

INTOSAI Capacity Building Committee

Sub-Committee 3:

Promote Best Practices and Quality Assurance through Voluntary Peer Reviews

Report

XXI INCOSAI

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Beijing, Peoples' Republic of China

- First General Plenary Session -

Chair: Supreme Audit Office of the Slovak Republic (SAI of the Slovak Republic)

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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 3 shall promote best practices and quality assurance through voluntary peer reviews. To achieve this goal the Sub-Committee 3 shall

- 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, observers and partners

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

Observers: Sweden

Permanent partnerships: IDI, OECD

Note: France has resigned from the Sub-Committee 3 membership in 2013

III. Meetings

Sub-Committee 3 has met on following occasions:

- 14 June 2007, Bonn, Germany
- 27 August 2008, Bonn, Germany
- 20-21 May 2010, Bonn, Germany
- 8-9 September 2011, Vienna, Austria
- 10-11 September 2012, Luxembourg, Luxembourg
- 13-14 June 2013, Bratislava, Slovakia

IV. Current status

The Supreme Audit Office of the Slovak Republic became the Chair to the INTOSAI Capacity Building Committee's *Sub-Committee 3: Promote best practices and quality assurance through voluntary peer reviews* following the decision taken by the INTOSAI Governing Board meeting held on 19-22 November, 2012 in the People's Republic of China when the Chair's transition from the SAI of Germany to the SAI of the Slovak Republic was approved. The SAI of the Slovak Republic was honoured by the Governing Board decision to chair such important INTOSAI sub-committee in the light of the growing significance of the peer review in public sector.

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

To date, the Sub-Committee 3 is informed about **52 completed, ongoing or planned peer review projects** (annex 1). Since 1999, 41 peer review projects were completed and 11 projects were under way in 2013 and the following years.

The peer review documentation administered by the Sub-Committee 3 currently comprises papers on 29 peer review exercises (MoUs, final reports, executive summaries, list of peer review objectives etc.). Such documentation can serve 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. The latest peer review report added to the above mentioned website is the International Peer Review of the Performance Audit Practice of the Icelandic National Audit Office made public in May 2013.

To manage and develop the documentation, the Sub-Committee 3 carries out a regular email survey addressed to all INTOSAI members asking them to furnish relevant papers. With this survey, the Sub-Committee 3 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; by March 2012 all information was gathered by the SAI of Germany and the peer review documentation was adapted accordingly. The next email survey is planned for November 2013, its results are planned to be assessed by March 2014.

2) Task b.: Foster an 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, several initiatives have been launched by the Sub-Committee 3 since the SAI of Slovakia became the Sub-committee 3 Chair:

- published an article in the April 2013 issue of the **INTOSAI Journal of Government Auditing** in the section *Inside INTOSAI*, p. 31 – 33. In the article, several topics were touched upon: a short historical perspective of the peer review in general, the Supreme Audit Office of the Slovak Republic President Ján Jasovský view of the peer reviews, brief description of the most frequented topics in the peer reviews as well as a concise information on the ISSAI 5600.

- prepared the article *INTOSAI for Peer Review – Capacity Building and Accountability Tool* for the collection **Supreme Audit Institution – Accountability for Development** to be published by the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation „GIZ“). In the article, the following topics were covered: the position and role of the INTOSAI and ISSAI in general, position of the peer review as a quality assurance tool in the INTOSAI community and its work, the conditions for effective and professional work of the Supreme Audit Institution (SAI), the core activities of the INTOSAI following the four goals from its Strategic Plan for 2011 – 2016 and subsequently those of the INTOSAI Capacity Building Committee's Sub-Committee 3, the reasons for the SAI undertaking the peer review as the reviewing and reviewed institution, the position of the ISSAI 5600 in INTOSAI environment, the most frequented peer review topics, the SAI of the Slovak Republic peer review experience as the reviewed SAI and the place of the peer review in the process of the SAI continuous improvement.
- gave presentation at the **5th Annual Meeting of OECD Parliamentary Budget Officials and Independent Fiscal Institutions** held on 20-22 February in Ottawa, Canada. The representative of the Sub-Committee 3 (SAI of the Slovak Republic) attended the meeting to present how peer reviews among SAIs were developed; the practical process that institutions go through when being reviewed (who initiates, who participates, who covers costs, what is covered in the review, how the review is disseminated, is there any follow-up, etc.); lessons learned; ISSAI 5600 and some advice the Sub-Committee 3 might have on how independent fiscal institutions might begin to think about setting up their own peer review process. The presentation was under the topic of agenda: **Evaluating Independent Fiscal Institutions** with the title *Peer Reviews: One of the Quality Assurance Tools for SAIs, Who Audits the Auditor?* In addition, the presentation covered basic information on INTOSAI and its work as well as activities of the Sub-Committee 3.
- gave presentation at the **4th EUROSAI-ARABOSAI Conference** held in Baku, Azerbaijan in April 16 – 18, 2013 with the topic *Peer Review as a Form of Capacity Building – Promoting the Efficiency, Accountability, Effectiveness and Transparency of Public Administration by Strengthening Supreme Audit Institutions* delivered by the SAI of the Slovak Republic President Ján Jasovský. His presentation dealt with the following themes: capacity building in SAIs, peer review as a form of capacity building, ISSAI 5600, INTOSAI CBC Sub-Committee 3 activities and the SAI of the Slovak Republic experience with other forms of quality assurance.
- the Sub-committee 3 was presented during a **seminar and workshop** organized by the **SAI Indonesia (BPK) in Jakarta on 16 and 18 April 2013**. Both events took place in connection with the BPK's preparations to peer review planned for the second part of 2013. They were attended by the BPK management and experts' team who would be responsible for the peer review execution and support. The Sub-committee 3 mission, ISSAI 5600 and plans for future were presented by the SAI of Poland representative. In the presentation and following discussions strong emphasis was placed on benefits provided to the individual SAIs and whole INTOSAI community by standardized approach to peer review and by common effort to refine ISSAI 5600.

