

INTOSAI



**ISSAI 5600**  
**Peer Review Guide**

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**Consolidated draft**

**INTOSAI Professional Standards Committee**

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## 1. INTRODUCTION

- 1.1. The purpose of the INTOSAI guideline for peer reviews (ISSAI 5600) is to serve as a source of good practice and guidance to Supreme Audit Institutions (SAIs) on the planning, implementation and evaluation of peer reviews.
- 1.2. ISSAI 5600 is part of the fourth level (Auditing Guidelines) of the International Standards of Supreme Audit Institutions (ISSAI) Framework, where the Founding Principles constitute the first level, the Prerequisites for the Functioning of SAIs represent the second level and the Fundamental Auditing Principles (the INTOSAI Auditing Standards) make up the third level.<sup>1</sup>
- 1.3. This guideline was first adopted during the XXth INTOSAI Congress (INCOSAI) held in Johannesburg in 2010. It was conceived from the start as a living document that should be periodically revised and updated in order to continue to reflect the latest developments and examples of good practice in the area.
- 1.4. The task to review and update ISSAI 5600 was given to the Subcommittee on Peer Reviews which forms part of the INTOSAI Committee for Capacity Building. The Subcommittee is composed of the INTOSAI members from Bangladesh (Subcommittee Vice-Chair), Croatia, Estonia, European Court of Auditors, Germany, Hungary, Indonesia, Morocco, Slovakia (Subcommittee Chair), Sweden and USA.
- 1.5. This revised guidance builds on the original ISSAI 5600, in particular the initial framework of principles and examples of good practices that it contained. The structure and content of the guideline has, however, undergone significant change in order to reflect the feedback and suggestions received from INTOSAI members since its adoption in 2010. New guidance on key aspects of the peer review process has also been included.
- 1.6. Moreover, the Peer Review Checklist that was included as an appendix to the original ISSAI 5600 has been further developed and renamed “Peer Review Areas and Questions” (PRAQ). The new appendix provides an updated list of possible areas to be considered for peer review and questions that might be asked.

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<sup>1</sup> <http://www.issai.org/about-the-issai-framework/>

- 1.7. Due to the broad differences in SAIs' mandates, context and activities, ISSAI 5600 is a guide only and therefore may not cover all situations, types and areas of peer review. However, it aims to establish a common understanding of the purpose and nature of peer reviews, notably the principles involved and the options that may be followed, by the reviewed SAI and the peer review team.
- 1.8. Furthermore, ISSAI 5600 should be used in conjunction with other relevant ISSAIs – in particular, ISSAI 100 “Fundamental Principles of Public Sector Auditing” – with appropriate references made to the applicable standards when they are used as a basis within a review.
- 1.9. A range of peer review guidance and other relevant documentation is available from the Document Library of the INTOSAI Capacity Building Committee (CBC) website ([www.intosaicbc.org](http://www.intosaicbc.org)).<sup>2</sup> These include peer review agreements and reports provided by SAIs and which may serve as references or good practice examples to others. The Subcommittee continues to invite further submissions to supplement the existing documentation and would welcome any information on newly conducted or planned peer reviews.<sup>3</sup>

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<sup>2</sup> Go to <http://www.intosaicbc.org/document-library/?mdocs-cat=mdocs-cat-3>

<sup>3</sup> These should be sent to the Secretariat of the Capacity Building Committee ([CBCSecretariat@agsa.co.za](mailto:CBCSecretariat@agsa.co.za)).

## 2. DEFINITION

- 2.1. For the purposes of this guideline, the term “peer review” refers to an external and independent review of one or more elements of the organisation and/or operation of an SAI by a team of professional peers from one or more SAIs.<sup>4</sup>
- 2.2. A peer review is *not* an audit but an assessment and advice provided voluntarily by peers. The decision to undergo a peer review<sup>5</sup>, or to be involved in the peer review of another SAI, is always voluntary. The voluntary nature of a peer review is also reflected in all contacts and exchanges between the SAI and the peer review team during the course of the exercise.
- 2.3. The reviewed SAI is not bound to the conclusions and recommendations of the peer review team, and can decide, as appropriate and necessary, on how to use the results of the assessment. The fact that a peer review is carried out by external, independent professional peers provides an essential added level of assurance of quality and credibility to the process.
- 2.4. The purpose of peer reviews and framework to conduct them can and will vary, depending on the legal, professional, organisational contexts of the reviewed SAI, and the circumstances in which it operates. The specific objectives and scope of each peer review are determined on the basis of the needs and wishes of the reviewed SAI. This also implies that the objectives of any subsequent peer reviews of a SAI can vary as strategic priorities and organisational requirements change and evolve.
- 2.5. There is a large choice of areas of an SAI’s organisation or operation which can be selected for a peer review. They can vary in terms of focus and scale, and can range from assessing one or more audit processes, to reviewing specific organisational arrangements, functions or activities. A peer review will not normally include an assessment of the quality of individual audits, or provide assurance on their conclusions and recommendations.
- 2.6. For each peer review, the reviewed SAI agrees with the participating SAIs on the terms of reference, coverage and approach to be applied to the peer review. This agreement should be documented in writing before the peer review fieldwork starts. The agreement is normally formalised through a Memorandum of Understanding (see chapter 5).

