

**INTOSAI Capacity Building Committee**

**Sub-Committee 3:**

**Promote Best Practices and Quality Assurance through Voluntary Peer Reviews**

*Report to the Steering Committee*

*of the INTOSAI Capacity Building Committee*

*Oslo, 20 September 2012*

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## **Annexes**

1. Peer Review Overview
2. Action Plan 2012-2016

## **I. Tasks**

According to Goal 2 of the INTOSAI Strategic Plan 2011 – 2016, Sub-Committee 3 shall promote best practices and quality assurance through voluntary peer reviews. To achieve this goal the Sub-Committee will

- a. continue to assess and document existing peer review arrangements in the INTOSAI community;
- b. continue to foster an environment where such voluntary reviews are seen as beneficial to both the SAI undertaking the review and the SAI choosing to undergo it and establish global and regional mechanisms for initiating peer reviews;
- c. where necessary, update the CBC guidelines on peer reviews and the developed checklist on the basis of the experience of SAIs and provide further good practices on how to undertake voluntary peer reviews;
- d. disseminate the results of peer reviews, as appropriate and as agreed to by participating SAIs.

## **II. Members and observers**

Members: Austria, Bangladesh (Vice Chair), Croatia, Estonia, European Court of Auditors, France, Germany (Chair), Morocco, Poland, Slovak Republic, USA

Observers: Hungary, Sweden

## **III. Meetings**

So far, Sub-Committee 3 has met on five occasions:

- 14 June 2007, Bonn
- 27 August 2008, Bonn
- 20/21 May 2010, Bonn
- 8/9 September 2011, Vienna
- 10/11 September 2012, Luxemburg

#### IV. Current status

##### 1) **Tasks a. and d.: Assess and document existing peer review arrangements and disseminate peer review results**

The Sub-Committee is informed about **51 completed, ongoing or planned peer review projects** (annex 1). 36 peer reviews have been completed since 1999, 7 projects are under way in 2012/2013 and 8 more projects are planned for the next years.

The **peer review documentation** administered by the Sub-Committee currently comprises papers on 25 peer review exercises (MoUs, final reports, executive summaries, etc.). In the past, such papers served as a pool for drawing on best practice case studies that were included in the peer review guide. Since November 2011, the documentation is published on the Capacity Building Committee (CBC) website (<http://cbc.courdescomptes.ma/>) after permission of the involved SAIs.

To manage and further develop the documentation, the Sub-Committee carries out an **annual email survey** addressed to all INTOSAI members asking them to furnish pertinent papers. With this survey, the Sub-Committee also collects supplementary information on the individual peer review projects, e.g. regarding focus, timeframe, number of staff involved, working days, key recommendations and changes (within the SAI, in the legal framework, in the SAI's environment) based on these recommendations. This questionnaire has been distributed for the first time in December 2011.

The peer review documentation was updated accordingly, reflecting the responses received, along with a revised structure.

##### 2) **Task b.: Foster an environment where voluntary peer reviews are seen as beneficial**

In addition to publishing peer review documents (see tasks a. and d.) several initiatives have been launched, in order to promote the conduct of voluntary peer reviews:

- the October 2011 issue of the **INTOSAI Journal** of Government Auditing focuses on the subject peer review; several Sub-Committee members furnished their articles to this issue; including references to the Peer Review Guide and Checklist and to the peer review documentation;
- in February 2012, a **letter was sent to the General Secretariats of all regional working groups** of INTOSAI describing the benefits of peer reviews, presenting the Guide and offering support in promoting peer reviews in the regions (e.g. in regional seminars). The letter was accompanied by a flyer summarising the Peer Review idea and some statements from so called Peer Review Ambassadors, that is Presidents of SAIs which have either led or undergone one or even several Peer Review Projects. There was no reaction whatsoever from the regions, and the members of SC 3 decided for the time being to provide more supporting material only when requested by one of the regional working groups.

It is essential that the Heads of SAIs are fully convinced of the benefits of peer reviews. Therefore, the Sub-Committee will endeavour to **use events on top management level** for distributing and promoting the Peer Review Guide. In its capacity as Chair of the Sub-committee, the German SAI will participate in the discussion on Peer Review at the XXII General Assembly of OLACEFS.

The Sub-Committee also wishes to provide INTOSAI members with more detailed information on the activities of the Sub-Committee. Therefore, meeting agendas and minutes, the action plan 2012-2016 as well as some meeting documents are published in the respective column of the **CBC website**.

### **3) Task c.: Update the peer review guidelines and provide best practice examples**

#### Peer Review Guide and Checklist:

In November 2010, the XX INCOSAI endorsed the Peer Review Guide with the Checklist developed by the Sub-Committee as ISSAI 5600. By now, the document has been translated into seven languages: Arabic, English, French, German, Portuguese, Slovak and Spanish.

