonable basis that Inspectors General who adopt the Blue Book quality standards are being adequately evaluated.

**A peer review process that measures adherence to all the quality standards established for federal Inspector General Inspection and Evaluation offices provides assurance that participating offices are being adequately evaluated.**

We identified the following best practices for conducting peer reviews of I&E units:

- Continue using EPR teams comprised of staff from multiple I&E units.
- Continue to support time management by encouraging offsite access to documents needed to conduct the EPR.

We found opportunities for EPR improvement, including the following:

- Develop a policy to conduct periodic reviews of the EPR process.
- Develop a policy to require that corrective actions are implemented if an I&E unit is found deficient in adhering to all quality standards.
- Update the EPR guidance document to include a Blue Book standards reference guide to promote consistent analysis of quality standards and language to require that I&E units being reviewed have no input in the EPR report selection process.
- Retain documents created to support peer review findings following the completion of the EPR.
- Develop a pre-planning tool to assure that review team members possess the prerequisites, such as security clearance or specific software skills, required by the I&E unit being reviewed.

### Suggestions

We suggest that all quality standards in the CIGIE peer review guidance be evaluated, or seek a legal opinion concerning the appropriateness of a peer review process that reviews adherence to only seven of 14 standards; develop a policy to conduct periodic reviews of the effectiveness of the EPR process; require that corrective actions are implemented if an I&E unit is found deficient in adhering to all quality standards; update EPR guidance documents with best practices for peer reviews; and develop a pre-EPR planning tool. The CIGIE I&E Roundtable agreed with all the suggestions and has modified its draft Guide for Conducting Peer Reviews. The Roundtable indicated it will recommend that the CIGIE I&E Committee present these recommendations to the full CIGIE for consideration.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

September 21, 2016

The Honorable Daniel R. Levinson  
Inspector General, Department of Health and Human Services;  
and Committee Chair, Inspection and Evaluation Committee,  
Council of the Inspectors General on Integrity and Efficiency  
330 Independence Avenue, S.W.  
Washington, D.C. 20201

RE: Examination of Pilot Peer Review Process for Inspectors General That Follow  
"Blue Book" *Quality Standards for Inspection and Evaluation*  
Report No. 16-N-0317

Dear Mr. Levinson:

This is our report on the subject evaluation conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings the OIG has identified and corrective actions the OIG suggests. This report represents the opinion of the EPA OIG and does not necessarily represent the final Council of the Inspectors General on Integrity and Efficiency position. Final determinations on matters in this report will be made by the Inspection and Evaluation Committee and the Council of the Inspectors General on Integrity and Efficiency.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", written in a cursive style.

Arthur A. Elkins Jr.

## ***Table of Contents***

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<b>Purpose</b> .....	1
<b>Background</b> .....	1
<b>Scope and Methodology</b> .....	5
<b>Results of Review</b> .....	6
Seven of 14 Blue Book Standards Reviewed During Pilot EPR.....	6
Opportunities for EPR Improvement and Best Practices .....	6
EPR Pilot Program Procedures Generally Followed .....	7
<b>Conclusion</b> .....	8
<b>Suggestions</b> .....	9
<b>CIGIE I&amp;E Comments on EPA OIG Evaluation</b> .....	10

## **Appendix**

<b>A CIGIE Roundtable Response to Draft Report</b> .....	11
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## Purpose

We reviewed the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Inspection and Evaluation pilot External Peer Review (EPR) process. We evaluated whether CIGIE's EPR pilot process (1) provided a basis to ensure CIGIE *Quality Standards for Inspection and Evaluation* are achieved; and (2) identified lessons learned and best practices, and whether recommendations were incorporated into subsequent training and guidance.

## Background

The Inspector General Reform Act of 2008<sup>1</sup> statutorily established CIGIE as an independent entity within the executive branch to:

“(A) address integrity, economy, and effectiveness issues that transcend individual Government agencies; and (B) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.”

### The I&E Committee's mission is to:

- Provide leadership to improve agency program effectiveness.
- Develop protocols to review management practices.
- Promote the use of advanced evaluation techniques.
- Foster awareness of I&E practices in the I&E community.