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<sup>4</sup> The reviewing panel may also include experts from non-SAI institutions.

<sup>5</sup> This rule is based on ISSAI 10, the Mexico Declaration on SAI Independence. However, some SAIs have obligation to undergo peer reviews like the SAI of USA (GAO) or SAI of Indonesia based on nationally applicable standards.

### **3. STRATEGIC CONSIDERATIONS**

- 3.1. Engaging in a peer review involves considerable investment in terms of time, effort and resources for the reviewed SAI and for the SAIs providing the members of the peer review team. Any peer review must represent an efficient and effective use of these resources.
- 3.2. To ensure that the investment reaps worthwhile results, SAIs planning a peer review will benefit from having a clear view on the following:
  - purpose of the proposed peer review, including expected outcomes and benefits; and
  - focus and scope of the peer review, taking account of resources and constraints.

#### **Purpose**

- 3.3. It is advisable that an SAI considering undergoing a peer review first carries out a preliminary evaluation of the purpose, risks and the expected benefits to be derived from the initiative. This should help the SAI to define the focus, scope and approach of the peer review. It can also serve as an opportunity to start thinking about capacity and the type of expertise needed in the peer review team.
- 3.4. The great degree of freedom in the selection of the nature and type of peer review and the wide range of opportunities available makes it essential for an SAI to carefully consider the reasons for undergoing a peer review. The SAI should analyse how this undertaking would fit in its overall strategy and the expectations of its stakeholders. A peer review could, for example, be part of a regular review process or a precursor to introducing a new practice or system. It can also be in response to issues raised by stakeholders. Whatever the reason when deciding whether to carry out a peer review, the SAI needs to look carefully at the different options available to it to meet its needs and achieve the desired outcome.
- 3.5. For example, an SAI may seek to use the peer review to:
  - gain assurance on the extent to which it applies international and national auditing standards;
  - obtain an informed opinion on the conception and /or operation of one or more aspects of its practices and systems;
  - help it make informed decisions about how to enhance or improve the efficiency and effectiveness of different areas of its operations;

- receive ideas on how to strengthen specific audit approaches, methodologies and tools;
- identify ways to improve productivity and the quality of its work;
- benchmark internal practices against international best practices; and/or
- confirm or raise its credibility with stakeholders, through an independent endorsement of its organisation and operation.

3.6. An SAI may choose to include a “gap analysis” as an element of the peer review, identifying weak or missing elements and highlighting the potential areas for development of its organisation and audit practice. The results of the peer review can be used as a basis for developing a comprehensive strategic development plan and establishing priorities.

3.7. SAIs can benefit, at this stage, from gaining a good understanding of the principles, requirements and challenges of undergoing a peer review. This can include consulting SAIs who have undergone the process or contributed to a peer review. Moreover, documentation on peer reviews available on the CBC website provides useful reference material.

3.8. The SAI should also undertake sufficient internal discussion and agreement about the purpose and expected benefits of the proposed peer review. It is recommended that this is done before more detailed planning takes place, such as deciding on the precise scope of the peer review, the identification of partner SAIs, the timing of the peer review and the reporting format.

3.9. In parallel, an SAI should consider and address internal and external expectations about the proposed peer review. This includes timely and appropriate communication on the purpose and added value to be derived from the initiative, addressing internal and external audiences as appropriate.

3.10. In conclusion, the aim is to be able to make an informed choice about the type and coverage of peer review needed. The initial stages of conceptualising and defining the peer review should help maximise its potential as an important driver and incentive for organisational and professional development and improvement.

### **Focus and scope**

3.11. For a peer review to be as useful as possible, the decision on its precise focus and scope should be very much influenced by the reasons that prompted the review and its expected benefits.



3.12. Moreover, the SAI should also take into account the resources it has available to finance and support the review, and how these can be best optimised. For example, a peer review with a narrowly defined scope is likely to elicit very detailed and specific observations and recommendations from the peer review team. On the other hand, with a broad scope, the review is likely to take longer and absorb more resources, and may result in more general observations and recommendations.

