

# **Who audits the Auditors?**

## **Experiences of the Swiss Federal Audit Office with Peer Reviews**

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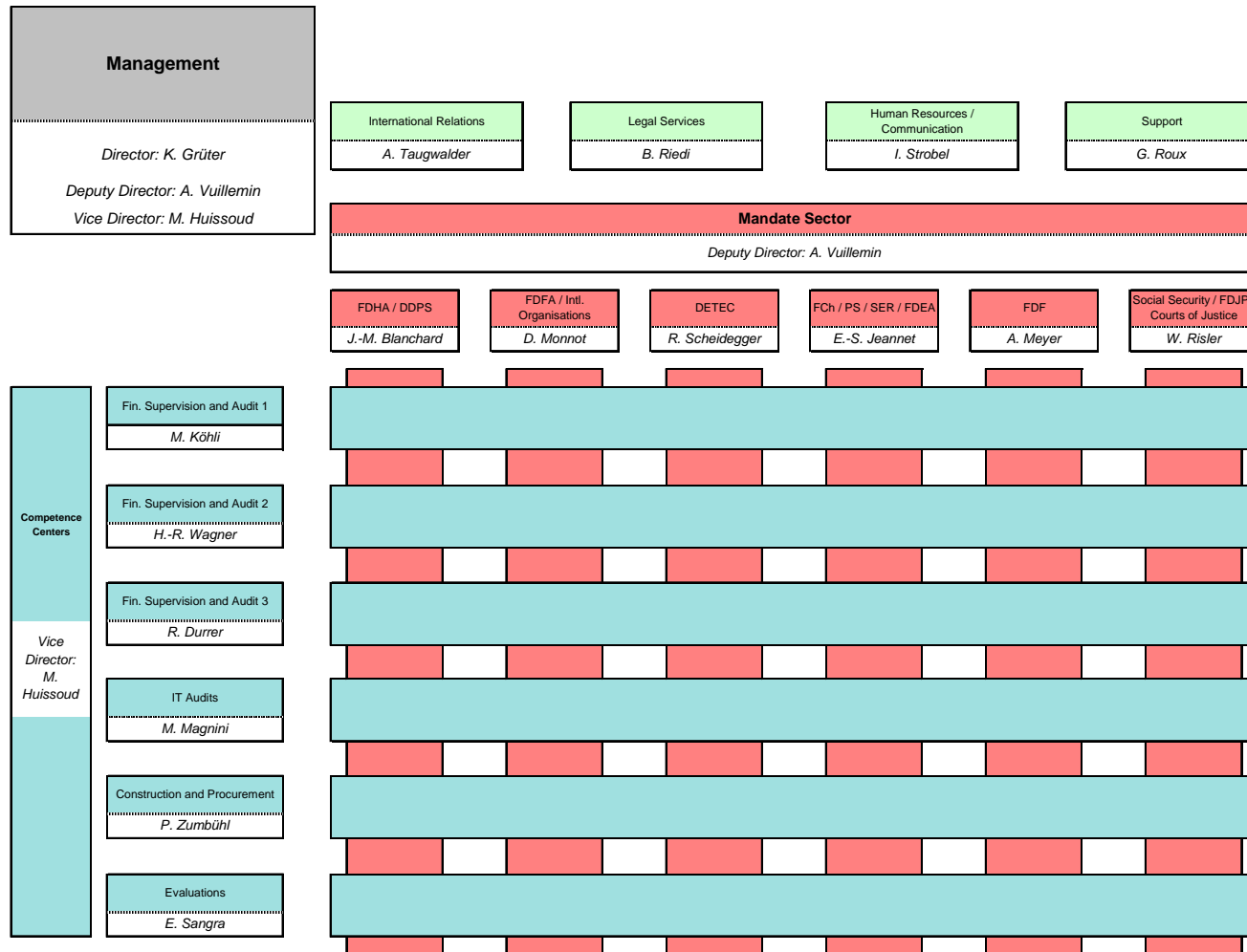
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# Content

