



# PEER REVIEW

## Quality Assurance Tool for SAIs

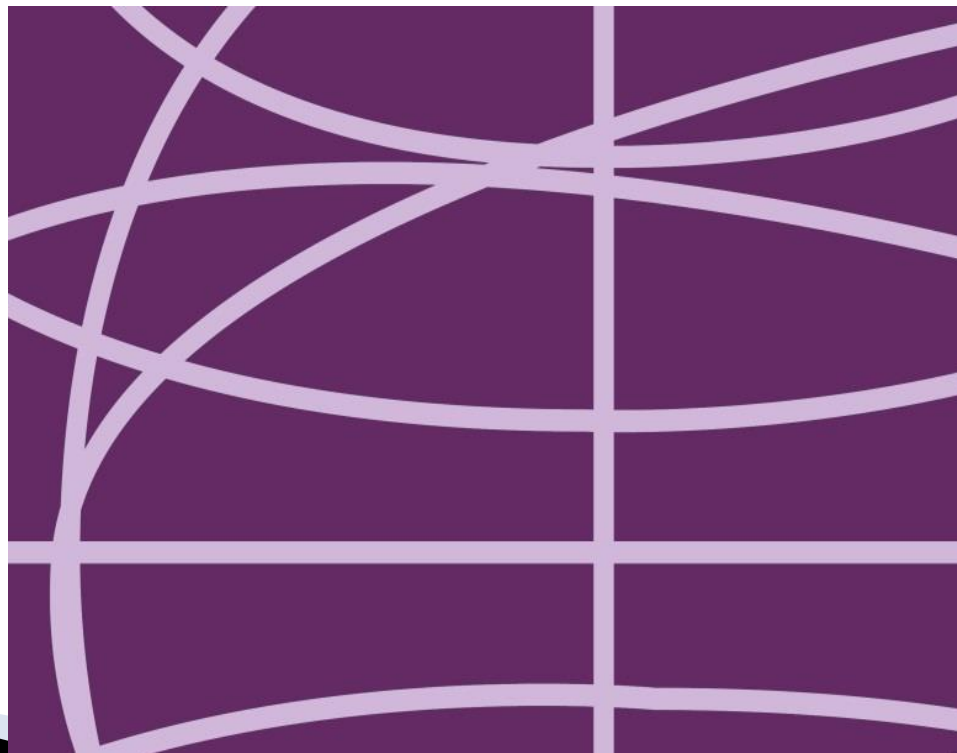


Supreme Audit Office of the Slovak Republic, Chair of the  
INTOSAI Capacity Building Committee – Subcommittee 3



# Peer Review benefits all ISSAI 5600

## Peer Review Guide and Checklist





- 1. INTOSAI goals and CBC Sub-committee 3**
- 2. Why a peer review? Testimonials**
- 3. SAIs and peer review**
- 4. Selected SAI peer reviews statistics**
- 5. ISSAI 5600: Peer Review Guide and Checklist**
- 6. Slovak experience with ISSAI 5600**

# **1. INTOSAI goals and CBC Sub-committee 3**



# INTOSAI

International Organization of Supreme Audit Institutions

Organisation Internationale des Institutions Supérieures de Contrôle  
des Finances Publiques