3.13. This makes it necessary for the SAI to clearly define what exactly it plans to have reviewed, and the boundaries of the exercise. Possible areas or topics for inclusion in a peer review include:<sup>6</sup>

- approach to strategy and programming;
- operations and/or internal rules, manuals and processes in relation to international and national auditing standards;
- quality control approach and system;
- reporting methods and approach;
- relations with stakeholders;
- human resource management;
- communications and media activities; and
- management of administrative and support functions.

3.14. When defining the scope of a planned peer review, the SAI should also take into account key elements that define its mandate and activities (such as national laws and standards, national accounting requirements and public sector regulations, internal policies and rules as well as international standards). These issues must also be considered by the peer review team when defining the peer review approach, questions and criteria.

3.15. In conclusion, the SAI should ensure that the focus and scope of the peer review will result in it being useful and efficient.

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<sup>6</sup> For additional insights on what an SAI can focus on and cover in a peer review, one option is to consult the PRAQ document (Annex 1) which covers a number of areas and issues that may be raised in a peer review. Another option is to consider the CBC website which contains a broad range of practical documents made available by a number of SAIs.

## **Self-assessment**

3.16. Due to the nature of the peer review process and the likely publicity given to its findings, it is good practice for the SAI to precede the review with a self-assessment and initiate remedial actions before the review takes place. There are different self-assessment tools available (see table). A self-assessment can also be a useful means to help the SAI determine the focus of the proposed peer review. The peer review can then include an assessment of the adequacy of the corrective action being taken following the self-assessment.

3.17. In parallel, an SAI should also refer to the results of other completed internal assessments, inspections and control measures it has undertaken in the recent past in order to monitor progress and implementation, or for quality control purposes. The results of these assessments can provide additional relevant input for use when defining the focus and scope of the peer review.

## Examples of tools that can be used for self-assessments by SAIs

### ***The CBC Guide - Building Capacity in Supreme Audit Institutions***

The Guide (developed by the former CBC Sub-Committee 1) offers information on both SAI-specific and more generic assessment models. It also covers the issue of how to make the most from external assessment and what key considerations need to be taken into account when assessing capacity.

Refer to [www.intosaicbc.org](http://www.intosaicbc.org)

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

The PMF (developed by INTOSAI Working Group on Value and Benefits of SAIs) provides the basis for a high level assessment of SAI performance against established INTOSAI good practice:

- The ISSAI framework;
- The Framework on the Value and Benefits of SAIs;
- Other INTOSAI guidance material.

The PMF includes a combination of objective measurement and qualitative assessment methods. It aims to assess the value and benefits of the SAIs to society as well as their impact.

Refer to [www.idi.no](http://www.idi.no)

### ***IT Self-Assessment (ITSA)***

The IT self-assessment tool (developed by EUROSAI) aims to:

- contribute to the work of SAIs by ensuring the quality and performance of the SAI's own information technology (IT) environment and by promoting awareness of IT governance;
- develop the capacity of SAIs to meet their strategic goals through the use of IT (e.g. in relation to internal management, through more effective audits and by developing the skills of staff).

Refer to [www.eurosai-it.org](http://www.eurosai-it.org)

### ***IT Audit Self-Assessment (ITASA)***

The ITASA (also developed by EUROSAI) assesses the current and future maturity of the IT audit function in the form of a workshop setting. ITASA is not a performance evaluation though it provides an efficient evaluation of the current and desired *status quo* of IT audit as perceived by participants.

Refer to [www.eurosai-it.org](http://www.eurosai-it.org)

### ***ISSAI Compliance Assessment Tool (iCAT)***

The iCAT (developed by IDI) is a tool to assist SAIs in mapping their current audit practices to ISSAI requirements, so that they can identify their needs for ISSAI implementation.

Refer to [www.idi.no](http://www.idi.no)

### ***Capacity Building Needs Assessment***

The handbook (developed by IDI) provides a systematic and stepwise approach to assess capacity building needs in SAIs and outlines common models and theories.

Refer to [www.idi.no](http://www.idi.no)

### ***Institutional Capacity Building Framework Survey***

The survey (developed by AFROSAI-E) is used to facilitate self-assessments in relation to the institutional capacity building framework. The framework covers five institutional development areas: (1) independence and legal framework; (2) organisation and management; (3) human resources; (4) audit standards and methodology; and (5) communication and stakeholder management.

