



## ***INTOSAI Capacity Building Committee***

**Sub-Committee**

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

## ***Report***

***to the Steering Committee  
of the INTOSAI Capacity Building Committee***

***Lima, Peru  
September 2014***

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## **Annexes**

1. Peer Review Overview
2. Action Plan 2013 - 2016

### **I. Tasks**

The INTOSAI Strategic Plan 2011 – 2016 Goal 2 states that Sub-Committee will promote the 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, cooperating organisations and partners**

#### **Members to date (13):**

Austria, Bangladesh (Vice Chair), Croatia, European Court of Auditors, Estonia, Germany, Hungary, Indonesia, Morocco, Poland, Slovak Republic (Chair), Sweden, United States of America

#### **Cooperating organisations and partners (2):**

IDI, OECD, SAI of Switzerland

*note: Sweden became regular member after organisational changes in the CBC at the XXI INCOSAI in Peking 2013 that saw approval of the SAI of Sweden as CBC Vice-Chair.*

### **III. Sub-Committee meetings**

The Sub-Committee meetings:

- 14. June 2007, Bonn, Germany
- 27. August 2008, Bonn, Germany
- 20. – 21. May 2010, Bonn, Germany
- 08. – 09. September 2011, Vienna, Austria
- 10. – 11. September 2012, Luxembourg, Luxembourg
- 13. – 14. June 2013, Bratislava, Slovakia
- 09. – 11. September 2014, Lima, Peru

#### **IV. Current status**

The Supreme Audit Office of the Slovak Republic became the Chair to the INTOSAI CBC's Sub-Committee *Promote best practices and quality assurance through voluntary peer reviews* on 19 - 22 November, 2012 at the 63<sup>rd</sup> Governing Board meeting succeeding the SAI of Germany. It is discharging its duties according to the CBC Terms of Reference, INTOSAI Handbook for INTOSAI Committees, Strategic plan 2011 – 2016 and other relevant INTOSAI documents and practice.

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

As of September 2014, the Sub-Committee is informed about **70 completed, ongoing or planned peer review projects** (annex 1). The increase by 18 projects within 11 months since XXI INCOSAI was not due to sharp increase of new projects only but mainly due to finding the peer review reports from the past not published so far.

The peer review documentation with the Sub-Committee currently comprises of 41 peer review final reports (35 in English, 4 in Spanish and 2 in German), 7 Memoranda of Understanding, and other varied materials.

Since November 2011, the documentation is published on the CBC website. To manage and develop the documentation, the Sub-Committee carries out an email survey addressed to all INTOSAI members. The e-mail questionnaire has been distributed for the first time in December 2011. The next e-mail survey was carried out in January, February and March 2014. Based on recorded reactions from the INTOSAI community members, an assumption can be generated that the questionnaire was sent and received at 170 SAIs. The Subcommittee registered 46 replies e.g. rate of return was around 28 %.

Some facts and conclusions arising from the survey:

1. In the period (1999 – 2014) there were 4.4 peer reviews recorded in the INTOSAI community on average per year.
2. SAI of Sweden were involved in peer review as peer reviewer 18 times, followed by Norway (17 times) and Netherlands along with UK (16 times). These four SAIs accounted for 41 % of the engagements of the SAIs in the peer review as peer reviewers.
3. average size of the peer reviewing team: 5.7 people per team.
4. average number of days of the reviewing team spent at the reviewed SAI premises: 13.5
5. The peer review recommendations use and their fulfilment were difficult to observe, as majority of the peer reviews weren't followed by the follow-up.
6. ISSAI 5600 Guide and Check list were used extensively especially in the peer review preparation stage, chiefly for the construction of the Memorandum of Understanding and in the planning process. The Checklist may not have been used explicitly but the principles were incorporated in most peer review processes and projects.

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

In order to promote voluntary peer reviews and general knowledge about them among the INTOSAI community and wider public, the Sub-Committee informed the INTOSAI community members on the progress made in the Sub-Committee work on the ISSAI 5600 revision and the e-mail survey results in the INTERNATIONAL JOURNAL of GOVERNMENT AUDITING in its July edition in the article *The peer reviews numbers on rise*.

It remains crucial that the Heads of SAIs are convinced of peer reviews benefits and perceive the ISSAI 5600 as valuable peer review tool that help to improve the SAI's quality of work including the effectiveness, efficiency and economy.