Internationale Organisation der Obersten  
Rechnungskontrollbehörden

Organización Internacional de las Entidades Fiscalizadoras Supremas

المنظمة الدولية للأجهزة العليا للرقابة المالية العامة والمحاسبة



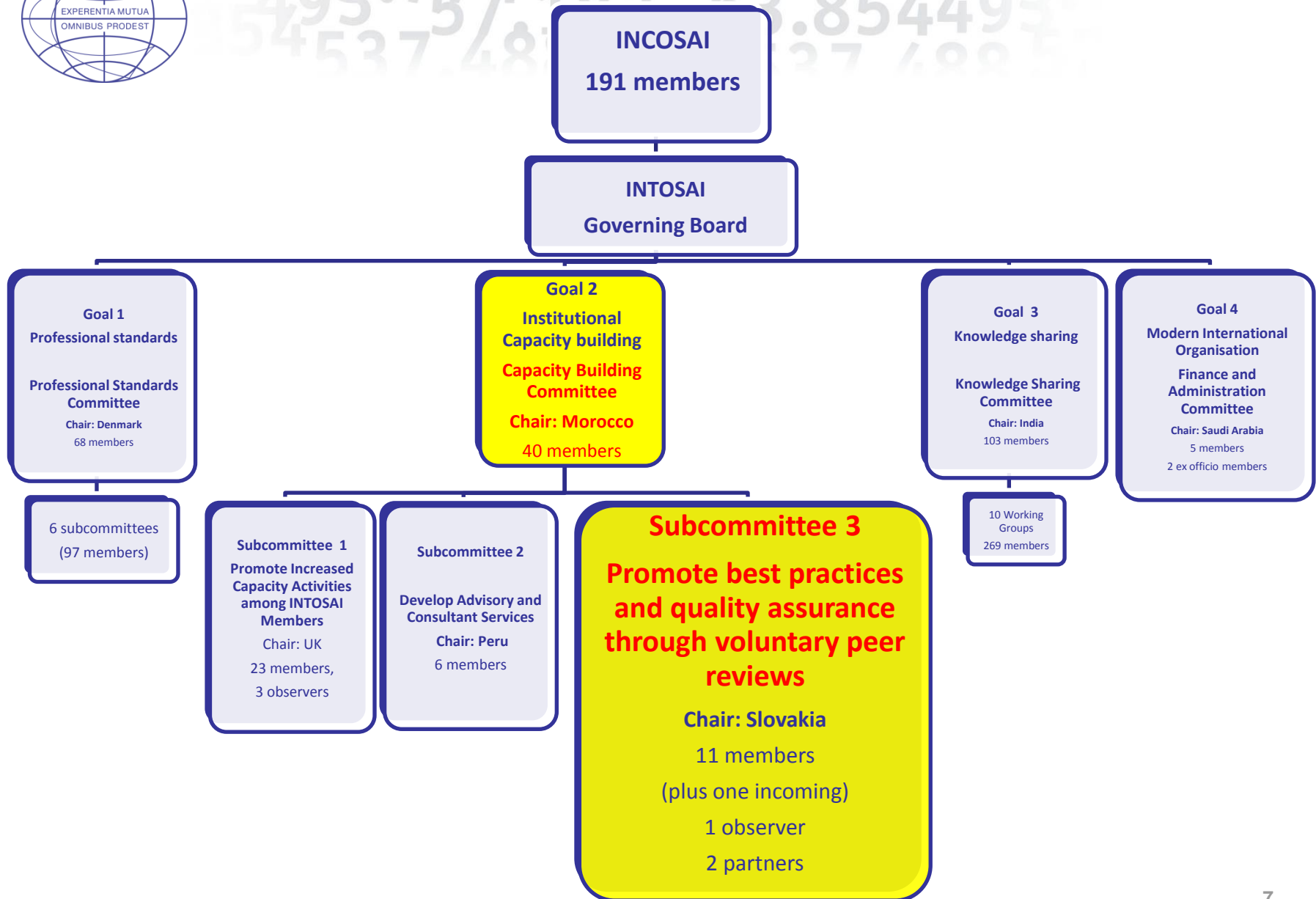
# INTOSAI Goals

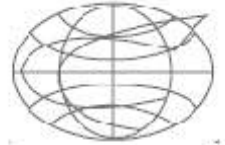
**Goal 1**      **Accountability and Professional Standards**

**Goal 2**      **Institutional Capacity Building**

**Goal 3**      **Knowledge Sharing**

**Goal 4**      **Model International Organisation**





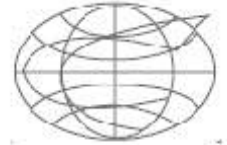
## INTOSAI CBC Subcommittee 3

CBC Subcommittee 3 promotes best practices and quality assurance through voluntary peer reviews by:

- ❖ assessing and documenting existing peer review arrangements in the INTOSAI community,
- ❖ fostering an environment where SAIs are aware of the benefits arising from voluntary peer reviews,
- ❖ updating the Peer Review guide and Checklist adopted in 2010 on the basis of lessons learned by SAIs and supplementing both documents with further good practice examples where appropriate, as well as
- ❖ disseminating peer review results to a larger public, as agreed by the SAIs involved.

<http://cbc.courdescomptes.ma/index.php?id=18>





# INTOSAI CBC Subcommittee 3 Members

Chair: Slovakia



Vice-Chair: Bangladesh



## SAI members:

Austria



Unabhängig. Objektiv. Wirksam.

Croatia



Estonia



European Court of Audit



Germany



Hungary



Morocco



Poland



USA



incoming new member  
Indonesia

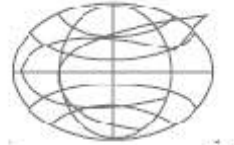


observer:  
Sweden



partners:





# Subcommittee 3 Representatives in Bratislava, Slovakia, June 2013

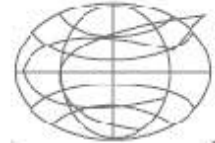


# 2. Why a Peer Review? Testimonials



# Why a peer review? Testimonials

INTOSAI



CAPACITY BUILDING COMMITTEE

## Peer Review Ambassadors



"The findings produced by the Peer Review of the Austrian SAI confirmed the good work done in recent years and the steps taken to advance reform. For the Austrian SAI, the Peer Review exercise was an overall rewarding and enriching experience. Sharing lessons learnt and ideas with peers help us enhance our own mission performance. By publishing the long form peer review report, the Austrian SAI demonstrates that transparency is of key importance even in internal SAI affairs."