Refer to [www.afrosai-e.org.za](http://www.afrosai-e.org.za)

### ***The Pacific Association of Supreme Audit Institutions' (PASAI) Capability Model***

The PASAI Capability Model focuses on high-priority improvement actions that are likely to have the greatest positive impact; it has six levels and discusses supporting attributes for each level. Each preceding level is a 'foundation layer' upon which change efforts can be built. Improvement is thus staged and change is incremental.

Refer to [www.pasai.org](http://www.pasai.org)

## **4. PARTNERS AND RESOURCES**

### **PARTNERS**

- 4.1. The success of a peer review largely depends on the knowledge and experience of the peer review team. Generally, the peer review team members are provided by one or more SAIs, but work on an “ad personam” basis for the team. As such, the peer review does not bind the reviewing SAI(s), and neither is it formally approved by them in the same way as, for example, an audit report.
- 4.2. The selection of the peer review partner SAIs and team members depends, to a large extent, on the objectives, scope and expected benefits of the review, the type of reviewed SAI and language considerations. Experience shows that a SAI wishing to undergo a peer review should consider identifying the potential partner SAIs as early as possible, even up to two years before the peer review is planned to take place. This is particularly important for the lead reviewer (when selected by the reviewed SAI), who may be able to help in identifying other partner SAIs.

### **Important criteria when selecting partners**

- 4.3. Peer reviews can be conducted by staff from one SAI alone, or from several SAIs. A review with one SAI can be faster because there is no coordination needed between reviewing SAIs. On the other hand, having a broadly-based reviewing team can be of particular benefit through the different perspectives and skills that are brought together for the peer review. A broad-based review team also helps share the resource burden among partner SAIs.
- 4.4. Before inviting potential partners to provide reviewers, the reviewed SAI may consider a number of criteria such as:
  - Relevant expertise and experience in the areas to be covered by the peer review;
  - Previous experience with peer reviews;
  - The preferred professional background of the individual peer reviewers, particularly when specialisation is required;
  - Sufficient resources (both quantitative and qualitative) for carrying out the proposed peer review;

- Language skills, as they have significant practical implications for interviews and translation needs;
- Organisational structure. It can be an advantage to be peer reviewed by SAI(s) with a similar structure (collegiate, court or auditor general model), but it can also bring added value to be reviewed by SAI(s) that have a different perspective;
- Geographical distance. A culturally different perspective can be an advantage, but geographical distance may also lead to increased costs and organisational complications (different time zones);

Overall, the peer review team should provide an appropriate balance and mix between culture and expertise, sufficient for an efficient and effective review.

- 4.5. Reciprocal peer reviews – two SAIs reviewing each other’s practices on an alternate basis – should be avoided as it may be seen to influence the objectivity and independence of the respective teams.
- 4.6. Once the potential partner SAIs have been identified, it is good practice for the reviewed SAI to make informal contact with each, providing outline details of scope, timetable and cost considerations in order to establish whether a formal invitation is likely to be accepted. The informal nature of these first contacts gives the flexibility to enable other potential partners to be contacted in the case that negative replies are received.
- 4.7. When there is more than one reviewing SAI, a lead reviewer should be nominated to lead and co-ordinate the process. The lead SAI usually has a greater resource commitment due to the additional work involved. The identification of the lead reviewer is a matter of common agreement among the peer review participants. It can be done by the reviewed SAI, or be left to the peer review team. The lead reviewer should be mentioned in the Memorandum of Understanding (see chapter 5).

## **RESOURCES**

- 4.8. A peer review involves often considerable investment of human and financial resources, both for the reviewed SAI and the partner SAIs participating in the review. Human resource aspects should be carefully planned to ensure that the process is effective and efficient.

## **Plan human resources early**

- 4.9. The number, functions and profiles of the reviewers to be provided by the partner SAIs should be identified as early as possible. When selecting peer review team members, the partner SAIs should ensure the team contains the required skills, such as specific technical experience and language knowledge.
- 4.10. When setting-up the peer review team and planning the timing of visits, it is important to take into account the availability of the team as well as of the staff and management at the reviewed SAI. There should be an early coordination of availabilities when setting the peer review timetable.
- 4.11. It is recommended that the reviewed SAI sets up an internal team to coordinate the peer review process and to serve as contact point and support for the peer review team. This can include obtaining documents, setting up meetings internally and with stakeholders, administrative support, logistical help, etc..