CIGIE has seven standing committees, including the Inspection and Evaluation (I&E) Committee. From 2012 through 2015, the I&E Committee piloted external peer reviews to provide assurance to OIG management and parent agencies, as well as the Congress, that I&E units within the OIG adhere to the 2012 CIGIE *Quality Standards for Inspection and Evaluation* guidance document, also known as the “Blue Book.” CIGIE expects that an EPR process will provide OIGs and their stakeholders assurance of an I&E unit's compliance with the Blue Book standards.<sup>2</sup>

According to the 2012 Blue Book, external peer reviews ensure a level of objectivity and independence, while also providing a learning opportunity for both the unit under review and for those conducting the reviews. Each I&E unit under review receives feedback on its work products, and the adequacy of its work processes. These reviews help validate the unit's objectivity and independence. In addition, those conducting peer reviews are exposed to different approaches for conducting inspection and evaluation work, which they can share with their own unit, potentially leading to more robust I&E approaches across the OIG community.

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<sup>1</sup> [The Inspector General Reform Act of 2008](#), P.L. 110-409.

<sup>2</sup> Section 11(c)(2)(A) of the Inspector General Act of 1978, as amended, states: –“(2) Adherence and participation by members—To the extent permitted under law, and to the extent not inconsistent with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions, each member of the Council, as appropriate, shall—(A) adhere to professional standards developed by the Council....”

## **Quality Standards for Inspection and Evaluation**

The 2012 Blue Book states that I&E organizations should strive to conduct their operations in the most efficient and effective manner possible, which serves to enhance the credibility of the organizations. The Blue Book identifies 14 professional standards for I&E work performed by member organizations, as shown in Table 1.

**Table 1: Blue Book quality standards**

<b>Standard</b>	<b>Definition</b>
<b>1. Competency</b>	The staff assigned to perform inspection work should collectively possess adequate professional competency for the tasks required.
<b>2. Independence</b>	In all matters relating to inspection work, the inspection organization and each individual inspector should be free both in fact and appearance from personal, external, and organizational impairments to independence.
<b>3. Professional Judgment</b>	Due professional judgment should be used in planning and performing inspections and in reporting the results.
<b>4. Quality Control</b>	Each OIG organization that conducts inspections should have appropriate internal quality controls for that work.
<b>5. Planning</b>	Inspections are to be adequately planned.
<b>6. Data Collection and Analysis</b>	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.
<b>7. Evidence</b>	Evidence supporting inspection findings, conclusions, and recommendations should be sufficient, competent, and relevant and should lead a reasonable person to sustain the findings, conclusions, and recommendations.
<b>8. Records Maintenance</b>	All relevant documentation generated, obtained, and used in supporting inspection findings, conclusions, and recommendations should be retained for an appropriate period of time.
<b>9. Timeliness</b>	Inspections should strive to deliver significant information to appropriate management officials and other customers in a timely manner.
<b>10. Fraud, Other Illegal Acts, and Abuse</b>	In conducting inspection work, inspectors should be alert to possible fraud, other illegal acts, and abuse and should appropriately follow up on any indicators of such activity and promptly present associated information to their supervisors for review and possible referral to the appropriate investigative office.
<b>11. Reporting</b>	Inspection reporting shall present factual data accurately, fairly, and objectively and present findings, conclusions, and recommendations in a persuasive manner.
<b>12. Followup</b>	Appropriate followup will be performed to ensure that any inspection recommendations made to Department/Agency officials are adequately considered and appropriately addressed.
<b>13. Performance Measurement</b>	Mechanisms should be in place to measure the effectiveness of inspection work.
<b>14. Working Relationships and Communication</b>	Each inspection organization should seek to facilitate positive working relationships and effective communication with those entities being inspected and other interested parties.

Source: CIGIE guidance, *Quality Standards for Inspection and Evaluation*, January 2012.

## ***EPR Pilot Oversight and Process***

The CIGIE I&E Committee convened a Roundtable and the Process Oversight Workgroup (Workgroup) to oversee the EPR pilot process. Suggestions to improve the EPR process are first considered by the Workgroup, and applicable suggestions are moved forward and vetted by the I&E Roundtable. Suggestions are then reviewed by the I&E Committee before they are incorporated into future guidance documents.