Dr. Josef Moser, President of the Austrian Rechnungshof



"The Polish NIK has already been subject to peer reviews twice: in 2000 and 2006, and in 2012 we are going to be peer reviewed once again. A peer review is an exceptionally inspiring and enriching experience, as you receive an objective opinion and useful advice from colleagues who are experts in state auditing, which is in fact quite a unique speciality – even within the auditors' community. Their independence of the traditions of your SAI and of your country's current situation makes peer reviews a really beneficial management tool that can supplement or even replace other forms of an SAI's external assessment."

Jacek Jezewski, President of the Supreme Audit Office (NIK), Poland



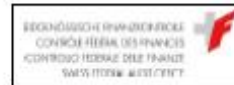
"[...] Estonia was preparing to the future accession to the European Union and gaps in its financial management and accountability, internal control and internal audit created great



Peer Review (PR) helped to plan the role of the NAOE in the process and the steps necessary to meet these challenges, including changes in legal acts, creation of a relevant parliamentary committee etc. [...] Periodical PR should be obligatory and its main results public. I admit that maybe not all colleagues share my position, but I am of the opinion that we owe it to the taxpayers of our own state as well as to a wider circle of our supporters. [...] The PR experience is bilaterally beneficial, both will find subjects for thinking and for learning. [...] PR is an important quality assurance tool and I can strongly recommend the organisation of it to all colleagues. The NAOE is designing the conduction of its third PR with the aim to get an assessment whether we are on the right path in implementing ISSAIs and in assuring high quality of our work."



Mihkel Oviir, Auditor General, Estonia



"Our overall impression of the three peer review exercises in which we were involved both as hosting and as visiting SAI is definitely a positive one. In the years 2004 / 2005 the German SAI did a peer review of the Swiss SAI. In 2008, the Norwegian SAI analysed our competence centre for performance audit and evaluation. Finally, the Danish, German and Swiss SAIs jointly did a peer review of the Austrian SAI. The lessons learnt from all three exercises clearly demonstrate that such missions are no one way street. The two parties involved, the hosting and the visiting SAIs, benefit enormously from such a close and productive exchange of information and experiences in accordance with INTOSAI's motto "Experientia mutua omnibus prodest" (mutual experience benefits all). This approach where a partner SAI provides an unbiased professional assessment helps identify both weaknesses and future needs for action."



Kurt Grütter, Director of the Eidgenössische Finanzkontrolle, Switzerland



"In 2008, The European Court of Auditors (ECA) was peer reviewed for the first time by the SAIs of Canada (team leader), Austria, Norway and Portugal. In addition, the ECA led the 2010/2011 peer review, with Austria and Finland, of the SAI of Norway. The ECA's experiences of being reviewed and of reviewing have been very positive, helping our Institution to create a culture of continuous improvement and demonstrating to our stakeholders that we are committed to promoting transparency and accountability, not only for others but also for ourselves.



The ECA is, therefore, convinced of the benefits of such reviews and is currently planning to start its next peer review in 2012."

Vitor Caldeira, President of the European Court of Auditors



"A peer review enables you to answer the question, Who audits the auditor? By voluntarily undertaking a peer review, you open your work to external assessment and audit based on internationally accepted auditing standards. This is of great importance at both the national and international levels. A peer review is very demanding, but its benefits and added value greatly exceed the demands. Recommendations confirm whether the institution's management is headed in the right direction and advise management on ways to refine its methods to produce more effective work of even higher quality. Considering the unique position SAIs occupy in the public sector and the rapidly changing conditions and new challenges we face, a peer review is a worthwhile investment of time and resources for all participating SAIs."



Ján Jasovský, President of the Supreme Audit Office of the Slovak Republic



"Peer reviews provide benefits for all participants. The reviewing SAIs gain a deeper insight into the procedures and methods of a peer organisation. Thus, they can identify good practices by comparing their own structure and procedures to those of the reviewed SAIs. The German SAI has so far participated in four peer reviews and each time we identified helpful suggestions and ideas for our own work."



Prof. Dr. Dieter Engel, President of the Bundesrechnungshof, Germany



"I have found that participating in peer review is extremely rewarding for individual staff members and beneficial for our organization, in our every day operations as well as when preparing the peer review of our own SAI which is planned for 2013. Participating staff bring back good practice ideas and experiences from the SAI under review as well as from colleagues on the peer review team, which has proven to be valuable input to the Swedish National Audit Office."



Claes Nörgrén, Auditor General, Sweden



"Peer review: go for it! It helps to move you in the right direction, whether you are being pushed by being reviewed or get an impulse yourself by doing the review and be rewarded by the in depth insight in what makes your colleagues tick. It also puts into perspective what dynamics we share worldwide and what is just your own local flavour of it. In short: a low budget experience not to miss."