## **Consider who should bear the costs**

- 4.12. The full costs of a peer review can be significant when all elements are included (translation, travel, accommodation, etc...). The reviewed and partner SAIs should decide as early as possible how the peer review is to be financed and the costs shared.
- 4.13. Different options are available for cost sharing, including:
- each of the SAIs involved bear their own costs;
  - the reviewed SAI finances the direct additional costs of the peer reviewing team (travel, per diem, etc...) as well as the other costs linked to the review (translations, etc.);
  - the peer review might also be supported and funded by donors or international organisations in accordance with the INTOSAI principles of independence.
- 4.14. When addressing cost issues, all parties should involve their respective travel and accounting units to safeguard compliance with internal rules and regulations.

## **5. MEMORANDUM OF UNDERSTANDING**

- 5.1. A peer review is a voluntary project based on mutual trust. The Memorandum of Understanding (MoU) is an agreement between the reviewed SAI and the partner SAIs participating in the review. It governs rights, the responsibilities and obligations of those involved and sets out the key elements of the peer review (scope, approach, timing, deliverables, etc.). The MoU should be as detailed as necessary and as short as possible. It should not constitute a detailed peer review plan (see chapter 6).
- 5.2. The MoU should be agreed by all partners and is generally signed by the head of the reviewed SAI and the head of the SAI taking the lead reviewer role. Alternatively, all partners can sign.
- 5.3. The following headings provide an indication of the issues that can be covered in a peer review MoU. They are given as a guide only, and can be more comprehensive or less detailed, depending on the circumstances.

### **WHY – Context of the peer review and its expected benefits**

- What are the reasons for the peer review?
- What role does the peer review play in the overall strategy of the reviewed SAI?
- Is the peer review linked to another initiative?
- Was the peer review requested by a stakeholder?
- What are expected benefits of the peer review?

### **WHAT – Objectives focus and scope of the peer review**

- What will be reviewed?
- Are there any specific limitations to the scope?
- What are the peer review questions (and sub-questions)?
- Possible relation with any self-assessment by the reviewed organisation.

(Note: The WHAT section is a very important part of the MoU. The formulation of precise review questions is necessary to ensure a common understanding of the peer review focus and scope and to help align the expectations of all parties.)

### **WHEN – Timetable**

- When will the peer review start?
- What are the important milestones?
- When are the draft and final peer review reports due?

### **WHO – Human resource issues**

- Which SAIs will be providing members of the peer review team?
- Which SAI has been assigned the lead role in the peer review?
- What specific skills and experience are required for the peer review team?
- Are any outside experts required?

### **HOW – Roles and responsibilities**

- What are the respective roles and responsibilities of the reviewed SAI and the peer review team?
- What confidentiality rules apply?
- What specific (legal) requirements of the reviewed and reviewing SAIs should be brought to the attention of all partners?
- What are the rules and requirements for the reviewed documentation in terms of access, handling and archiving?
- What support will the reviewed SAI provide to the peer review team, such as for contacting external stakeholders?

### **HOW MUCH – Cost implications**

- Who will cover the travel, accommodation and other incidental costs?
- Is there an overall ceiling for the travel cost or a maximum number of travel days to be respected?
- What is the procedure for refunding expenses incurred during the review?
- What other costs will be incurred (e.g. translation) and who will cover them?

### **OUTPUT – Peer review report**

- What language will the report be written in and will it be translated into other languages?
- What clearance procedure is envisaged?
- Will the final report (or part of it) be published? If so, how?
- Will the recommendations be prioritised and timed?



5.4. Once the MoU has been signed and the peer review has started, certain assumptions might change or external events occur which affect the review. The peer review partners should therefore include the possibility of reviewing the MoU during the process, particularly when a key element of the MoU could be affected. If the need for a revision is recognised by all partners, a modified MoU should be drafted and adopted in the same way as the original document.

## 6. PLANNING

6.1. Following the signature of the MoU, it is advisable that the peer review team prepares, on the basis of the agreement made, a detailed plan setting out the approach and steps to be followed during the review process. The plan should document:

- key decisions and underlying assumptions;
- the envisaged schedule of activities and tasks to be undertaken;
- milestones to be met;
- human and monetary resources required for each action;
- the deliverables expected at each stage; as well as
- possible critical risks and mitigating measures.

The detail contained within the plan will depend on the complexity of the task and the needs of the reviewed SAI and the peer review team.

6.2. Peer review planning can benefit from using appropriate planning tools and techniques to sequence tasks, assign work and manage the team (e.g. Gantt charts). Good practices include identifying and plotting the critical path of the planned assignment (e.g. with the earliest start dates, expected duration and other dependent tasks) and integrating buffers in the planning to anticipate potential delays or slack time in peer review execution. SMART objectives<sup>7</sup> can also be defined to facilitate overall monitoring and tracking of progress by senior management. A budget should also be prepared and followed to ensure that costs and other resources remain within the estimated or expected levels.