Members of the Workgroup developed tools to conduct an EPR, and delivered training to reviewers and units reviewed. The Workgroup and the CIGIE Training Institute's Audit, Inspection & Evaluation Academy created the following guidance documents and tools to conduct an EPR, which were presented during training for reviewers and those reviewed:

1. Framework for External Peer Reviews for Offices of Inspector General Inspection and Evaluation Units: provides guidance for conducting an EPR.
2. Template for I&E External Peer Review Work Plan: identifies steps to be completed by reviewers while conducting an EPR.
3. Process Checklist: step-by-step checklist to complete an EPR.
4. Standards Checklist: provides definitions and examples of how to assess the Blue Book standards.
5. Template for I&E External Peer Review Report: provides template on items and information to be included in an EPR report.
6. Memorandum of Understanding (MOU) Template: sample MOU to be completed by agency being reviewed.
7. Training presentation: a PowerPoint presentation used during training.

The Workgroup met with the peer reviewers and units reviewed following each of the three peer review rounds to solicit feedback. This feedback was used to refine the EPR training and tools. The EPR pilot was designed to be a cumulative process whereby feedback was incorporated into subsequent EPR training and guidance materials. In particular, the Framework document, which provides guidance for conducting an EPR, was updated following feedback sessions, prior to the next round of peer reviews.

The pilot EPR was conducted in three rounds, in calendar years 2012 through 2015, and resulted in seven EPR reports. Participation in the pilot phase was voluntary. Each peer review team was comprised of representatives from various I&E units. The I&E units reviewed and the review team composition are listed in Table 2.

**Table 2: EPR rounds and participating Office of Inspector General (OIG) units**

Pilot round	OIG I&E unit reviewed	OIG review team
2012	Department of Health and Human Services	<ul style="list-style-type: none"> <li>• Federal Housing Finance Agency</li> <li>• Peace Corps</li> <li>• Treasury Department Inspector General for Tax Administration</li> </ul>
	Peace Corps	<ul style="list-style-type: none"> <li>• Federal Housing Finance Agency</li> <li>• Department of Health and Human Services</li> <li>• Department of State</li> <li>• Federal Reserve System</li> </ul>
2013	Department of the Interior	<ul style="list-style-type: none"> <li>• Defense Intelligence Agency</li> <li>• Department of Veterans Affairs</li> <li>• Department of Energy</li> </ul>
	Treasury Inspector General for Tax Administration	<ul style="list-style-type: none"> <li>• Department of State</li> <li>• Department of Defense</li> <li>• Department of Health and Human Services</li> <li>• Department of Veterans Affairs</li> </ul>
	Department of Veterans Affairs	<ul style="list-style-type: none"> <li>• Department of Health and Human Services</li> <li>• Department of the Interior</li> <li>• Central Intelligence Agency</li> <li>• Small Business Administration</li> </ul>
2015	Department of the Interior	<ul style="list-style-type: none"> <li>• Office of Personnel Management</li> <li>• Legal Services Corporation</li> <li>• Department of State</li> <li>• Department of Veterans Affairs</li> </ul>
	Department of State	<ul style="list-style-type: none"> <li>• Department of Justice</li> <li>• Defense Intelligence Agency</li> <li>• Department of Homeland Security</li> <li>• Department of Defense</li> </ul>

Source: Generated by U.S. Environmental Protection Agency (EPA) OIG, from documents provided by CIGIE.

### ***External Peer Review Procedures***

According to the Round 3 EPR Framework,<sup>3</sup> peer reviewers and units reviewed must attend a 1-day training prior to the EPR. During the training, peer review teams select team leaders responsible for managing the EPR. At the training, the I&E unit being reviewed provides the peer review team with all relevant reports, policies, procedures, guidance documents and annual strategic plans from the prior fiscal year. The I&E unit being reviewed may request specific reports or projects to be reviewed by the peer review team, and this fact must be disclosed in the final EPR report. The I&E unit being reviewed will draft an MOU for signature by the peer review team and officials from the I&E unit reviewed. The MOU establishes terms and conditions between the unit being reviewed and the peer reviewers, such as security clearance that may be needed and peer review

<sup>3</sup> “Framework for External Peer Reviews for Offices of Inspector General Inspection and Evaluation Units – Round 3”; Version for 3<sup>rd</sup> Round of Pilot and Training on June 17, 2015.

team access to documents. According to the framework, the MOU also identifies the peer review team lead who will be responsible to respond to any public requests for information following the peer review.