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Saskia J. Stuiveling, President of the Algemene Rekenkamer, the Netherlands



"The United States Government Accountability Office (GAO) has been the beneficiary of several peer reviews of its performance and financial audit practices and has helped to conduct reviews of other Supreme Audit Institutions (SAIs). These reviews share common traits in that they all cited both exemplary practices at the reviewed SAI that other national audit offices may wish to emulate and constructive suggestions for the SAI's consideration. Our role in conducting reviews and the results of our own peer reviews have been extremely helpful in enhancing our quality assurance framework. In short, GAO's peer reviews have confirmed that the United States Congress and the American people can have confidence that GAO's work is independent, objective, and reliable – the most important attributes that any audit organization should possess."



Gene Dodaro, Comptroller General of the United States



## Why a Peer Review?

„The findings confirmed the good work done in recent years and the steps taken to advance reform.”

*Dr. Josef Moser, President of the Austrian Rechnungshof*

“The peer review experience is bilaterally beneficial.”

*Mihkel Oviir, Auditor General, Estonia*

“Our experience have been very positive helping to create a culture of continuous improvement and demonstrate our commitment to promote transparency and accountability.”

*Vitor Caldeira, President of the European Court of Auditors*



## Why a Peer Review?

**“Peer reviews provide benefits for all participants. We identified helpful suggestions and ideas for our own work.”**

***Prof. Dr. Dieter Engels, President of the Bundesrechnungshof, Germany***

**“Peer review: go for it! It helps to move you in the right direction. In short: a low budget experience not to miss. ”**

***Saskia J. Stuiveling, President of the Algemene Rekenkamer, the Netherlands***

**“A really beneficial management tool that can supplement or even replace other forms of an SAI’s external assessment.”**

***Jacek Jezierski, President of the Supreme Audit Office, Poland***



## Why a Peer Review?

**“The parties involved benefit enormously from such exchange of information and experiences.”**

***Kurt Grüter, Director of the Eidgenössische Finanzkontrolle, Switzerland***

**“A peer review enables you to answer the question Who audits the auditor? By voluntarily undertaking a peer review, you open your work to external assessment based on internationally accepted auditing standards. ”**

***Ján Jasovský, President of the Supreme Audit Office of the Slovak Republic***



## Why a Peer Review?



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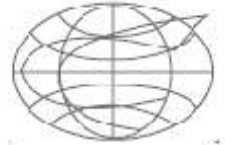
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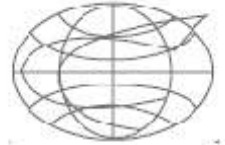


# **3. SAIs and Peer Review**



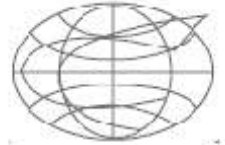
# SAIs and Peer Review

- ❖ Peer review is voluntary process.
- ❖ Peer review is review of one SAI by one or several partner SAIs.
- ❖ SAIs are free to decide on contents and procedure.
- ❖ The peer review framework usually agreed in a Memorandum of Understanding.
- ❖ Peer reviews may cover the audit work and/or organizational functions of the SAI in general, or be limited to one activity of the SAI
- ❖ SAIs decide themselves on the conduct of the peer review as well as on the use of the findings generated.
- ❖ The reviewing SAI should pay due regard to the respective national context when making recommendations.



# Why SAIs undergo Peer Reviews

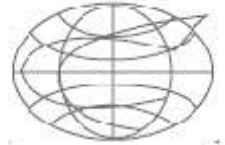
- ❖ to improve SAIs' procedures and their results;
- ❖ to give adequate proof of the high standards governing SAIs' work;
- ❖ in response to some criticism stated;
- ❖ to work in different environments and organizations → to enhance capacities and know-how of auditors, e.g. performance audit techniques;
- ❖ capacity building of number of employees (not only auditors) – peer reviewed as well as peer reviewing SAI;
- ❖ to provide an answer to the question of “Who audits the auditor?” – to enhance accountability, transparency → support independence;
- ❖ low budget experience;
- ❖ one form of implementation of ISSAIs (internationally accepted standards / principles for SAIs).