6.3. Needless to say, the plan should be finalised and agreed with all the members of the peer review team and the SAI being reviewed, at least before the start of fieldwork. The document should also be kept updated in order to ensure efficient and effective project management and monitoring of progress. The plan can also serve to facilitate communication between the SAIs and within the peer review team by providing a basis on which to coordinate and manage activities and changes.

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<sup>7</sup> S.M.A.R.T. stands for **S**pecific, **M**easurable, **A**ssignable/Agreed, **R**ealistic, **T**imebound. Source: *Doran, George T. "There's a S.M.A.R.T. way to write management's goals and objectives." Management Review pp. 35 and 36 (Nov. 1981)*

6.4. Similar to any other plan a SAI would prepare before the start of an audit or the launch of a project, the plan for the peer review should aim to address the following questions about the organisation, execution and management of the assignment: **WHAT?**, **HOW?**, **WHO?**, **WHEN?**, and **HOW MUCH?**. It should provide further detail on considerations set out in the MoU (see chapter 5). Some of the main issues and challenges underlying each of these questions are explored further below:

**WHAT** implies carefully identifying all the areas that need to be covered and providing a breakdown of the planned tasks and activities to be undertaken. This is also dependent, in particular, on *how* the peer review team plans to conduct its work and *what* resources are available for the review.

**HOW** should cover the approach and methods chosen by the peer review team. Typically this could include a combination of the following: desk reviews, interviews, focus groups, observations, surveys and questionnaires. The choice of method will depend on *what* is to be covered in the peer review, *what* is expected from the exercise, *when* the assignment is expected to be completed, *what* resources are allocated to the peer review, *who* will be conducting the peer review, *who* will be participating from the reviewed SAI and its stakeholders, as well as on the *modus operandi* and structure of the reviewed SAI.

**WHO** requires completing the list of persons who will be involved during the different stages of the peer review and defining their responsibilities. The peer review team members must be carefully selected and adequately prepared for their tasks (*what* and *how*). Staff of the reviewed SAIs should also be appropriately informed about the peer review and arrangements made for the conduct of the fieldwork, particularly if they may be required to interact with the peer review team (*when* and *who*). The same applies for external stakeholders who may be approached or interviewed as part of the peer review.

**WHEN** denotes creating appropriate timelines for each step of the peer review, ensuring in the process that all planned tasks are listed and properly scheduled, and that the required persons are available. All the milestone completion dates up to the finalisation of the peer review should be agreed and documented. The peer review team should monitor these timelines and ensure that all the planned work can be completed by the stipulated deadlines. Sufficient time should be allowed for the collection of the required supporting documentation as well as for drafting and clearing the final report.

**HOW MUCH** refers to the estimated total cost of the review and how each participation and task will be financed and by whom. The principles should be set out in the MoU and the costs duly committed in the respective budgets of the SAIs involved.

- 6.5. In addition, when considering the above questions, both sides (i.e. the peer review team and the reviewed SAI) should carefully assess whether there is:
- anything that would materially hinder or even prevent the achievement of the peer review objectives, such as: limited access rights to information; unavailability of key staff of the reviewed SAI and the peer review team members during critical fieldwork dates; or an unforeseen lack of particular skills or expertise required for the review;
  - any need to set up contingency plans, particularly for risks which are considered by the peer review team as particularly likely to occur and which could have a decisive impact on the peer review process.
- 6.6. During planning, attention should be given to preparing an outline of the peer review report. It is recommended that the peer review team already formulates at this early stage the report's structure and outline content, and creates links with the planned peer review tasks and questions. This will help to ensure that all key aspects of the review are adequately covered during fieldwork, and will also facilitate the detailed drafting of the peer review report when fieldwork is completed.
- 6.7. In conclusion, the planning for the peer review should ultimately serve as a means for ensuring that the assessment remains focused on the core issues, the project is adequately defined and resourced, the process is concluded on time and on budget, and the final report is objective, complete, clear, convincing, relevant and accurate.

