



Crowe Horwath™



Final Report to the:



**Office of the Comptroller and Auditor
General**

External Stakeholder Survey and Peer Analysis

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1 Introduction

1.1 Introduction and Context for this Assignment

Crowe Horwath was commissioned by the Office of the Comptroller and Auditor General (“the Office”) in May 2015 to undertake an independent survey of external stakeholders and a peer analysis of comparative public audit organisations in other jurisdictions. This report represents our main deliverable from this assignment.

The objective of the Office is to support the Comptroller and Auditor General (C&AG) in his statutory mandate to provide independent assessment and review of the use of public funds. It is a key element within the process of assuring public accountability by means of reporting to Dáil Éireann on the outcomes of audits and other examinations of the way in which public funds are administered. The core work of the Office is financial audits of the accounts of State and State-sponsored bodies. The mission of the Office is to provide independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for, and to contribute to improvement in public administration.

The Office of the Comptroller and Auditor General is preparing a Statement of Strategy for the period up to 2020. This independent report, providing the results of a survey of external stakeholders and a peer analysis, has been commissioned in order to inform the development of the Statement of Strategy.

1.2 Terms of Reference

The terms of reference for this assignment, as set out in the Office’s Request for Tenders, state that “*the overall requirement is to identify a person(s) to undertake:*

- *a survey of a sample of external stakeholders; and*
- *a review of a small number of comparable international peers.”*

In further detail, the requirements as stated by the Office are as follows:

Survey (70% of project)

The survey of external stakeholders involves independently conducting a pilot study and, following validation of the methodology, a formal interview process designed to obtain the views of external stakeholders on the future strategic direction of the Office. It is proposed that a qualitative methodology will be adopted which will seek to determine the perceptions of the stakeholders sampled. The successful tenderer is responsible for devising the questions, which will be addressed to external stakeholders.

It is proposed that initially a pilot survey of approximately six stakeholders will be conducted in order to validate the approach and procedures being adopted. The pilot survey will be based on interviews conducted with each of the selected stakeholders.

The interviews will be with:

- *in the case of clients, the Secretary General of a government department or CEO of a non-commercial State-sponsored body and the Chair of the Audit Committee;*
- *members of the Public Accounts Committee.*

After reviewing the pilot results, the process may be refined, if required, before proceeding to a full survey of approximately 15 clients, including key central government departments, and all members of the Public Accounts Committee. The sample clients will be selected by the successful tenderer and should be representative of the range of audits which the Office has. The full survey will be conducted through an appropriate mixture of interview and questionnaire responses. The key areas to be covered are:

- current engagement with the Office
- views on the future strategic direction of the Office.

The pilot survey should be completed by June 2015. The full survey should be completed by September 2015.

Peer analysis (30% of project)

This will involve identification of a small number of comparable international peers. The analysis will consist of a desk-based review of relevant documents, such as current strategic plans and recent corporate reports, complemented by meetings with key individuals in the relevant organisations, to gain insight into the various strategic approaches being adopted. This analysis will result in a key strategic issues document, which is to be completed by May 2015.

The process should culminate in a position paper, to be completed by October 2015, which the Office will incorporate into its development of strategy for the period up to 2020.

1.3 Assignment Methodology

The methodology for this assignment was based upon the terms of reference issued by the Office, and involved the following:

- Development of a series of **information-gathering templates** for use with stakeholders, and their agreement with the Office – these templates focused on the various topics, themes and questions which were deemed to be of most importance and interest to the Office, and followed much of the same structure and outline content as the findings presented in Section 2 of this report;
- Identification and **agreement of 21 stakeholder organisations** with whom we would engage as part of the information-gathering process – these were all to be organisations audited by the Office of the C&AG, and we agreed that the list would cover a wide variety in terms of organisation type, size, geographical location and business areas. The stakeholder organisations selected consisted of the following:

Central Government Votes	Department of the Taoiseach
	Department of Finance
	Department of Public Expenditure & Reform
	Department of Social Protection
	Department of Justice and Equality

Major agencies	Health Service Executive
	Revenue Commissioners
	Enterprise Ireland

	Teagasc National Roads Authority Higher Education Authority
Health related agency	Health Products Regulatory Authority (formerly Irish Medicines Board)
3rd level education bodies	University of Limerick Cork Institute of Technology
Smaller agencies	Bord na gCon Ordnance Survey Ireland (Semi State) Broadcasting Authority of Ireland + Broadcasting Fund Irish Sports Council Ombudsman for the Defence Forces Qualifications and Quality Assurance Authority of Ireland
Education and Training Boards	Limerick and Clare ETB