In order to further develop Guide and Checklist, all SAIs involved in a peer review exercise are invited to share information on their experiences with the two documents and to make proposals for improvement and modification. For this purpose, the guide includes a concise feedback questionnaire at its end.

At its 2011 meeting, the Sub-Committee concluded that the Checklist of the Peer Review Guide should be updated based on the feedback received in accordance with the ISSAI Due Process. A **first draft of the revised checklist** has been presented at the Sub-Committee's 2012 meeting in Luxemburg.

The discussion of the SC 3 members showed that a thorough revision of both Guide and Checklist will be necessary. The Sub-Committee decided to present a revised ISSAI 5600 to the XXII INCOSAI in 2016.

#### New guidelines on assessing internal/external evaluation of quality assurance:

At the initiative of the SAI of Morocco, the Sub-Committee discussed at its meeting 2011 the idea of developing a tool for self-assessment as a step for SAIs before being reviewed by a peer with the result

- that such tools are important instruments for quality assurance, but
- that other INTOSAI bodies and some instruments already existing or currently being developed also deal with this issue (e.g. ISSAI 40, SAI Performance Measurement Framework/PMF) so that there could be a risk of overlapping, and
- in addition, it is important to be sure that the development of further guidance does not go beyond the mandate of SC 3 which focuses on peer reviews.

These results were reported to the CBC Steering Committee at its last meeting in Marrakesh. The CBC chair suggested to check the possibility of extending the activities of Subcommittee 3, and it was agreed that this proposal should be submitted to subcommittee 3 members for discussion in order to reach a common conclusion.

After discussing the issue at its 2012 meeting in Luxemburg, Sub-committee 3 decided not to ask for an extension of its mandate and to concentrate on the thorough revision of ISSAI 5600.

#### 4) Other issues:

##### Contribution to the SAI Performance Measurement Framework (PMF)

The Working Group on Value and Benefits of SAIs has been tasked by the XX. INCOSAI to develop further credible measurement tools in collaboration with the Capacity Building Committee and the INTOSAI Donor Steering Committee (see Johannesburg Accords, no. 34). The aim is to develop a single, global performance measurement framework (PMF) on the basis of the assessment tools already in place that have been developed by INTOSAI and donor communities (e.g. ISSAI, PEFA, and also the Peer Review Checklist).

At the past meeting of the Working Group Value and Benefits of SAIs in August 2011 it became evident that the PMF project was linked to a certain extent to the activities of Sub-Committee 3. Therefore, the Working Group sought the participation of the Sub-Committee chair and members in the Task Team/Reference Group for the development of the PMF. The German SAI is member of the Task Team for the development of the PMF, the Estonian SAI and the European Court of Auditors participates in the PMF's Reference Group which provides technical support and quality assurance.

##### Invitation of new members

The Sub-Committee plans to invite further members in order to reach a broader representation of INTOSAI regions. Especially SAIs with peer review experience should be contacted.

At the 2012 meeting in Luxemburg, a representative from OLACEFS reported about this region's current peer reviews. The OECD (Organisation for Economic Co-operation and Development) and the SIGMA Programme (Support for Improvement in Governance and Management)<sup>1</sup> participated in the SC 3 meeting as observers.

For the next meeting, the Sub-committee plans to invite a representative from AFROSAI-E to report about their "Quality Assurance Visits" in the framework of its Institutional Capacity Development Framework to assess the development level of the respective SAIs.

##### Rotation of Chair

The German SAI had announced at the 2011 meeting of the Sub-committee that following the regulations of the INTOSAI Handbook for Committees it was willing give up its position as Chair of Sub-committee 3 after having held this position for more than six years.

At the Sub-committee's 2012 meeting in Luxemburg, the SAI of the Slovak Republic applied for the position as new Chair of Sub-committee 3. The SC3 members approved the application.

Prior to the INTOSAI Governing Board meeting from 20-22 October 2012 in Chengdu, China, the German SAI will declare its resignation and propose that the Governing Board appoints the SAI of the Slovak Republic as new Chair of Sub-committee 3.

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<sup>1</sup> A joint initiative of the OECD and the EU principally financed by the EU

## **V. Future tasks**

The future tasks of Sub-Committee 3 are defined in its Action Plan 2012-2016 (Annex 2). In summary, these are:

- further develop and update the peer review documentation;
- gather feedback on the Peer Review Guide and Checklist and revise them according to the Due Process for INTOSAI professional standards;
- further contribute to the SAI Performance Measurement Framework (PMF).

The Action Plan is a living document and may be adapted as needed in future meetings.

The members of Sub-Committee 3 will decide in a written procedure if its next meeting could be held in June 2012.