

Peer Review: Building SAI Credibility

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Outline

- Peer Review Context
- Strategic and Operational Benefits of Peer Review
- The GAO Experience, Benefits, and Lessons Learned

Peer Review Context

- Bringing transparency and accountability to governments across the globe is the critical agenda of SAIs
- The agenda can only be achieved if SAIs maintain their credibility
- One of the Pillars upon which credibility rests is a successful peer review

Strategic Benefits of Peer Review

- Provides assurance to Parliament and citizen that they can rely upon the work being done by the SAI (independent, objective, and reliable)
- Provides the necessary transparency into the SAI's operations
- Shows that SAI is leading by example (“walking the talk”)
- Enhances credibility with Ministries

Operational Benefits of Peer Review

- Is a source of pride
- Provides additional insights (perspectives) into recognized challenges
- Allows for informal benchmarking of key practices
- Improves policies, forms, guidance, and training
- Increases staff knowledge of standards, policies, guidance, and good practices
- Provides momentum to efforts underway

The GAO Peer Review Experience

Benefits, Results, and Lessons Learned

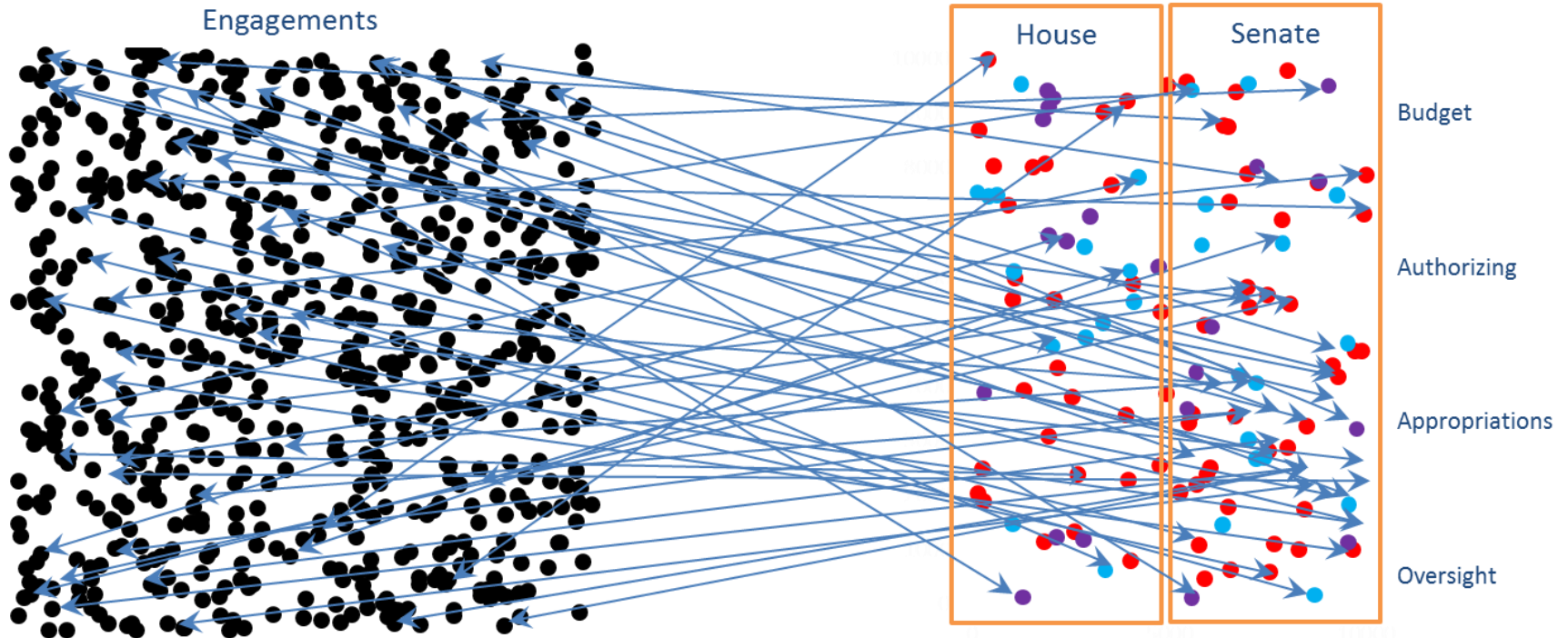
The GAO Context

- Broad mandate
 - Large size (3,000 employees)
 - Large number of products (about 800 per year)
 - Many different types of products
 - 14 mission teams
 - 80 or more Senior Executives can sign products
 - Active support of deliberative legislative process
 - All audits follow *Government Auditing Standards*
 - Well-developed quality and risk management system
 - Performance and Financial audit practices (90% performance and 10% financial)
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The GAO Operating Environment

GAO
U.S. GOVERNMENT
ACCOUNTABILITY OFFICE

Engagements



More than 700 ongoing engagements (●) for more than 120 committees and subcommittees, some for the majority party only (●), some for the minority party only (●), and some bipartisan (●).



Independent, objective, and respected reviews, evaluations, and assessments

Peer Review


Provides assurance that

- GAO is abiding by its core values and
- the quality assurance system is working.