## 7. FIELDWORK

- 7.1. The fieldwork stage of the peer review process involves gathering the essential evidence to support the peer review observations, as well as analysing the findings. Fieldwork should follow the plan developed by the peer review team and agreed with the reviewed SAI. It should also reflect any adjustments made to the plan during the course of the review due, for example, to changes in the scope or problems in gathering supporting evidence.
- 7.2. Attention should also be given, before the start of fieldwork, to ensuring that individual team members clearly understand their responsibilities and expected roles. This is particularly important given the sometimes *ad hoc* and complex nature of peer reviews. Furthermore, as the peer review team is unlikely to have worked together before, it is important to ensure that every task is adequately identified and properly assigned<sup>8</sup>.
- 7.3. Moreover, given that the objectives of a peer review fundamentally differ from those of an audit (see chapter 2), it is important to ensure that all members of the team act accordingly and are not drawn into treating the assignment as an audit or the SAI being reviewed as the auditee. For example, it is normally not necessary in a peer review, unless specifically agreed as part of the approach, to corroborate evidence with substantive testing (as would be required for an audit). Walk through tests can often be sufficient to gain an understanding of processes, rather than detailed tests of controls. Information gathered from interview does not necessarily need to be formally corroborated.
- 7.4. That said, several standard audit steps and approaches can be usefully applied to peer reviews. For example, during fieldwork the peer review team needs to:
- obtain sufficient understanding of the reviewed SAI and its environment;
  - define the procedures to be used to collect and analyse information and data;
  - collect facts and evaluate feedback;
  - be open-minded to different views and arguments;

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<sup>8</sup> The RACI matrix chart, typically used in projects or assignments to describe participation by various roles in completing tasks or deliverables can be especially useful in clarifying roles and responsibilities and fostering teamwork for a peer review assignment. It plots one a matrix those who are **Responsible** to do the work to achieve the task; those who are **Accountable** and ultimately answerable for the correct and thorough completion of the deliverable or task; those who need to be **Consulted** and with whom there is two-way communication; and finally those who need to be **Informed** and kept up-to-date on progress in the form of one-way communication.

- maintain an objective and unbiased attitude to the information being presented;
- exercise professional judgement to determine whether the gathered evidence is sufficient and sound enough to conclude on the examined issues and make useful and relevant recommendations;
- consult all key parties involved;
- use persuasive arguments (as in the case of performance audits) to point toward a specific conclusion and the resulting recommendation (in contrast to the conclusive “right/wrong” nature of many financial and compliance audits);
- keep appropriate supporting documentation and analytical notes; and
- draft and discuss findings and observations as a basis for the report.

7.5. Despite these similarities with auditing, the peer review team has greater leeway in conducting its work and exploring different ways the reviewed SAI can further develop and improve. The non-prescriptive nature of peer reviews also means that the reviewing team can manoeuvre more freely during fieldwork and consider less rigorous criteria for assessing the SAI. For example, in a peer review, the team may question and judge what the reviewed SAI wants to achieve, why has it chosen to do things in the way it does, what other options have been considered, whether the right things are being done, what can be improved and how.

7.6. At the start of fieldwork, an introductory formal discussion should be held between the responsible officials in the reviewed SAI and the peer review team. The purpose of this meeting can be to exchange information on matters such as:

- the agreed terms of reference, including the focus and scope of the peer review and any changes since;
- any new developments and related issues;
- timetable and the work to be done;
- list of interviewees/targeted respondents inside and outside the reviewed SAI;
- matters related to access to documentation, information systems and staff;
- translation or interpretation requirements;
- logistical and liaison coordination;
- expenses and reimbursement rules;
- envisaged timeframes and milestones; and
- arrangements for reporting and clearance.

7.7. The peer review leader should also maintain regular contact with the leadership of the reviewed SAI and keep them appropriately informed and updated on the progress of the peer review. Any significant change in scope and approach should be immediately discussed and agreed with the reviewed SAI. Moreover, it could also trigger an update to the peer review and, if necessary, the draft report outline.

7.8. In conclusion, peer review fieldwork is based around three main aspects:

- *Information gathering:* This includes the collection of data and documentation from the reviewed SAI and its stakeholders;
- *Analytical work:* This includes any assessments, data analysis and case study evaluations done by the peer review team on the issues being examined; and
- *Communication:* This is maintained throughout fieldwork and reporting, as different observations, findings, arguments and perspectives arising from the peer review are identified and shared.

