INTOSAI Capacity Building Committee

Sub-Committee on Peer Review

Report

to the INTOSAI CBC Steering Committee

Stockholm, Sweden
September 2015

Supreme Audit Office of the Slovak Republic (SAI of Slovakia)

e-mail: info@nku.gov.sk

Annexes

1) E-mail peer review survey 2015 questionnaire
2) ISSAI 5600 revision milestones

I. Tasks

The INTOSAI Strategic Plan 2011 – 2016, Goal 2, sets the *Sub-Committee for Peer Review* tasks as to:

a. continue to assess and document existing peer review arrangements in the INTOSAI community;

b. continue to foster an environment where voluntary reviews are seen as beneficial to all peer reviewing and reviewed SAIs and establish mechanisms for initiating peer reviews;

c. update the CBC guidelines on peer reviews and the developed checklist on the basis of the experience of SAIs and provides further good practices on voluntary peer reviews;

d. disseminate the results of peer reviews, as appropriate and as agreed by participating SAIs.

II. Members, cooperating organisations and partners

Members to date (14):

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

Cooperating organisations (3):

IDI, OECD, SAI of Switzerland

III. *Sub-Committee* meetings

The *Sub-Committee* meetings up to date:

- 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 (as part of CBC yearly meeting)

IV. Current status

The Supreme Audit Office of the Slovak Republic (SAO SR) is the INTOSAI CBC´s *Sub-Committee on Peer Reviews (Sub-Committee)* Chair since November 2012. It predecessor was SAI of Germany chairing *Sub-Committee* in 2006 – 2012. The *Sub-Committee* discharges 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.

Since the SAS of Slovakia became the *Sub-Committee* Chair in 2012, SAIs of Indonesia and Peru joined the *Sub-Committee*.

The Sub-Committee has also established the ISSAI 5600 revision Task Group (TG) that comprised representatives from SAIs of Germany, Hungary, Poland and Slovakia,. The TG met at least once a year in 2013 and 2014. Following the changes in CBC work format in 2014, the TG came to electronic communication instead of face-to-face meetings.

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

As of August 2015, the *Sub-Committee* is informed about **87 completed, ongoing or planned peer review projects**. The increase by 35 projects since XXI INCOSAI 2013 was mainly due finding the peer review reports unknown / unpublished so far.

The peer review documentation collected and published on CBC web page (http://www.intosaicbc.org/document-libraray/?mdocs-cat=mdocs-cat-3) currently comprises of 48 peer review reports (39 in English, 4 in Spanish, 3 in German, one in French and one in Russian), 8 Memoranda of Understanding, and other varied materials.

language	number of reports	number of MoU
English	39	5
French	1	x
Russian	1	x
German	3	2
Spanish	4	1
total	48	8

To continuously manage and develop peer review documentation, the *Sub-Committee* carries out an e-mail global survey. The recent e-mail survey was 3rd in *Sub-Committee* history. Some facts and conclusions arising from the survey:
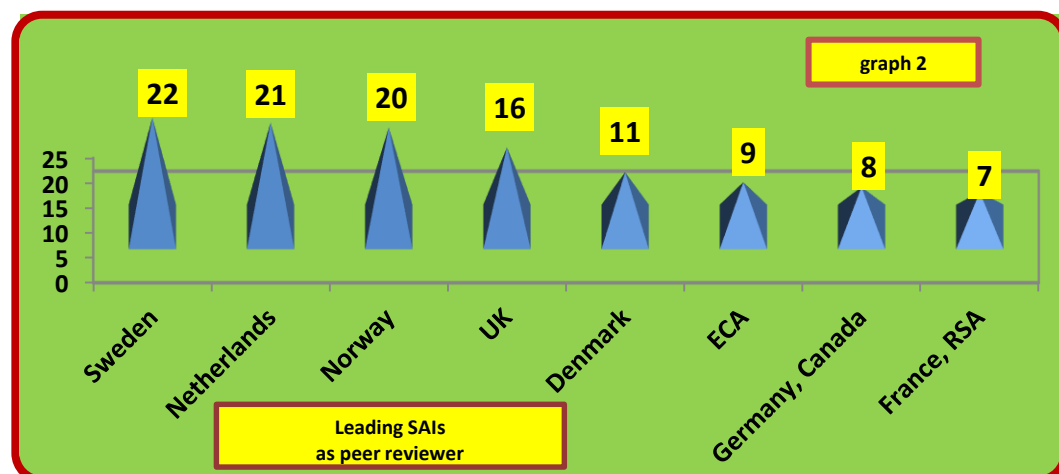
A. Peer review survey process and facts