According to the framework, all peer review team members “must have significant experience conducting inspection and/or evaluation work under the Blue Book standards.” Peer review team members are expected to spend approximately 40 hours reviewing documentation<sup>4</sup> prior to onsite review, and also spend 1 week onsite at the I&E unit being reviewed. At the completion of the onsite portion of the review, the peer review team holds an exit meeting with the I&E unit being reviewed. The EPR timeframe consists of 96 hours: 8 hours in training, 40 hours reviewing policies and procedures, 40 hours conducting the onsite portion of the external peer review, and 8 hours to prepare the final report. A draft peer review report is also presented at the exit meeting. The I&E unit being reviewed has one to two weeks to review the draft report and prepare written comments, which will be attached to the final report.

## Scope and Methodology

We conducted our work from October 2015 through March 2016. Our work does not constitute an audit conducted in accordance with generally accepted government auditing standards.

Our evaluation focused on the final Round 3 of the EPR. We reviewed all guidance documents and tools provided to Round 3 EPR participants. We interviewed the Workgroup staff, Round 3 EPR trainers, peer reviewers and representatives of units reviewed to evaluate the implementation of EPR guidance and determine if there were lessons learned or best practices. We interviewed an EPA OIG Director of Quality Assurance to obtain best practices during an EPR.<sup>5</sup>

We analyzed the final Round 3 peer review reports to determine to what extent the report writing template was followed. We reviewed Rounds 1 and 2 feedback summaries (meeting minutes) to determine whether suggestions were incorporated into the EPR Round 3 guidance materials. We reviewed Round 3 feedback summaries and the most recent draft CIGIE EPR guidance document.<sup>6</sup>

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<sup>4</sup> Documentation includes selected reports, as well as all relevant policies, procedures, guidelines, annual work plans and manuals related to the processes followed by the office for conducting I&E projects.

<sup>5</sup> In conducting its audits and evaluations, the EPA OIG adheres to the *Government Auditing Standards*, also known as the “Yellow Book.” The Yellow Book has an established EPR process. Agencies are reviewed at least once every 3 years. The peer review concludes with a report and issues a grade of pass, pass with deficiencies, or fail.

<sup>6</sup> The most recent Draft 2016 CIGIE EPR Guide at the time of our review was dated February 17, 2016. We reviewed the draft document to determine whether recommendations and best practices have been incorporated.

## Results of Review

The EPR pilot process provided a reasonable basis for evaluating adherence to seven of the 14 Blue Book standards included in the pilot peer review. Members of the Workgroup stated that seven of 14 quality standards were selected because they were considered the most relevant standards and would expedite completing the pilot rounds within anticipated target dates. The Workgroup held feedback sessions with reviewers and units reviewed following each round to collect suggestions and lessons learned. All suggestions were considered by the Workgroup, and the applicable suggestions were vetted by the Roundtable and I&E Committee before being incorporated into the Round 3 EPR guidance, training documents or overall EPR guidance.

### ***Seven of 14 Blue Book Standards Reviewed During Pilot EPR***

The pilot included only seven of the 14 Blue Book quality standards (Table 3).

**Table 3: CIGIE Blue Book and EPR pilot standards**

CIGIE Blue Book standards	EPR pilot standards
1. Competency	
2. Independence	
3. Professional Judgment	
4. Quality Control	X
5. Planning	X
6. Data Collection and Analysis	X
7. Evidence	X
8. Records Maintenance	X
9. Timeliness	
10. Fraud, Other Illegal Acts, and Abuse	
11. Reporting	X
12. Followup	X
13. Performance Measurement	
14. Working Relationships and Communication	

Source: CIGIE guidance, *Quality Standards for Inspection and Evaluation*, January 2012.

