



Backgrounder

International Peer Review of the Value for Money Audit Practice of the Office of the Auditor General of Canada

In February 2003, the Auditor General of Canada asked members of the international audit community if they would be interested in participating in a review of the Office's value-for-money audit practice. This would be the first time the legislative audit practice of a national audit office would be assessed by a team of its international peers.

The purpose of the review was to assess the extent to which the Office of the Auditor General's value-for-money practice is designed to reflect recognized standards of professional practice and is operating effectively to produce independent, objective and supportable information that Parliament can rely on to examine the government's performance and hold it to account.

The review was carried out over the course of a year by a team led by the United Kingdom's National Audit Office with representatives from the national audit offices of Norway, the Netherlands, and France. Each country contributed two members to the review team. The General Accounting Office of the United States participated as an observer.

In preparation, the Office conducted a thorough assessment and update of its Quality Management Framework, and launched a revised Value-for-Money Audit Manual in December 2002.

The peer review team met in February 2003 to work out details of the peer review, such as leadership, participants, objectives, and scope and criteria. They met again in April to plan the necessary work, and in May they signed a memorandum of understanding with the Office for the peer review.

The first phase of the review—a design assessment—began in June 2003 and analyzed the Office's policies and procedures for value-for-money audits. This phase looked at whether the direction given to value-for-money auditors reflected the recognized standards of professional practice and the legislative authorities in the *Auditor General Act*.

The next phase—the implementation assessment—began in June 2003, in parallel with the design assessment, and looked at the Office's practice review function. It focussed on whether the value-for-money audit practice operated effectively to meet its objective of providing parliamentarians with independent, objective, and evidence-based information that they could use to examine the federal government's performance. In addition to reviewing the Office's internal practice review process and its results, the implementation assessment examined selected audit files from the four 2003 periodic reports.

The peer review team met three times over five months to compare notes and discuss preliminary findings and recommendations. They also communicated regularly by e-mail and telephone. In November 2003, the peer review team spent two weeks at the Office's Ottawa office conducting interviews and focus groups with value-for-money practitioners and subject matter specialists. The discussions were to verify whether staff understood the purpose and requirements of the Office's Quality Management Framework, including the policies, procedures, and controls that govern its value-for-money audit work; and whether the work is managed with due regard to economy, efficiency, and effectiveness.

The peer review team presented its initial findings to the Office's Executive Committee at the end of November and completed its report in February 2004. The Office has prepared an action plan in response to the suggestions made in the Peer Review Report.

The peer review cost approximately \$800,000 over a period of two years.

The Peer Review Report on the Value-for-Money Audit Practice of the Office of the Auditor General of Canada and the action plan prepared by the Office of the Auditor General of Canada to address the suggestions for improvement were tabled at a meeting of the Standing Committee on Public Accounts on Thursday, 11 March 2004. They are available on the Office of the Auditor General of Canada Web site (www.oag-bvg.gc.ca).

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