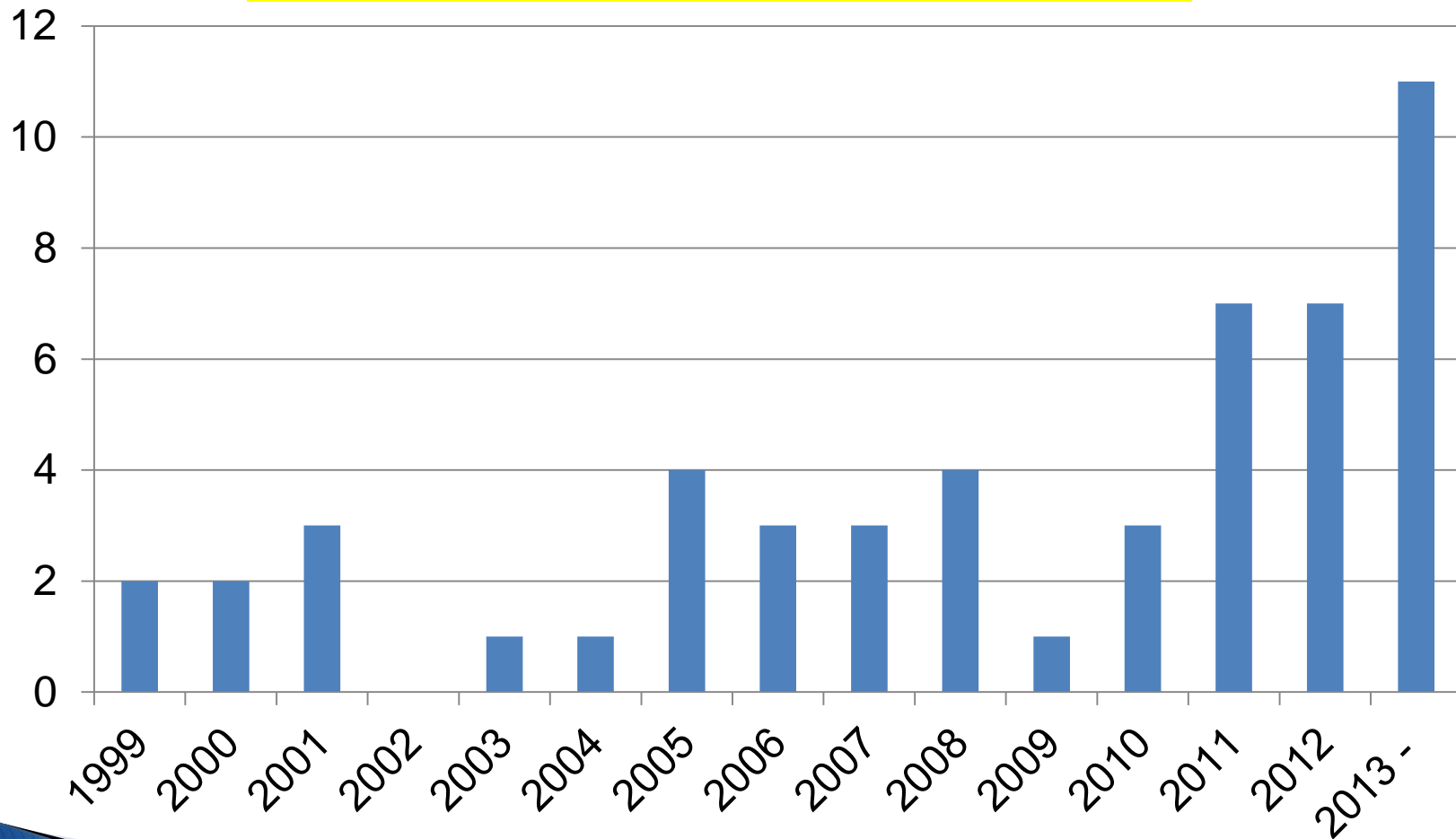
# Peer Review Impacts and Benefits

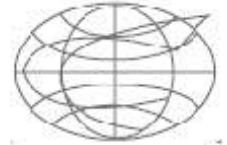
- ❖ enhances or improves specific procedures;
- ❖ identifies weaknesses and training needs;
- ❖ saves resources in the operation of the SAI;
- ❖ improves audit impact;
- ❖ increases the number of reports issued;
- ❖ improves or ensures quality of work;
- ❖ enables to apply effective audit tools;
- ❖ represents reasonable assurance of work;
- ❖ improves or ensures quality of management and organisation;
- ❖ confirms if the internal manuals, policies and procedures are in line with ISSAIs and international best practices;
- ❖ enhances the credibility of the SAI vis-à-vis stakeholders;
- ❖ identifies good practices (by the reviewing and the reviewed SAI);
- ❖ strengthens the different audit approaches.