The Workgroup staff stated that they considered the seven selected standards the “crucial and most relevant” standards. The Workgroup staff stated the pilot process was to determine whether the selected standards could be reviewed within a defined time (96 hours). However, neither the EPR training materials nor the framework provide an explanation for selecting only seven standards. In addition, the framework did not elaborate on when, or how, the unexamined standards would be included.

### ***Opportunities for EPR Improvement and Best Practices***

Based on our interviews and review of feedback from peer review participants, the following includes both opportunities for EPR improvement and best practices, and should be included in the final CIGIE guide for conducting peer reviews of I&E units:

- Continue using EPR review teams made up of staff from multiple I&E units.
- Continue to support time management by encouraging offsite access to documents needed to conduct the EPR and allowing peer review teams to access documents at their convenience.
- Create a Blue Book standards reference guide explaining criteria used and examples of when standards are meeting Blue Book requirements to be added into the EPR guidance documents to promote a consistent critique of quality standards.
- Update guidance documents to emphasize that EPRs are to evaluate whether an I&E unit operated under its own policies and procedures, as opposed to a reviewer's home agency's policies and procedures.
- Provide that peer review teams select reports for review with no input from the I&E unit being reviewed, to ensure independence and eliminate any potential perception of bias.
- Retain documents created to support peer review findings following the completion of the EPR.
- Develop a pre-planning tool to assure that review team members possess the prerequisites required by the I&E unit being reviewed, such as security clearances or experience with specific software, such as AutoAudit or Teammate.

Each round of the pilot produced lessons learned. Feedback meetings were held following each EPR round, and subsequent suggestions deemed relevant were incorporated into Round 3 EPR documents. We believe that the EPR process would benefit from periodic evaluations so that it can continue to capture lessons learned.

Currently, the EPR process does not require corrective actions by the I&E unit being reviewed. To sustain the integrity and intent of an EPR, I&E units that are found to be deficient in Blue Book standards should be required to implement corrective actions. Moreover, until the unit can demonstrate that corrective actions are implemented, we suggest that an I&E unit determined to be deficient not participate as a peer reviewer in subsequent EPR processes.<sup>7</sup>

### ***EPR Pilot Program Procedures Generally Followed***

As required by the framework, all peer reviewers and units reviewed attended the mandatory training prior to the start of review. During training, the peer review

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<sup>7</sup> CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*, September 2014, provides direction for an OIG unit's eligibility to remain in the peer review rotation. Eligibility is based upon results of previous peer reviews.

teams selected a team lead. We found that one peer review team leader did not have prior Blue Book evaluation experience—a requirement to participate on the review team. However, the peer review team lead did have evaluation experience, and became familiar with Blue Book standards prior to starting the EPR.

The I&E unit being reviewed created MOUs, which were signed by all participants. The peer review teams conducted their reviews within specified time frames, both onsite and offsite. Onsite peer reviews were conducted at the “hosting” agency, while off-site peer reviews were generally conducted at the reviewer’s normal duty station. Peer review team participants stated that access to documents offsite allowed for greater flexibility and time management. Peer reviewers stated having documents offsite allowed them to review documents at their convenience, not only during the week-long onsite visit. However, some peer reviewers noted they did not have prior experience with the software used by the agency being reviewed, making it difficult to access documents at times.

The framework states that a draft report should be created at the end of the onsite peer review. The draft report should be provided to the I&E unit being reviewed at the exit meeting. One peer review team provided a draft report in advance of the exit meeting, providing the I&E unit time to review the document. The other peer review team provided a findings summary document at the exit meeting, but not a draft report. Though a draft report was not provided by both peer review team at the exit meeting, written documents with findings that facilitated exit meetings. Further, the teams were able to accept comments, and a final report was created in a timely manner. Round 3 EPR peer review reports demonstrated that the report writing template was used.

The framework recognizes the importance of retaining EPR documents, and the template for the I&E External Peer Review MOU states that, “when the Review Team receives requests or legal demands for peer review documents, the Review Team leader is responsible for coordinating and providing the response to the requestor.”<sup>8</sup> During our review, we found that Round 3 peer review team leads had not retained documents created during the review. Rather, each peer review team member kept his or her own EPR and analysis documents.