1. The survey was accomplished between January and April 2015.
2. The INTOSAI members were delivered a questionnaire via e-mail (see Annex 1).
3. INTOSAI members without web page: 38. The figure means almost 20% SAIs form the INTOSAI community without any web page.
4. More SAIs have e-mail contact than their respective web page.
5. There were two INTOSAI members without any e-mail contacts.
6. An assumption can be generated that the questionnaire was sent and received at 177 SAIs.
7. The *Sub-Committee* registered 72 replies e.g. rate of return was around 41 %

B. Peer review survey findings

1. As of April 1st, 2015, in total **85 peer reviews conducted since 1999** were known to *Sub-Committee*.
2. **The increase by 19 projects since the survey in 2014** was not only due to the new projects but also managing to collect the reports from the past not available so far.
3. There are **68 peer review related documents** (reports, memoranda and others) at the CBC web site http://www.intosaicbc.org/, in the document library. This number breaks further down to 48 reports and 8 memoranda.
4. **The largest number of peer reviews** was conducted in 2012 – sixteen. The second year in numbers was 2014 when fifteen peer reviews were recorded. No peer reviews were registered in the 2002 and 2003.

5. **Altogether 49 SAIs as peer reviewers** were involved in peer review projects during the period 1999 – 2015.
6. Selected facts from the survey
   - In period 1999 – 2015 there were **5.1 peer reviews per year** recorded in average.
   - In total, **49 SAIs were engaged as peer reviewer** (25% of INTOSAI membership).
   - A peer **reviewing team was composed from 3.5 SAIs** on average.
   - **Average number of the staff from reviewed SAI** directly involved in the peer review: **10.8;**
   - **Average number of the staff from reviewing SAIs** directly involved in the peer review: **5.7**;
   - **Average number of days spent by the peer reviewing team** at the peer reviewed SAI premises: **14.2 days**;
   - **Topics and scope of the peer review varied widely according to the peer review goal**.
   - **Recommendations ranged from few to several dozen** depending on the topics and depth of the given peer review and generalisation would be difficult;
   - **Follow-ups** by the peer reviewing team (regardless if by the original team or not) **were seldom**;
   - **ISSAI 5600 and Checklist were used** primarily for constructing MoU, planning and selection of the questions used for peer review. Also national auditing standards, SAI PMF were used; sometimes other tools for peer review were used in combination with ISSAI 5600 – like other ISSAIs, AFROSAI E checklist/Handbook on Quality Assurance.

7. Since 1999, **the most reviewed SAI was GAO US** – it was reviewed 4 times. However, it should be noted, GAO is compelled to undergo a peer review every third year according to national standards. Another five SAIs were peer reviewed three times: Canada, Lithuania, Estonia, Indonesia and Poland and also it was the case with ECA. Eleven SAIs were reviewed twice, and another 43 SAIs were peer reviewed once.

8. **SAI of Sweden was involved in peer review as peer reviewer 22 times**, followed by Netherlands 21 times, Norway 20 times and UK 16 times. These four SAIs accounted for **79 participations in the peer review process as peer reviewing entity**, e. g. **40 %** of all engagements.

9. **Topics and scope of the peer review varied widely** according to the peer review goal. They were like: management and organizational setup (core audit, administrative and management functions); legal framework; audit methodology, standards and manuals; planning and quality control; assessment of reviewed SAI strategic and operational planning, quality management, etc.

10. Number and types of recommendations also varied widely according to the peer review goal and findings. They ranged from several recommendations to many dozens, from very specific to more general. The recommendations from the individual peer review have to be taken within the given peer review framework and circumstance.