# **4. Selected SAI Peer Review statistics**

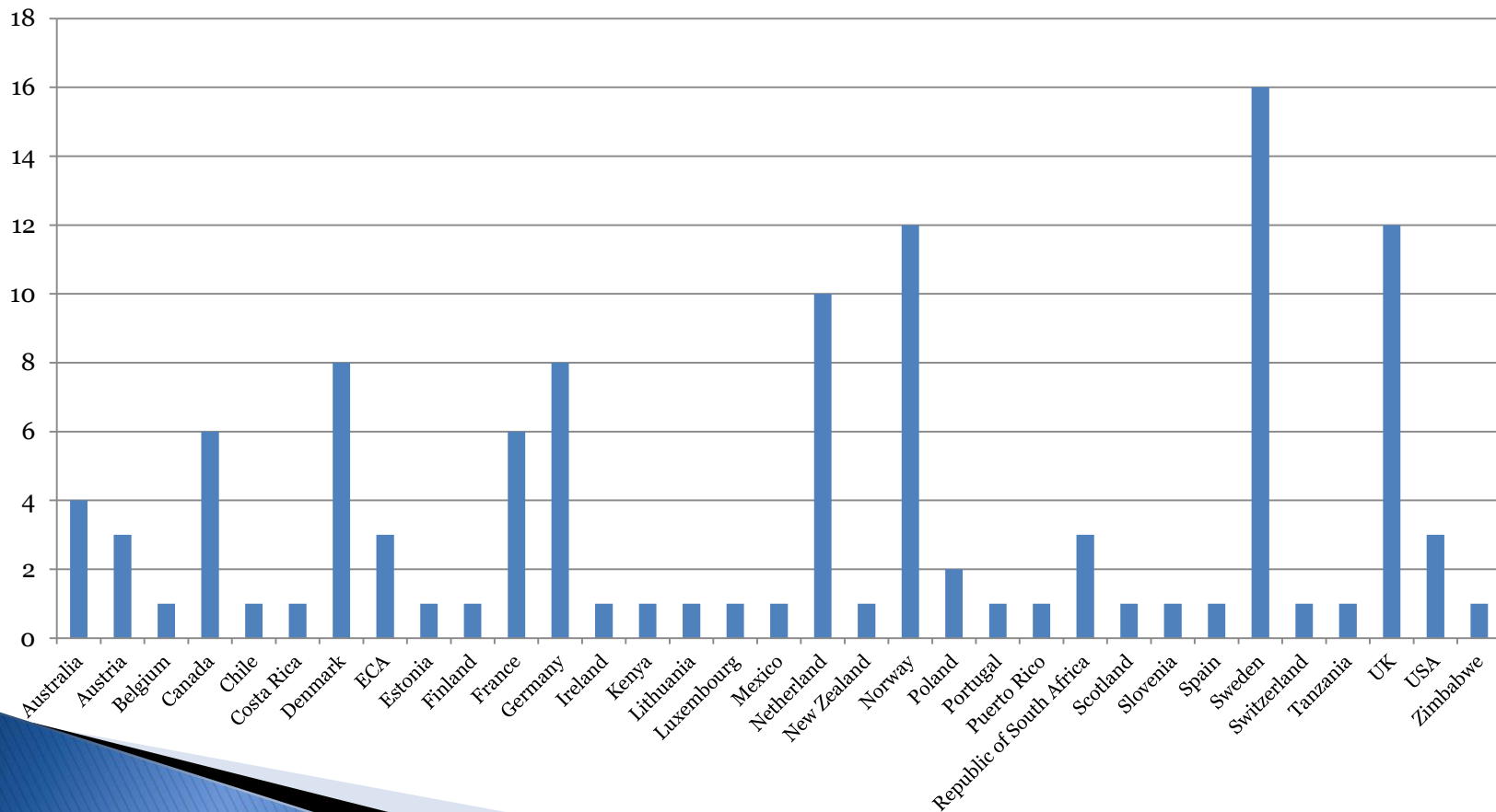


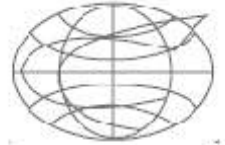
## Number of Peer Reviews per Year (INTOSAI CBC Subcommittee 3 database)



