Peer Review as a Form of Capacity Building – Promoting the Efficiency, Accountability, Effectiveness and Transparency of Public Administration by Strengthening Supreme Audit Institutions

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Since November 22, 2012 the Supreme Audit Office of the Slovak Republic has been **chairing the INTOSAI CBC Subcommittee 3 to promote best practices and quality assurance through voluntary peer reviews**. The presentation on capacity building issues is thus topical and as for the Subcommittee 3 and its mandate even desirable.

Thanks to all members of INTOSAI Governing Board as well as all members of INTOSAI for the confidence. The Supreme Audit Office of the Slovak Republic and its representatives greatly appreciate the most valuable contribution of the SAI of Germany as the previous Subcommittee's Chair in the process of raising the quality of work performed by the national supreme audit institutions and assures all INTOSAI members that it shall continue the legacy and work of its predecessor with equal quality results to the satisfaction of the whole INTOSAI community.

Supreme Audit Office of the Slovak Republic honours and appreciates **the initiative of INTOSAI Secretary General and all members of INTOSAI that led to adoption of the United Nations Resolution** to promote the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions. The UN General Assembly Resolution represents a milestone in the nearly 60-year history of INTOSAI. The General Assembly has for the first time expressly recognized that supreme audit institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.

One of the themes of this year EUROSAI-ARABOSAI Conference is "Responsibilities of Supreme Public Authorities arising from challenges of UN General Assembly Resolution A/66/209, 22 December 2011," thus **to promote the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions. How can we in fact promote the efficiency, accountability, effectiveness and transparency in our everyday life? Every auditor knows that each improvement shall be preceded by an assessment of the current situation. And as the current knowledge suggests, one way how to achieve it is using peer reviews. Let's review one another, let's start a voluntary peer review!**

The audit work is the core of each supreme audit institution's daily activities. We review efficiency, accountability, effectiveness and transparency of public authorities. If we want our recommendations to be respected and strong enough, we also need to be highly efficient, accountable, effective, transparent and respected. Let's walk the talk, let's behave as we want the others to behave. "Be the change you want to see in the world" a quote by Mahatma Gandhi. In this era of demanding changes and knowledge it is becoming more and more significant. If you decide for a peer review, you voluntarily decide to undertake external assessment, external audit of your work, based on ISSAI international auditing standards. This is of great importance not only at international, but also national level. The last but not least you answer the question "Who audits the auditor?"

Before getting to a peer review itself, an answer to the question **"What is building capacity in supreme audit institutions?"** shall be provided. Institutional capacity building belongs to one of the INTOSAI strategic goals! In compliance with the INTOSAI Strategic Plan it is ranked to the second place, directly after the professional standards, which highlights its importance. Meeting a supreme audit institution's mission effectively is a process requiring permanent improvement. INTOSAI Guide on Building Capacity in Supreme Audit Institutions clearly defines process of capacity building, assessing capacity, developing a capacity building strategy, managing and sustaining implemented change. It also stipulates key aspects of capacity building – i.e. strengthening professional capacity, organisational capacity and capacity to deal with the external environment. Their improvement is feasible by using different assessment models.

Peer Reviews as a form of assessment may cover the audit work or organisational functions of the supreme audit institution in general. They may also be limited only to one activity of the supreme audit institution. As regards the audit area, peer reviews may be restricted to one type of audit area such as financial audit, compliance audit or performance audit. As regards the organisational issues, peer reviews may be restricted to individual functions such as for example financial management, the strategic plan, internal control, information system or human resource management. It is also possible to combine individual review topics from both audit areas and organisational areas. When making recommendations, the reviewing supreme audit institution should pay due regard to the respective national context of

the reviewed supreme audit institution. Any recommendations made need to be feasible and flexible. External independent review shall show the state of implementation of international standards, overall correctness of internal procedures and provide recommendations for improvement.

All further steps, stipulated in detail, can be found in the **Peer Review Guide – ISSAI 5600**. This document was prepared by the INTOSAI CBC Subcommittee 3 to Promote Best Practices and Quality Assurance through Voluntary Peer Reviews, which operated under the INTOSAI Capacity Building Committee. The Guide is a living document which reflects latest developments and progress made in the field of peer reviews. To stay topical, the Guide is periodically reviewed and new editions will be published. Between editions, amendments may be issued. While carrying out a peer review, we recommend using ISSAI 5600, where tips and instructions how to proceed can be found. A practical checklist of possible questions is included as a helpful annex to the guide. Of course, other products of the INTOSAI CBC Subcommittee 3 to Promote Best Practices and Quality Assurance through Voluntary Peer Reviews may be used.

In case of any questions relating to the use of the Peer Review Guide or other issues, please do not hesitate to contact the Supreme Audit Office of the Slovak Republic, which chairs the INTOSAI CBC Subcommittee 3 to Promote Best Practices and Quality Assurance through Voluntary Peer Reviews. By an annual survey, the Subcommittee administrates and updates a database of ongoing, planned and completed peer review projects in the world, ready to provide information and assistance. The Subcommittee with its members is interested in receiving information from peer review teams and reviewed supreme audit institutions on the use of the Guide and Checklist. Therefore, feedback, including suggestions for improvement, is highly appreciated and will be considered for further developing this standard. The questionnaire in Annex 2 to ISSAI 5600 may be used for this purpose.

We are aware that peer reviews are not the only quality assurance tool and capacity building in supreme audit institutions. There are other various tools and quality assurance models – voluntary external or internal assessment, self-assessment, as well as review or audit performed in a supreme audit institution according to the law. There are also other standards for quality assurance, such as

ISSAI 40 on quality control for supreme audit institutions. A peer review is one of the forms of implementing standards and basic principles of quality assessment.

Supreme Audit Office of the Slovak Republic undertook its peer review two years ago. The implementation of international standards was reviewed, focusing on ISSAI 40 – quality control. In addition to the peer review, Supreme Audit Office of the Slovak Republic has implemented another assessment model – the Common Assessment Framework (CAF) – tool developed by the European Institute of Public Administration to assist public sector organisations across Europe to use quality management techniques to improve organisational performance. Last year together with our Swiss colleagues we carried out SWOT analysis, which involved a self-assessment of the strengths, weaknesses, opportunities and threats faced by an organisation to help identify what it needs to do to reach its desired position. Within the upcoming revision of the Peer Review Guide ISSAI 5600 we certainly will consider possible effects of new ISSAIs, as well as the proposed performance measurement framework for supreme audit institutions.

Taking into account the unique position of supreme audit institutions in the system of public sector and currently very quickly changing conditions and new challenges we need to face, let us wish ourselves a lot of strength, wisdom and success.

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