## Conclusion

The CIGIE External Peer Review pilot process continuously improved guidance documents—such as the peer review framework, report writing template, checklists and peer review training—through the continuous incorporation of best practices and lessons-learned over a series of three pilot peer review cycles. The process and guidance produced from the pilots provided a reasonable basis for evaluating adherence to seven Blue Book quality standards selected for review. However, the EPR process does not provide a reasonable basis to ensure that all

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<sup>8</sup> The Freedom of Information Act is a law that provides a right to request access to information from the federal government (<https://www.foia.gov/>).

14 Blue Book quality standards are being adhered to by Inspectors General that adopt these standards.

Conducting periodic evaluations of the EPR process will support continuous improvement. Developing policy to establish participation and corrective action rules for I&E units that are deemed deficient in Blue Book standards will ensure integrity and effectiveness of the EPR process. Additionally, updating EPR guidance documents with best practices and developing a pre-EPR planning tool to identify requisite skills of peer review team members will improve the EPR process.

## Suggestions

We suggest that the CIGIE Inspections and Evaluations Roundtable:

1. Address all 14 Blue Book quality standards in the CIGIE Peer Review Guidance, or seek a legal opinion from appropriate counsel concerning appropriateness of a peer review process that evaluates adherence to only seven of 14 standards. If review of only seven of the 14 standards is deemed appropriate, include a disclosure statement regarding the selection of only seven of the 14 standards. Additionally, develop language for the final CIGIE EPR guidance document providing the reasoning for the selection of only seven of the 14 Blue Book standards.
2. Develop a policy to conduct periodic reviews of the effectiveness of the EPR process.
3. Develop a policy to require that corrective actions are implemented if an I&E unit is found deficient in adhering to all quality standards, and will not be qualified to participate in the EPR process as a reviewing entity until corrective actions are implemented.
4. Update EPR guidance documents to include the following:
  - a. A Blue Book standards reference guide to promote consistent analysis of quality standards.
  - b. Procedures to encourage off-site access to EPR documents.
  - c. Language to require that I&E units being reviewed have no input in the EPR report selection process.
5. Develop a retention policy for EPR documents and records.
6. Develop a pre-EPR planning tool to assure that review team members possess the prerequisites necessary to conduct the review, such as security clearances and applicable software experience.

## **CIGIE I&E Comments on EPA OIG Evaluation**

The Chair of the CIGIE I&E Committee provided the CIGIE I&E Roundtable's comments on our report. The CIGIE I&E Roundtable agreed with all the suggestions. The Roundtable has modified its draft Guide for Conducting Peer Reviews and has recommended additional actions, with milestones, for consideration by the I&E Committee and the CIGIE. The Roundtable's detailed response to the EPA OIG suggestions is in Appendix A.

## ***CIGIE Roundtable Response to Draft Report***



**AUG 17 2016**

**TO:** The Honorable Arthur  
Elkins Inspector General  
Environmental Protection  
Agency 1200 Pennsylvania Ave,  
NW Washington, DC 20460

**FROM:** Daniel R. Levinson  
Inspector General

A handwritten signature in cursive script that reads "Daniel R. Levinson".

**SUBJECT:** Environmental Protection Agency Office of Inspector General's Draft  
Report: *Examination of Pilot Peer Review Process for Inspectors General  
That Follow "Blue Book" Quality Standards for Inspection and Evaluation*  
(Project Number OPE-FY 15-G-0062)

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Inspections and Evaluations Committee (herein after referred to as the Committee) and its Inspections and Evaluations Roundtable (herein after referred to as the Roundtable) appreciates the opportunity to review and comment on the Environmental Protection Agency Office of Inspector General's Draft Report: *Examination of Pilot Peer Review Process for Inspectors General That Follow "Blue Book" Quality Standards for Inspection and Evaluation* (Project Number OPE-FY15-G-0062). Thank you for your review of this important issue.

Please find below the EPA OIG suggestions and Roundtable responses. They include improvements the Roundtable has incorporated into the draft Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General (the Guide) as well as recommendations the Roundtable will make to the Committee for future action. The Committee will examine the issues and then present its full recommendations to the CIGIE for consideration.