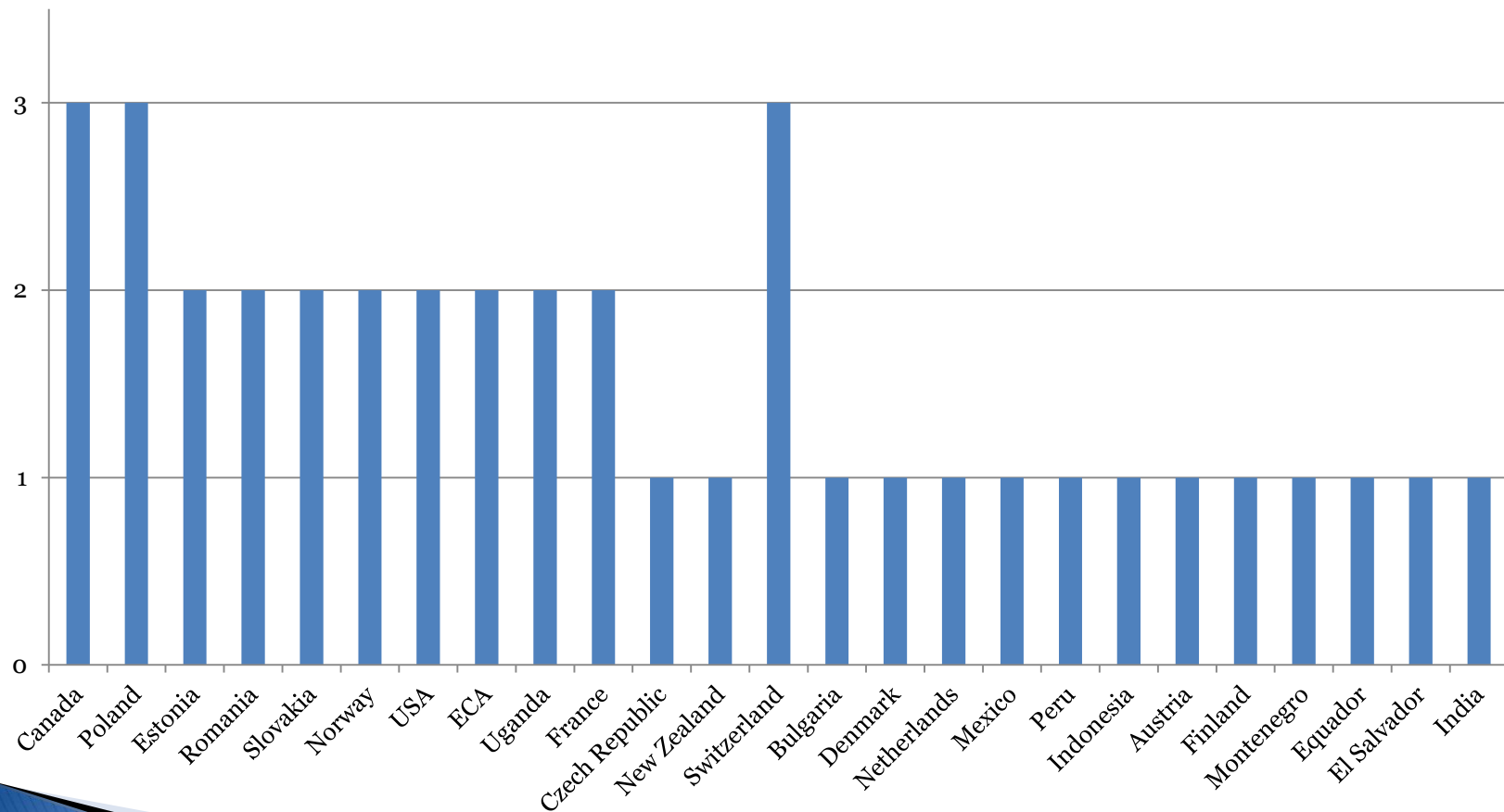


**SAIs as Leaders  
or Members of Reviewing Teams  
2000 – present  
(INTOSAI CBC Subcommittee 3 database)**





## SAIs undertaking Peer Reviews 2000 – 2012 (INTOSAI CBC Subcommittee 3 database)





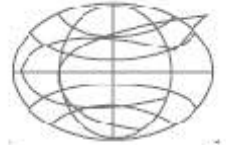
# **5. ISSAI 5600: Peer Review Guide and Check List**

# Guide and Check List - Support to SAIs

- ❖ INTOSAI CBC Subcommittee 3 prepared a Peer Review Guide and Checklist in 2010,
- ❖ the XX INCOSAI adopted these instruments as ISSAI 5600 in 2010 at the XX INCOSAI in South Africa.
- ❖ Documentation of peer review documents is available on the website of the INTOSAI Capacity Building Committee

<http://cbc.courdescomptes.ma/index.php?id=20>

- ❖ Documentation on the website contains good practice examples in:
  - ✓ Peer Review Guide and Checklist
  - ✓ peer review reports
  - ✓ relevant Memoranda of Understanding.

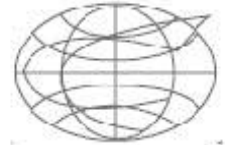


# ISSAI 5600 on Peer Reviews Goals

- ❖ To provide help to SAIs to successfully complete all stages of the peer review process.
- ❖ To highlight the principles and options for SAIs to conduct a peer review.
- ❖ To provide good practice examples from previous SAI peer reviews.

# ISSAI 5600 Structure

INTOSAI



CAPACITY BUILDING COMMITTEE

## Contents

### Peer Review Guide

#### Preface

- 1 Introduction
- 2 Definition
- 3 Initial considerations
  - 3.1 Purpose of a peer review
  - 3.2 Selection of partner SAIs
- 4 Peer review agreement (MoU)
- 5 Preparation and conduct
- 6 Follow-up and Evaluation

# ISSAI 5600 Structure



CAPACITY BUILDING COMMITTEE

## Peer Review Checklist

### Introduction

#### 1 Understanding the general framework

- 1.1 Legal independence
- 1.2 Financial independence
- 1.3 Organisational independence
- 1.4 Audit mandate
- 1.5 Audit functions and approach
- 1.6 Strategy
- 1.7 Internal governance
- 1.8 Accountability
- 1.9 Legal / administrative recommendations