As stated in the previous Sub-Committee 3 reports to the Steering Committee of the INTOSAI Capacity Building Committee in 2011 and 2012, it still remains a focus that foremost the Heads of

SAIs are fully convinced of the benefits of peer reviews. Therefore, it remains crucial to the Sub-Committee 3 work success **to use events on top management level** for distributing and promoting the ISSAI 5600 and related document as peer review tools as much as promoting the advantages of the peer review to the wide INTOSAI community.

The Sub-Committee 3 is to provide INTOSAI members with detailed information on its activities. Therefore, the meeting agendas and minutes, the action plan 2013-2016 as well as other pertinent meeting documents are to be published at the respective pages of the CBC website.

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 3 as ISSAI 5600 in November 2010. To date this document has been translated into all INTOSAI official languages: Arabic, English, French, German and Spanish. There are also working versions of other languages available, e.g. Bengali, Hungarian, Mandarin, Portuguese, and Slovak.

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

The SAI of Germany as the ISSAI 5600 Revision Task Team (TT) head have conducted a Feedback on ISSAI 5600 (Peer Review Guide and Checklist) in 2012. The TT that also includes representatives from the SAI of Poland and Slovakia met in March 2013 in Bonn, Germany, prepared the new structure and contents of the ISSAI 5600. The proposal for new structured and revised ISSAI 5600 was also an issue of the agenda of the Sub-Committee 3 meeting in Bratislava in June 2013 when Sub-Committee 3 members have endorsed further steps and agreed on the SAIs responsible for drafting particular chapters. The TT also met in August 2013 in Cracow (Poland) when SAI of Hungary joined the TT. At this meeting, refined details and tasks were agreed on for the ISSAI 5600 complete revision. The Sub-Committee 3 decided to present a revised ISSAI 5600 to the XXII INCOSAI in 2016 following the INTOSAI due process.

4) Other issues:

Contribution to the SAI Performance Measurement Framework (SAI 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 was to develop a single, global performance measurement framework (SAI PMF) on the basis of the assessment tools already in place that have been developed by INTOSAI and donor communities.

At the past meeting of the Working Group Value and Benefits of SAIs in August 2011 it became evident that the SAI 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 3 former chair and members in the Task Team/Reference Group for the development of the SAI PMF. The German SAI is member of the Task Team for the development of the SAI PMF, the Estonian SAI and the European

Court of Auditors participates in the SAI PMF's Reference Group which provides technical support and quality assurance. The SAI of the Slovak Republic has carried out the pilot testing of SAI PMF, using draft version 2.1 in May 2013, applying it for a self assessment.

The SAI PMF uses the ISSAIs as the main benchmark against which performance is measured. Most of the indicators have been developed on the basis of ISSAIs at levels 1-3 and other INTOSAI guidance. At the Sub-Committee 3 meeting in June 2013 in Bratislava it was agreed that the IDI will keep its members informed on the progress on the SAI PMF.

The Sub-committee 3 decided to concentrate on the thorough revision of ISSAI 5600.

Invitation of new members

The Sub-Committee 3 wishes to invite further members in order to reach a broader representation of INTOSAI regions. Especially SAIs with peer review experience should be contacted. Initial steps were made to achieve the invitation of the representative of the Indonesian SAI for the Sub-Committee 3 meeting in 2014. The Indonesian SAI has sent a letter to the Sub-Committee 3 Chair in September 2013 advising that it is eager to join the Sub-Committee 3 activities. The Chair has welcomed such move.

At the 2013 Sub-Committee 3 meeting in Bratislava, the representatives from OECD participated via video-conference and delivered a presentation on the peer review of the Office of the Comptroller General of Chile.

For the Sub-Committee 3 meeting 2013 in Bratislava, the Chair has sent out invitation to participate at its proceedings to the representatives from the OLACEFS and AFROSAI.

To reach broader INTOSAI representation, the Sub-committee 3 has agreed to invite the representatives of AFROSAI and OLACEFS to join.

V. The future tasks

Quality and excellence are rarely achieved spontaneously; they need to be managed into the organisation and should be based on continuous efforts and improvement. The peer review can support such improvements making the given SAI a model among public institutions. That underlines the peer review importance.

The future tasks of Sub-Committee 3 are defined in its Action Plan 2013-2016 (Annex 2). The Sub-committee 3, in line with the INTOSAI Strategic plan 2011 – 2016 and recognising the role of the peer review process in the INTOSAI community shall undertake the following steps that, in summary, are:

- to further develop and update the peer review documentation;
- to gather more feedback on the ISSAI 5600, revise it according to the Due Process for INTOSAI professional standards aiming to present the amended ISSAI 5600 at the INCOSAI 2016;
- to continue to promote and improve peer review as a tool for quality assurance and capacity building within the INTOSAI community.
- to organise the Sub-committee 3 activities in such way that would enhance wider involvement of the INTOSAI regional working groups and their members.

The next meeting of the Sub-committee 3 is planned in September 2014.

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