11. Soliciting for peer reviewing SAIs – several SAIs responded to a call to express their willingness to be included in the list of SAIs that would engage in peer review in INTOSAI community as peer reviewing entity. The 18 SAIs that gave positive answer are in the table below:

WORKING GROUP	SAI	Field the SAI could be interested to be engaged as peer reviewer
EUROSAI	ESTONIA	• to be determinated/not specified in the questionnaire; • not as a leader
	FRANCE	• Yes, but it depends on SAI availability and on its programs.
	LATVIA	• Financial audits
	LITHUANIA	• Management and organisation; • Audit methodology; • Standards and manuals; • Planning and quality control; • Communication practises.
	GEORGIA	• Introduction of Financial Audit Methodology; • Risk Based Audit Planning; • Quality Assurance System.
	NETHERLANDS	• all areas, e .g. in management and organisation; legal framework; audit methodology, standards and manuals; planning and quality control, etc.
	SLOVAKIA	• management and organisation • planning • audit methodology • quality assurance system • human resources
OLACEF	HONDURAS	• yes, but in 2016, not in 2015 • audit methodology, management and organization, planning and quality control.
ASOSAI	INDONESIA	• management and organisation • planning and quality control • internal governance • audit methodology • standards and manuals
	KAZAKHSTAN	• management and organisation; • audit methodology; • standards and manuals; • planning; • quality control.
	MALAYSIA	• Yes. Operational level
	VIETNAM	• Legal framework; • Organisation; • Audit Planning; • Quality control.
ARABOSAI	LYBIA	• Independence , legal framework
	MOROCCO	• management and organization; • legal framework; • audit methodology, • standards and manuals; • planning and quality control, etc.
	IRAQ	• Within the framework of the development of the audit work in accordance with international standards.
AFROSAI E	SUDAN	• legal framework • audit methodology
	ZAMBIA	• Audit Standards and Methodology • Communication and Stakeholder Management • Planning • Quality Control • Audit Manuals • Human Resources
PASAI	CNMI (Commonwealth of the Northern Mariana Islands.)	• audit methodology.

12. The Survey Report was widely disseminated in to INTOSAI community – to all INTOSAI members, regional working groups´ secretariats, INTOSAI JOURNAL of Government Auditing, etc. on May 15th, 2015.

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

In order to promote voluntary peer review concept and general knowledge about it, the *Sub-Committee* informed the INTOSAI community members and other interested parties on the progress made in the *Sub-Committee* work on the ISSAI 5600 revision, e-mail survey results and other peer review related topics at the following occasion:

INTOSAI Journal of Government Auditing:
- April 2015 edition, INSIDE section – an article titled *Capacity Building Committee – Subcommittee on Peer Review* where, among other things, the INTOSAI community members and the JOURNAL readers were informed about the SAI of Slovakia President´s letter contained in the global survey e-mail. The letter was addressed to all SAIs heads and underlined importance of the peer reviews and highlighted an item in the survey questionnaire that was calling upon the SAIs heads to express their wish to have recipient SAI included in a list of potential reviewing SAIs. The corroborated list was eventually passed onto the INTOSAI General Secretariat for potential use in the global peer review on SAIs independence (more on the topic below).
- July 2015 edition – an article titled *Results of annual peer review survey* (July edition unpublished at the time of writing this report on August 21th, 2015).

66th INTOSAI Governing Board
- November 2014 – head of SAI of Slovakia delegation presented GB with the report of the *Sub-Committee to promote best practices and quality assurance through voluntary peer reviews*.

IIA (Institute of Internal Auditors, Slovak Chapter)
- September 2014 – presentation on theme *ISSAI 5600 – Its Application and Benefits*

CBC web – published articles
- January 2015 - an article titled *Peer review brings changes and results in excellence;*
- May 2015 – an article titled *Results of annual peer review*

7th GT1 EUROSAI meeting
- February 2015 – presentation made on status quo of the *Sub-Committee on Peer Review,* namely the global peer review survey 2014 and progress on ISSAI 5600 revision.