## **8. REPORTING**

- 8.1. The reporting phase of the peer review includes the preparation of a draft report, clearance of the findings, conclusions and recommendations with the reviewed SAI, the receipt of written comments and the preparation of the final peer review report.
- 8.2. The peer review report is the main output of the peer review process. Its purpose is to:
  - a) present the objectives, scope and nature of the work done and the rationale behind them;
  - b) communicate clearly and objectively the main observations and conclusions resulting from the peer review;
  - c) make practical and relevant recommendations on areas where there is scope for further improvement; as well as
  - d) serve as a useful baseline against which improvements or changes made by the reviewed SAI can in the future be benchmarked and followed up.
- 8.3. It is good practice to publish the results of peer review as this reflects the SAI's commitment and willingness to be accountable and transparent about its operations and activities.
- 8.4. The target readership of the peer review report is the reviewed SAI as well as key stakeholders and interested parties (e.g. Parliament, media, citizens, government, nongovernmental organisations and other SAIs). The credibility of the report will, to a large extent, depend on its quality and presentation. The standing and reputation of the reviewed and reviewing SAIs could be undermined if the final report is poorly conceived or drafted.
- 8.5. In order to achieve a high quality report, it is important that sufficient attention is given by the peer review team to the following criteria for reporting: objective, concise, relevant, clear, complete, convincing, accurate and constructive.
- 8.6. The peer review team must put in place appropriate internal control checks and measures in order to ensure that the final report meets these standards. Responsibility for drafting the report often lies with the lead reviewer. Planning for the report should start during the overall peer review planning (see chapter 6). Moreover, the drafting process should be iterative, with the draft versions of the report being reviewed, changed and improved in steps until the document is ready for presentation to the reviewed SAI.



- 8.7. The final peer review report should set out the most relevant and significant observations, conclusions and recommendations in a clear and logical manner. The same guiding principles rules and best practices normally applied in SAIs to, for example, performance audit reporting, should also be applied to peer review reports. The peer review report is usually composed of the following elements:
- Executive Summary (with succinct, clear and accurate presentation of what is in the report, focusing on the most critical observations and conclusions);
  - short *Introduction and Background Information*;
  - key information on the *Peer Review Objectives, Scope and Approach*;
  - *Observations* (this is the main body of the report and can be presented in more than one chapter. It is important that the results are presented in a way that they help the reader to follow the argument flow); and
  - *Conclusions and Recommendations*, providing clear answers - conclusions - to the objectives set for the peer review as well as related practical recommendations for improvement.
- 8.8. Other relevant information may be provided in annexes to allow the body of the report to focus on the key points. Carefully chosen diagrams, graphs, data and pictures can improve readability and make it more attractive to the reader. The final presentation of the report may depend on other factors such as the standard style normally followed by the SAI of the lead reviewer, national or regional preferences as well as relevant regulations or national standards.
- 8.9. The final draft report should be presented to the reviewed SAI's internal team, inviting comments and suggestions. This part of the process is typically concluded with one or more final clearance meetings. It may also be agreed that the reviewed SAI will provide a written response to the observations and recommendations set out in the peer review report. These responses can be published.
- 8.10. The indicative milestones and timelines for the drafting and finalisation of the peer review report are normally specified in the MoU (see chapter 5). The report is usually signed by the respective heads of the participating SAIs. The peer review report often contains the names of the peer review team members and sometimes their signatures. These practices can vary.

8.11. Once the final report is completed and published, the peer review leader – subject to prior agreement with the reviewed SAI - can take the opportunity to send a copy to INTOSAI, along with any best practices and ideas on how to further refine this or other ISSAIs. This agreement can be, for example, set out in the Memorandum of Understanding.

## **9. IMPLEMENTATION OF RESULTS AND FOLLOW-UP**

- 9.1. It goes without saying that it is at the discretion of the reviewed SAI to decide on the extent to which the peer review recommendations are to be implemented. An action plan may also be included as part of the written response that the reviewed SAI provides to the peer review team or published as part of the final report.
- 9.2. When preparing recommendations it may be useful for the peer review team to rank or classify them according to different criteria, such as:
- relevance of the recommendation (from the viewpoint of the reviewed SAI);
  - expected time horizon for implementation (in the short, medium and long term);
  - whether the recommendation can be implemented by the reviewed SAI directly or whether its implementation requires, for example, legislative actions. This can be the case with recommendations that aim to strengthen or reinforce an SAI's independence.
- 9.3. The implementation of the accepted peer review recommendations can be carried out as a stand-alone project, or by assigning the responsibilities to the managers or employees responsible for the activities or operations in question. As in all other initiatives where change or improvement is being sought, the assigned actions should also include respective deadlines for completion. Progress can also be tracked through periodic reporting to the SAI's leadership.
- 9.4. It is good practice for the reviewed SAI to systematically report (in its annual report or other appropriate medium) on the progress being made to implement the accepted peer review recommendations.
- 9.5. The reviewed SAI might also request the peer review team to verify the extent to which recommendations have been followed after an agreed time (e.g. one, two or three years), depending on the level of importance and significance of the recommendation). After the verification, the team may prepare a further report on the degree of implementation of the recommendations as well as on possible updates to the original recommendations. Especially in those cases in which the first peer review results had been published, it is good practice for the results of the follow up peer review to be also published, in the interest of transparency and accountability.