



Peer review of the SAI of Latvia with SAO of Slovakia as team leader

Supreme Audit Office of the Slovak Republic (SAO SR) was assessed in peer review twice – in 2001 within SIGMA project, and second time in 2011 when SAIs from four countries focused on selected SAO SR activities areas. In 2012 SAO SR became the Chair of the INTOSAI Subcommittee for Peer Review (Subcommittee) and in this position, it follows the peer review projects within INTOSAI community as well as its core activity in this working group – revision of the ISSAI 5600 (Peer Review Guide).

For the above reasons, Supreme Audit Institution of Latvia (SAI of Latvia) turned to SAO SR in March 2014 with a request if SAO SR would participate in SAI Latvia peer review. After almost a year of preparation, the real work is starting on this project. Two SAO SR representatives (I. Blaško and I. Fáberová) met SAI of Latvia top management as well as their colleagues from five SAIs (Denmark, European Court of Auditors, Netherlands, Poland and USA) who are peer review team members that comprises seven auditors, at their first working meeting in Riga on 5 and 6 March 2015. At the Riga meeting two principal documents were undersigned:

- Memorandum of Understanding – was signed by SAI of Latvia Auditor General Elita Krūmiņa. A novelty was introduced – other SAIs heads undersigned the Memorandum *ex longiquo* and did not attend the ceremony in person. Also this is one way how to save resources.
- Memorandum of Peer Review Plan – among other issues, it states the meetings dates, responsibility division and identifies the audits to be assessed in the peer review.

SAO SR is SAO of Latvia peer review team leader. The assessment is going to examine if

- Strategic and operational planning is appropriately designed and implemented;
- Audit methodology, practices and quality controls are suitably designed and operate in accordance with relevant international professional standards and national regulations;
- Administrative and management functions support the core audit functions in an efficient manner.

The Peer Review will cover following topics:

- *Planning*: To what extent SAI of Latvia strategic and operational planning facilitate efficient allocation of resources and ensure timely audits focusing on topical issues?
- *Audit*: To what extent financial and compliance/performance audit methodology and practice as well as quality assurance is compliant with international standards and guidelines, national and internal regulations?

- *Reporting:* Is the reporting, including reporting to the parliament, conducted in accordance with the regulations and standards?
- *Administration:* To what extent Human Resources and Information and Communication functions support efficient implementation of core (audit) function?
- *Management:* Does the management function ensure proper communication, supervision and quality control?

Members of the review team will work in accordance with accepted principles of government auditing and ISSAI international standards. The main reference tool used in the review is the Peer Review Guide with Peer Review Checklist (ISSAI 5600) as approved by the XX INCOSAI in South Africa.

Two financial audits and three performance and compliance audits were selected for the peer review:

1. Annual report by the Ministry of Health of the Latvian Republic for 2013 (financial audit);
2. Latvian Republic Annual report on State Budget and Municipalities for 2013 (financial audit) – the main report, report on municipalities, special audit report on Malpils and Ventspils Municipalities;
3. Implementation of recommendation from the audit “Assessment of legality and economic effectiveness of procedures in companies with State capital participation at day-to-day care for the State roads – follow-up audit” (compliance audit);
4. Material and technical supplies to the State Police (compliance/performance audit);
5. Compliance of the municipalities and towns waste management with planed goals and legal requirements (performance audit).

The peer reviewing team reached an agreement on the other working meetings: two weeks meeting in April, four day meeting in July and two day meeting in August 2015. The peer review report will be presented to the SAI of Latvia in August 26th, 2015.

According to the Law on State Audit Office of Latvia, the Office is independent, collective and the supreme institution that performs the audits in accordance to the international audit standards accepted by the Latvian Republic. The SAI of Latvia performs the financial, performance and compliance audits as well as assessing the compliance of transactions and activities with the regulations and expected outcomes.

The SAI of Latvia main partners – the public and Saeima (Parliament) – expect of the SAI of Latvia independent, impartial and reliable information about the State funds use. This information is further used to assess the Government and Municipalities conduct. Good reputation and work reliability are part of the SAI of Latvia pre-requisite to its audits credibility.

The SAI of Latvia intends to have the peer review assessment as an element that will contribute to the achievement of its expectations and strategic goals. On the other hand, the assessment also can identify the areas that could be improved and further action can be taken. Both these aspects would represent valuable contribution to the SAI of Latvia development.

The expense related to the peer review will be reimbursed from the European Social Fund, project “Support to Public Administration Structural Reforms Implementation”, activity “Strengthening the State Audit Office Capacity”, contract 1DP/1.5.1.1.1/10/IPIA/CFLA/004/002.



SAI of Latvia top management and its Auditor General Elita Krūmiņa (third from left).



Presentation of Peer review goals and Memorandum on Peer Review Plan on 6 March 2015.



Peer review team at work (from left): Leslie Holen (USA), Herman Oosterhof (Netherlands), Timo Lehtinen (ECA), Igor Blaško (Slovakia), Elita Krūmiņa (Auditor General of SAI of Latvia), Iveta Fáberová (Slovakia), Jannik Dalgaard (Denmark) and Iwona Zyman (Poland).