### **EPA OIG SUGGESTION**

The Roundtable should address all 14 Blue Book quality standards in the CIGIE Peer Review Guidance, or seek a legal opinion from appropriate counsel concerning the appropriateness of a peer review process that reviews adherence to only 7 of 14 standards. The review of only 7 of the 14 standards is deemed appropriate, include a disclosure statement regarding the selection of only 7 of the 14 standards. Additionally, develop language for the final CIGIE External Peer Review (EPR) guidance document providing the reasoning for the selection of only 7 of the 14 Blue Book standards.

### **ROUNDTABLE RESPONSE**

The Roundtable agrees and will recommend that the Committee further evaluate the costs and benefits of a proposed expansion to include review of all 14 standards. Since the peer review pilots examined seven standards,<sup>1</sup> the Roundtable will recommend that the Committee use those seven standards in the first round of peer reviews and concurrently develop information and pilot reviews of the other seven standards.<sup>2</sup> We anticipate that pilot reviews of the full 14 standards will be complete by spring 2020 (or 3 years after the formal peer review process begins). The Roundtable will also recommend that the Committee approve the disclosure statement in the draft Guide that explains why currently reviews assess 7 standards and the Committee plan to consider a 14-standard assessment for future reviews. Specifically, the current draft Guide states:

For the first 3-year cycle, the scope of the external peer review will cover the same seven Blue Book standards used in the pilot external peer reviews. The seven required standards are Quality Control, Planning, Data Collection and Analysis, Evidence, Records Maintenance, Reporting, and Follow-up. At the end of the second year of each 3-year cycle, the external peer review process will be re-evaluated. Based on the results of the evaluation, revisions and improvements to the external peer review process and this Guide for the next cycle will be recommended to the I&E Committee for approval.

The Roundtable anticipates the Committee and CIGIE will consider this disclosure statement by mid-2017. The first evaluation of the peer review process should begin in 2019, after the end of the second year of the first 3-year cycle, and revisions and improvements will be recommended to the I&E Committee for approval in 2020.

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<sup>1</sup> The peer review pilots examined the following seven standards: Quality Control, Planning, Data Collection and Analysis, Evidence, Records Maintenance, Reporting, and Follow-up.

<sup>2</sup> The remaining seven standards are Competency; Independence; Professional Judgement; Timeliness; Fraud, Other Illegal Act, and Abuse; Performance Measurement; and Working Relationships and Communication.

### **EPA OIG SUGGESTION**

The Roundtable should develop a policy to conduct periodic reviews of the effectiveness of the EPR process.

### **ROUNDTABLE RESPONSE**

The Roundtable agrees and will recommend that the Committee include in the Guide that the external peer review process be reevaluated at the end of the second year of each 3-year cycle.

The Roundtable also will recommend that the Committee include a review of the effectiveness of the EPR process in these evaluations. The Roundtable anticipates that the Committee and CIGIE will consider including these statements by mid-2017. The first evaluation of the peer review process should begin in 2019, after the end of the second year of the first 3-year cycle. Subsequent evaluations should occur every 3 years.

### **EPA OIG SUGGESTION**

The Roundtable should develop a policy to require that corrective actions be implemented if an I&E unit is found deficient in adhering to all quality standards and will not be qualified to participate in the EPR process as a reviewing entity until corrective actions are implemented.

### **ROUNDTABLE RESPONSE**

The Roundtable agrees and will recommend that the Committee approve implementation of a policy to require corrective action. Currently, the draft Guide states:

The Reviewed OIG is responsible for implementing any recommendation in the external peer review report. The Reviewed OIG's next peer review should include follow up on implementation of prior recommendations.

However, the Roundtable believes that excluding an OIG found deficient in adhering to *all* quality standards from participating in the peer review process may be counterproductive in that it may hinder learning gained from participation. Therefore, the Roundtable will recommend that the Committee limit the participation of an OIG with such deficiencies to team members. Further, staff of such an OIG would not be allowed to lead a peer review until unit deficiencies are remedied. The Roundtable anticipates the Committee and CIGIE will consider these requirements by mid-2017 and requirements will be implemented in the first round of the peer review process that should begin in 2017.

### **EPA OIG SUGGESTION**

The Roundtable should update EPR guidance documents to include the following: (a) a Blue Book standards reference guide to promote consistent analysis of quality standards, (b) procedures to encourage off-site access to EPR documents, and (c) language to require that I&E units being reviewed have no input in the EPR report selection process.