#### 2 Internal standards and regulations / quality control procedures

- 2.1 Audit types
- 2.2 Audit standards
- 2.3 Quality control
- 2.4 Internal / external review
- 2.5 Relations to other public entities
- 2.6 Security of information

#### 3 Structural aspects

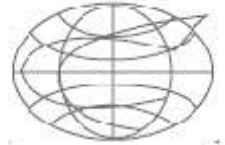
- 3.1 Formal rules
- 3.2 Functional areas

#### 4 Audit approach

- 4.1 Audit selection
- 4.2 Audit planning
- 4.3 Audit implementation
- 4.4 Audit reporting

**Annex 1: Glossary of terms**

**Annex 2: Feedback questionnaire**



## ISSAI 5600 and Check List

- ❖ Checklist provides suggestions on potential contents and subject matters of peer reviews.
- ❖ Depending on the scope of the review, the team of reviewers may rely on the checklist as guidance.
- ❖ ISSAI 5600 is a living document reflecting the latest developments and progress made in the field of peer reviews – includes a feedback questionnaire with an invitation to all INTOSAI members to share ideas and suggestions.
- ❖ Sub-Committee 3 will use the feedback to revise the Guide and the Checklist.
- ❖ ISSAI 5600 due for revision for XXII INCOSAI 2016.

# ISSAI 5600 and Check List



CAPACITY BUILDING COMMITTEE

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# **5. Slovak Experience with ISSAI 5600**



# Slovak Experience



**The SAI of Slovakia and the reviewing team were the first SAIs to use ISSAI 5600 in real life.**

## Reviewing team

- ❖ SAIs of UK, Estonia, Poland and Slovenia

## Topics

- ❖ Soundness of Development Strategy of the Office and its compliance with the mission of a modern audit institution (audit activities, human resource, public relations).
- ❖ Audit quality assessment methodology and its compliance with international standards to achieve independence, high-quality and effectiveness of audit activities.

# Slovak Experience



## TIME SCHEDULE

- ❖ Project preparation, approval Oct. 2009 – Febr. 2010
- ❖ Communication with the peers March - April 2010
- ❖ Preparing MoU April - May 2010
- ❖ Signing MoU May 2010
- ❖ Conducting the peer review June - December 2010
- ❖ Draft report January - February 2011
- ❖ Submitting the draft report 28 February 2011
- ❖ Comments to the draft report 31 March 2011
- ❖ Drafting the final report April - May 2011
- ❖ Submitting the final report May 2011
- ❖ Signing the final report 30 May 2011
- ❖ Drafting the action plan June - November 2011
- ❖ Approval of the action plan 15 December 2011

# Slovak Experience



## COMMUNICATION

- ❖ 6 meetings = 19 working days
- ❖ emails, telephone calls
- ❖ discussions
- ❖ Bratislava + regional office Trenčín

## USE of ISSAI 5600

- ❖ translation to the Slovak – one of the first documents to be prepared when translating the checklist; it needed to be adapted to own procedures
- ❖ publication on intranet – all staff informed – great added value

# Slovak Experience



## RESULTS

28 pages report, 2 annexes, 18 recommendations

## CONCLUSIONS

- ❖ SAO of Slovakia had responded effectively to the range of challenges that it had faced in recent years.
- ❖ improved quality and professionalism of SAO activities.
- ❖ increased impact of SAO work, more accessible to stakeholders, strengthened cooperation with media.
- ❖ improved infrastructure of the organization.
- ❖ audit methodology quality putting in place by SAI of Slovakia complies with relevant INTOSAI guidance and standards.

# Slovak Experience



## RECOMMENDATIONS

- ❖ the complete text of the report with recommendations in Slovak and English on web site [www.nku.gov.sk](http://www.nku.gov.sk)
  
- ❖ 18 recommendations divided into several sections, they included:
  - ✓ extending and strengthening performance audit methodology and improving the skills of staff undertaking performance audit
  - ✓ developing links with external organizations to introduce regular external assessment of audit quality and consider introducing independently moderated professional qualifications for audit staff
  - ✓ increasing the use of external advice and expertise
  - ✓ supplementing resources available for the audits of regions and municipalities

# Slovak Experience



## FURTHER STEPS

- ❖ OBJECTIVE to implement all recommendations
- ❖ 5 teams – planning, carrying out audits, reporting audit results, quality assessment, human resources
- ❖ drafting the action plan

## HOW DOES THE ACTION PLAN LOOK LIKE?

- ❖ recommendation
- ❖ task(s)
- ❖ responsible unit
- ❖ deadline
- ❖ note
- ❖ state of implementation



Peer review brings changes,

but

***“Be the change you want to see in the world.”***

***MAHATMA GANDHI***