INTOSAI General Secretariat and SAI of Austria project – Global peer review on independence
- at the kick-off meeting, SAI of Slovakia representatives introduced the project team to:

> - the *Sub-Committee* experience and knowledge from the global surveys on peer review;
> - status quo and progress on ISSAI 5600 revision;
> - SAI of Slovakia experience with peer review as the leader of the SAI of Latvia peer review 2015.

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

In 2010, the XX INCOSAI endorsed the Peer Review Guide with Checklist as ISSAI 5600. The Guide was translated into all INTOSAI official languages and also some other working versions were made (in Bengali, Hungarian, Mandarin, Portuguese, and Slovak).

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 that would reflect the issue of peer review development and experience gathered in the INTOSAI community.

The revised ISSAI 5600 structure:

chapter	present ISSAI 5600	chapter	revised ISSAI 5600
preface	preface		X
1	Introduction	1	Introduction
2	Definition	2	Definition
3	Initial consideration	3	Strategic consideration
4	Peer review agreement (MoU)	4	Partners and resources
5	Preparation and conduct	5	Memorandum of Understanding
6	Follow-up and Evaluation	6	Planning
		7	Field work
		8	Reporting
		9	Implementation of results and follow-up
	glossary of terms		X
pages	46		Guide - 27 PRAQ - 27

The Checklist was renamed as Peer Review Areas and Questions (PRAQ) that offer inspiration to the peer review parties. PRAQ is to be suggested by the *Sub-Committee* as an annex to the ISSAI 5600.

The ISSAI 5600 underwent complete reconstruction, especially its contents and was heavily amended. The draft being presented to CBC Steering Committee at Stockholm meeting 2015 was reworked several times and especially the Court of Auditors provided valuable and irreplaceable advice and hands-on contribution. The presented draft is deemed by the *Sub-*

Committee practical, reader friendly with clear and easy follow structure as well as encompassing the latest knowledge and development in the peer review field from among the INTOSAI community and individual members.

In August 2015 the Working Group on Values and Benefits of SAIs (SAI of Mexico) was recipient of the updated Glossary of Terms with new entries that stemmed from the revised ISSAI 5600.

V. The conclusions, recommendations and future tasks

The Steering Committee is informed about t*he Sub-Committee* conclusions, recommendations and future tasks, namely that Sub-Committee is to:

1. continue to revise ISSAI 5600 according to the Due Process for INTOSAI professional standards with the goal to present it at INCOSAI 2016 (see Annex 2 for the milestones);

2. propose the INTOSAI bodies, regional working groups and the whole INTOSAI community to hold a global conference/workshop with peer review as topic (possible theme *Good practice for conducting peer review)* that would sum up the status quo and further discuss the issue after the revised ISSAI 5600 adoption at the XXII INCOSAI, providing adequate interest would be shown by the professional community;

3. continue to develop and update the peer review documentation through global peer review surveys;

4. address the Secretariats of the Regional Working Groups to turn to their member to share peer review documentation with the rest of the INTOSAI community on CBC web page as the peer review documentation available to *Sub-Committee* is fairly skewed towards documents in English;

5. address the Secretariats of the Regional Working Groups and all (historically) advanced SAIs and regions outside EUROSAI to become more forthcoming in their engagement as possible per reviewing SAI as the survey results showed regional imbalance when four SAIs made up almost 40% of all SAIs engagements as peer reviewing entity and only 18 SAIs (11% of INTOSAI membership) did openly put forward this willingness to offer their capacity as possible peer reviewing SAI;

6. continue to promote peer review as a tool for quality assurance and capacity building within the INTOSAI community in hands-on position (like in the above INTOSAI global survey on independence and its report assessment in 2016) and wider professional audience (like IIA Slovak Chapter Conference in October 2015 with presentation *Peer review as global assessment tool of SAIs activities*);

7. draw INTOSAI community´s attention to the fact that 20% of the SAIs have no web page.

8. The Sub-Committee proposes to the CBC Steering Committee to endorse the ISSAI 5600 and its Annex PRAQ for exposure according to the Due Process.