### **ROUNDTABLE RESPONSE**

The Roundtable will recommend that the Committee continue to update the draft Guide to fully address these issues. Specifically, the Roundtable will recommend that the Committee (a) include a statement in the peer review report that notes that the review was conducted in accordance with the CIGIE-approved Guide. Consistent with the way Audit conducts peer reviews, the Guide will not

include a statement noting that the review was conducted in accordance with Blue Book standards. Additionally, (b) the draft Guide language has been modified to more strongly encourage off-site access to the reviewed agencies' documentation, policies, and procedures, and (c) the draft Guide does not allow I&E units being reviewed to have input into the EPR report selection process. However, the draft Guide allows the I&E unit under review to propose a list of reports to be included in the peer review. The Roundtable anticipates the Committee and CIGIE will consider these statements by mid-2017 and requirements will be implemented in the first round of the peer review process that should begin in 2017.

#### **EPA OIG SUGGESTION**

The Roundtable should develop a retention policy for EPR documents and records.

#### **ROUNDTABLE RESPONSE**

The Roundtable agrees and will recommend that the Committee approve inclusion of the retention policy for EPR documents and records currently in the draft. The draft Guide specifically states:

the peer review Team Leader's OIG is responsible for storage and maintenance of any review team-generated documents. The Team Leader's OIG should handle record retention/archival/destruction responsibilities under its existing policies and procedures for I&E work. The Team Leader's OIG should apply the same custody and physical and electronic security practices with respect to the external peer review documentation that it applies to its own I&E documentation. These policies should include safeguards against unauthorized use or access to the documentation. At a minimum, the peer review team-generated documentation should be retained until after the Reviewed OIG's subsequent peer review is completed. The Team Leader's OIG will provide the subsequent review team with access to the documentation, when requested.

Further, the External Peer Review Memorandum of Understanding states:

the Team Leader's OIG shall maintain all supporting and original documents created and used by the Review Team after issuance of the final report and in accordance with their agency record retention procedures, or at least until a subsequent peer review of the Reviewed OIG is performed, and that the Reviewed OIG shall maintain all supporting and original documents used by the Review Team in accordance with their agency record retention procedures, or at least until a subsequent peer review of the Reviewed OIG is performed.

The Roundtable anticipates the Committee and CIGIE will consider these statements by mid-2017 and requirements will be implemented in the first round of the peer review process that should begin in 2017.

#### **EPA OIG SUGGESTION**

The Roundtable should develop a pre-EPR planning tool to assure that review team members possess the prerequisites necessary to conduct the review, such as security clearances and applicable software experience.

## **ROUNDTABLE RESPONSE**

The Roundtable agrees and will recommend that the Committee approve inclusion of a statement ensuring that review team members possess the prerequisites to conduct the review in the Guide. With regard to the assignment of peer review team members, the draft Guide states:

Other factors that should be considered in assigning team members include any specialized skills that may be needed, such as information technology (IT) specialists and statisticians. When the Reviewed OIG uses electronic software to document their work, the review team members should be capable of reviewing such work. Geographic location of working papers in relation to the geographic location of review team members should be considered to limit required travel or remote access issues. Reviewed OIGs may also have special security requirements relating to access to their work space, OIG IT systems, or documents and records that need to be considered when assigning team members.

Additionally, the Roundtable will recommend that the Committee include in the draft Guide a statement that the reviewed OIG's responsibilities include informing the Committee (those scheduling the peer reviews) of the composition of the peer review team and any prerequisites for staff conducting the review, such as security clearances and applicable software experience. Further, the Roundtable will recommend that the Committee include a statement noting that the peer review schedulers must require the reviewed OIG to submit this information before being scheduled for a peer review. The Roundtable anticipates the Committee and CIGIE will consider these inclusions and statements by mid-2017 and requirements will be implemented in the first round of the peer review process that should begin in 2017.

Thank you again for carrying out this study. The findings reinforce the importance of a peer review process that measures adherence to the quality standards established for Federal Inspector General Inspection and Evaluation offices and provide assurance that participating offices are adequately evaluated.