The Sub-Committee is keen to provide INTOSAI members with detailed information on its activities. Therefore, all pertinent Sub-Committee documents are to be published at the CBC new website in 2014 and following time.

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

Peer Review Guide and Checklist:

The XX INCOSAI endorsed the Peer Review Guide with the Checklist developed by the Sub-Committee as ISSAI 5600 in 2010. This document has been translated into all INTOSAI official languages: Arabic, English, French, German, and Spanish; also working versions of other languages were made, so far in Bengali, Hungarian, Mandarin, Portuguese, and Slovak.

All SAIs are invited to share information on their experience with the two documents and to make proposals for improvement and modification. For this purpose, the Guide contains in present a feedback questionnaire at its end.

According to INTOSAI *Due process for INTOSAI professional standards - Procedures for developing, revising and withdrawing International Standards of Supreme Audit Institutions (ISSAIs) and INTOSAI Guidance for Good Governance (INTOSAI GOVs)*, the Sub-Committee has decided to present a revised ISSAI 5600 to the XXII INCOSAI in 2016.

The revised ISSAI 5600 was the Sub-Committee meeting focal point in Bratislava in 2013 when Sub-Committee members have endorsed further steps and decided on the SAIs responsible for developing the particular chapters (European Court of Audits and SAIs of Austria, Germany, Hungary, Poland, Slovakia, Sweden).

The changes in the ISSAI 5600 structure:

chapter	present ISSAI 5600	chapter	revised ISSAI 5600	revised chapter author
preface	preface	preface	preface	SAI of Germany
1	Introduction	1	Introduction and scope of ISSAI	SAI of Germany
2	Definition	2	Definition	SAI of Germany
3	Initial consideration	3	Strategic consideration	SAI of Sweden
4	Peer review agreement (MoU)	4	Preparation	
			A. Peer review areas	SAI of Hungary
			B. Selection of partners	ECA
			C. Self assessment tools	SAI of Sweden
			D. Resources	ECA
5	Preparation and conduct	5	Memorandum of Understanding	ECA
6	Follow-up and Evaluation	6	Peer review work planning	SAI of Slovakia
		7	Field work	SAI of Slovakia

		8	Peer review report	SAI of Poland
		9	Implementation of results	SAI of Austria
		10	Follow up	SAI of Austria
	glossary of terms		glossary of terms	SAI of Slovakia
pages	46		app. 37	

The Sub-Committee has also established ISSAI 5600 revision Task Team (TT) that comprises representatives from SAIs of Germany, Hungary, Poland and Slovakia. The TT usually meets once a year (the latest meeting took place in Bratislava, Slovakia in May 2014), other communication is made electronically.

The Checklist was deemed to have connotations of being too prescriptive and having feeling of being compulsory rather than offering suggestions; it was renamed as Peer Review Areas that offer inspiration to the peer review parties. As the peer review areas and questions related to them might change over time (more often than the Guide) and they might require greater flexibility and options to include or omit some of them, it was suggested to have Peer Review Areas published on the CBC web site and not as firm part of the Guide itself. The Guide would only direct the reader and possible user to the CBC web site where the whole list of Peer Review Areas and pertinent questions would be published.

#### 4) Other issues:

##### Disseminate the peer review results

The broader and more detailed presentation of the peer review results weights for varied reasons largely on the internet use and is heavily depending on functional CBC web site. Therefore it might be achievable to disseminate the information and news on peer review within the INTOSAI community directly to their potential users targeting the key people from the individual SAIs.

##### SAI Performance Measurement Framework (SAI PMF)

The SAI of the Slovak Republic carried out the pilot testing of SAI PMF, using draft version 2.1 in 2013 and applied it for self assessment. At the Sub-Committee meeting in June 2013 in Bratislava it was agreed that the IDI will keep the Sub-Committee members informed on the progress on the SAI PMF. Presentation of the Slovak experience with the SAI PMF was to be delivered at the 2014 CBC meeting in Lima, Peru.

## V. The future tasks

The future tasks of Sub-Committee are defined in its Action Plan 2013 - 2016 (Annex 2):

- to continue to develop and update the peer review documentation;
- to continue to revise ISSAI 5600 according to the Due Process for INTOSAI professional standards with the goal to present it at INCOSAI 2016;
- to continue to promote peer review as a tool for quality assurance and capacity building within the INTOSAI community;
- to fulfil tasks arising from the conclusions adopted at the meeting in Lima.