1. Organisational chart of the SFAO
2. Preliminaries
3. Objectives of the peer review
4. Conducting a peer review
5. Findings – selected key statements
6. Findings – selected recommendations
7. Further course of action – implementing the recommendations
8. Peer review by the Norwegian Riksrevisjonen
9. Experiences of the SFAO
10. Conclusion

# Organisational chart of the SFAO





# Preliminaries

- 1999 Revised Federal Audit Act
- 2000 Introduction of matrix organisation at the SFAO
- 2001 Resolution to undergo a peer review
- 2003 First financial audit by the Cantonal Audit Office of Zurich
- 2004 Green light for a peer review of the SFAO



# Objectives of the peer review (1)

## Issues

1. Does the SFAO meet the requirements of its assignment?
2. Does it do so effectively and professionally?
3. What is the benefit for the auditees?



## Objectives of the peer review (2)

### Delimitation

- Subject to the peer review is the SFAO and not the supervisory system as a whole.
- Interfaces with the parliamentary Finance Committee, Government and Internal Audit to be involved only as far as is necessary for assessing and improving processes at the SFAO.



# Conducting a Peer Review

1. Consultation between Germany's Bundesrechnungshof, the parliamentary Finance Committee and the SFAO
2. Elaborating an audit concept by the Bundesrechnungshof
3. Independent in method and assessment
4. SFAO to act as door-opener
5. Desk analysis
6. On-site audits and interviews



## Findings – selected key statements

- «With the SFAO, Switzerland has got an effective supreme audit institution.»
- «The work method of the SFAO is characterised by high professional quality.»





## **Findings – selected recommendations (1)**

- **Operational and Organisational Structure**  
Further develop the matrix structure by extending employee participation in the choice of topics, enforcing client-oriented competences, management rotation.
- **Personnel development**  
Encouraging self initiative (choice of topic, staffing)



## **Findings – selected recommendations (2)**

- **Key process «Audit»**  
Equal treatment of field and object related topic proposals
- **Quality management**  
Analysis of audit experiences for internal training



## Findings – selected recommendations (3)

- Supporting parliament
  - evaluating laws and their impacts
  - intermediate assessment of evaluation activities
- Consulting
  - Enforced accompanying activities for parliament – also for the benefit of setting SFAO's own strategic focus



# Further course of action – implementing the recommendations (1)

## Choice of topics

- Increased cross-sectional topics
- Stronger involvement of staff
- More extensive audits
- Improved basis for advising parliament
- Self-assessment regarding evaluations



## Further course of action – implementing the recommendations (2)

### External audit mandates

- Restraint in giving out mandates
- Extending quality assurance
- Clearing up portfolio of auditees



## Further course of action – implementing the recommendations (3)

### New Public Management

- Strategy of the Government:  
Doubling in the current legislative period;  
and tripling in the next
- Intensifying supervision to enforce the  
reform process and cross-sectional  
aspects



## Further course of action – implementing the recommendations (4)

### Supporting parliament

- Opportunities and risks
- Prerequisites
  - issue of resources available
  - institutional safeguard
  - defining advisory services to be provided



# Peer review by the Norwegian Riksrevisjonen

## Questions

- Is the execution of the evaluations and cross-sectional audits of high quality and in line with international standards?
- To what degree do the evaluations and cross-sectional audits contribute to improving the performance of the administration?





# Experiences of the SFAO

- Personal initiative and voluntariness entail goodwill
- Profound preparations and a thorough analysis of the political system are important preconditions for success and nearly as important as the actual conduct of an audit
- Consent over the principal issues is crucial
- Peer reviews involve time and effort: who bears the costs?
- If the results are published, who are the addressees?



# Experiences of the SFAO

- The exchange of information results in a win-win
- Confidence and open cooperation are vital
- So is the willingness to deal with another culture and mentality
- A common language and culture facilitate the audit
- An international team involves greater coordination and therefore requires the appointment of a leading peer



# Conclusion

- Peer reviews trigger the impulse for improvements, even in the pre-run
- Peer reviews are ideally suited for the exchange of experience and quality improvement
- Peer reviews create a favourable environment for reforms
- Peers are not likely to risk their reputation by giving biased opinions