Executive Branch




Congress



&

The American People



Peer Review Objectives

- Determine whether GAO's quality control system was suitably designed and operating effectively
- Identify GAO best practices
- Provide suggestions

GAO Peer Review Experience

Year	Practice Reviewed	Reviewer
1995, 1998, 2001, 2004	Financial	KPMG
2004	Performance	Australia, Canada , Mexico, The Netherlands, Norway, South Africa, Sweden (performance)
2007	Joint	Australia, Canada , The Netherlands, United Kingdom
2010	Joint	Canada, The Netherlands, Norway , Sweden, United Kingdom
2013	Joint	Bahamas, Canada, Denmark, Norway , United Kingdom
2016	Joint	Denmark , Finland, New Zealand, United Kingdom

Peer Review: Key Understanding

- Mutual learning, constructive experience
- An open transparent process
- Based on agreed upon criteria for the reviewed work
- Results in an opinion providing assurance

Benefits of Peer Review for GAO

- Showed compliance with *Government Auditing Standards*
- Provided assurance to the Comptroller General and GAO management regarding quality
- Provided assurance to the Congress and the American people that GAO's work is independent, objective, and reliable
- Answered the question, "Who audits the auditors?"
- Provided a reason for assessing/enhancing certain quality controls
- Provided opportunity to learn from others
- Identified areas for improvement
- Identified good practices
- Showed that GAO was leading by example ("walk the talk")

Validated Quality Assurance Framework

- Robust QAF that links directly to underlying policies, procedures, templates, and requirements and fully supports GAO's efforts to produce quality work.
- Intended to provide confidence that
 - work is professional, independent, and objectively designed;
 - evidence is competent and reliable;
 - conclusions are supported;
 - products are fair and balanced; and
 - recommendations are sound.

Efforts Undertaken in Response to Peer Review

Recommendation – 2010

Increase the visibility of resource utilization for each engagement

GAO Action

- Implemented a new engagement management system to track and make readily accessible resource utilization data by engagement, including staff time, travel, and contract support.

Efforts Undertaken in Response to Peer Review

Recommendation – 2010

Increase the visibility of changes in scope and methodology

GAO Action

- Adopted new business rules as part of an updated engagement management process to trigger additional senior management review of engagements when significant changes to the scope and/or methodology are proposed by the engagement team.

Efforts Undertaken in Response to Peer Review

Recommendation – 2013 and 2016

Enhance the clarity and simplicity of audit reports

GAO Actions

- Surveyed expert advisors to obtain feedback on a sample of issued products to inform a new strategy.
- Launched initiative to revise the Highlights page for each report to make the message easier to grasp in a shorter period of time.

Efforts Undertaken in Response to Peer Review

Recommendation – 2007, 2010, and 2013

Provide more explicit criteria in audits and associated products, better link criteria to audit objectives

GAO Actions

- Ensure that audit teams distinguish between descriptive and evaluative criteria in planning documents.
- Developed guidance on how to link criteria, objectives, methodology and findings.
- Revised policy on criteria and has provided training on how to develop and state clear criteria in planning documents, as well as in audit reports.

Global Better Practices Identified

High Risk List

- A list of agencies and program areas considered to be high risk due to their vulnerabilities to fraud, waste, mismanagement, and need of transformation.
- Provides Congress and the general public with easy-to-understand information about the status of efforts to address identified risks.
- Updated every two years.

Global Better Practices Identified

Learning and Development Program

- Supports staff at all levels of the organization through a combination of training, skill development activities, and mentoring, and includes a particular focus on supporting diversity and inclusion.
- Uses high-caliber senior staff as trainers, with an emphasis on training the trainers, and provides incentives to make training a prestigious assignment.
- Two-year program for those being assessed for promotion to the senior executive service level.

Global Better Practices Identified

Internal Stakeholder Process

- Ensures the appropriate expertise is brought to bear on each engagement through the employment of a range of specialists.
- Uses a structured process for assigning specialists to engagements.
- Allows GAO to apply innovative methods and approaches to the analysis of complex situations.

Global Better Practices Identified

Agency Protocols

- Written protocols that provide clearly defined and transparent policies and practices on how it will interact with the agencies during an audit.
- The protocols identify what the agencies can expect from the GAO and what the GAO expects from them.

Global Better Practices Identified

Recommendation Follow-Up

- Maintains on its website a database of recommendations that have yet to be fully addressed.
- Meets the oversight and information needs of various groups: Congress, managers in the Executive Branch and GAO staff.
- Effective way to monitor progress and to be transparent about the response to and impact of GAO's work.

Overall Lessons

- Global Working Group arrangement works
- Peer review is a lengthy process with significant costs (both to the reviewed and reviewing organizations) and significant benefits
- Preparation, project management, and communication are key to success

Overall Lessons(continued)

Leadership Support Is Critical

- Must demonstrate that peer review is important to the organization and its stakeholders.
- Allow enough time and sufficient resources for preparation and for managing the review.
- Publicize the reasons for a peer review to the organization and to key stakeholders.
- Without leadership, preparations may suffer.