- For each of the 21 stakeholder organisations, we made initial contact with the Accounting Officer (i.e. Secretary-General, CEO, or other similar position) and with the Chair of the Audit Committee of the organisation, with a view to arranging a face-to-face interview. It transpired that a very small number of stakeholder organisations in the “smaller agencies” category did not have an Audit Committee due to their scale.
- In every instance, we were able to arrange a direct meeting with the Accounting Officer, with many choosing to be accompanied by their Director of Finance; in two instances, our main meeting was with the Director of Finance (one of whom was acting up into the vacant CEO position). We also met all of the Chairs of the Audit Committees, with one exception (due to logistics / diary availability). We are very grateful to all of the individuals whom we met for giving up their time and for approaching this exercise with such a high degree of constructiveness, candour, and commitment.
- The first six of the 21 stakeholder organisations whom we met provided valuable feedback to us in respect of the relevance and focus of the questions we were posing, which enabled our team to make some minor changes to the information-gathering template. This served as a low-key and informal pilot element of our approach, and was a useful mechanism to confirm the validity and effectiveness of our methodology.
- We also developed a separate information-gathering template for our **engagement with members of the PAC**. We contacted all 13 members of the PAC at the outset of the assignment, and were able to arrange face-to-face meetings with seven members (including the Chairman). We had a short email dialogue with one other PAC member. To those PAC members who did make time available to meet us in Leinster House or in their constituency offices, or who otherwise engaged with us, we are very grateful and we appreciate the contribution they provided.
- With regard to the **peer organisations**, we agreed with the Office that four national audit offices would be selected for comparative review, and these were:
 - The Northern Ireland Audit Office;

- Audit Scotland;
- The National Audit Office of Finland, Valtiontalouden Tarkastusvirasto (VTV);
- The Office of the Auditor-General New Zealand.

Members of our team travelled to Belfast, Edinburgh and Helsinki for the purposes of engaging with the first three of these peer organisations. In the case of New Zealand, given considerations of time and budget, we elected to hold a series of conference calls with the Deputy Auditor-General and with the Executive Director of Audit New Zealand. All of these discussions, whether face-to-face or by telephone, were extremely helpful and informative, and all four peer organisations provided very useful background documents for our consideration. We wish to note our gratitude to all of the organisations concerned for the time and commitment they provided to us, and for their openness in sharing their thoughts and experiences with us.

1.4 Purpose of this Report

This report is intended to provide the Office with a clear and succinct summary of the feedback which we received during this assignment, which we believe will be of particular relevance and benefit to the Office as it sets out to develop its upcoming five-year strategic plan. As may be expected in an exercise such as this, a wide variety of information and opinion was presented to Crowe Horwath by stakeholders and peer organisations, all of it intended to be helpful, but some at a level of detail which would preclude its inclusion in this report. Some issues were also raised by either one stakeholder or by a very small number, and in such instances we have generally chosen not to include such comments unless they were of very particular significance; most of what appears herein represents the consensus of opinion provided to us, rather than outliers. (In Section 2 below, we describe the inductive nature of the approach we have adopted.)

Accordingly, this report provides a summary description of the main themes and issues arising within the assignment, and we would be happy to provide the Office with further clarification on specific aspects if required.

2 Identification of Themes

2.1 Introduction

The analysis was undertaken using an inductive approach, that is, a thematic framework was developed based upon the topics agreed with the Office for the conduct of the stakeholder meetings. Each stakeholder meeting involved our team taking extensive notes, following the logical pattern of the interview topics.

The interview material was then reviewed and summarised at a high level, and an indicative set of themes identified, before the use of further review and analysis to validate and develop this thematic framework to a more advanced level.

Whilst all interview material was reviewed in order to develop the thematic framework, this report is not intended to be read as a summary of the content of all stakeholder interviews. Rather, it is intended to set out those themes emerging from this material that would be regarded as particularly pertinent, common to many respondents, and/or of specific relevance to the issues of interest to the Office as it looks to prepare its next Strategic Plan.

Mindful of the sensitivity of the material contained within the interview material, high levels of confidentiality and data protection were maintained. This material has been handled in confidence throughout the process and it was agreed at the outset that no specific comments attributed to individual stakeholders, or identifiable in respect of specific organisations, would be referred back to the Office.

This report includes direct quotations extracted from the interview material alongside summary analysis of themes and opinions expressed in the consultation process. It should also be noted that we have included quotations on a *verbatim* basis, to preserve the integrity of the comments and opinions as received, using the respondent's own words.

The findings are presented as follows:

- a visual representation overview of the key themes;
- a summary list of the themes and the emerging findings from the analysis;
- a subsequent discussion of each of these, including:
 - the ways in which respondents addressed them;
 - illustrative extracts from the interview material;
 - the inter-relationships between themes.

2.2 Overview of Key Themes

The principal themes emerging from the interview material are illustrated graphically below:



The representation of the themes above is in no specific order, and no relationships are identified therein. It is intended to give an easy-to-understand overview of the types of issues considered important by the stakeholders involved in the consultation process.

3 Theme A: Independence

3.1 Sub-Theme A1: The Office Is Seen As Being Independent

Stakeholders reported that they see the Office of the C&AG as being independent, in the two senses of:

- Being independent of the entities being audited (i.e. undertaking its work in a fair and objective manner);
- Being independent of Government.

“The Office of the C&AG is definitively independent.”

“They are very independent, both of the organisations which they audit and of the wider Government system. The Office of the C&AG is independent of the Public Accounts Committee and it's good that they refuse to follow any political lead.”

There was clear understanding amongst stakeholders regarding the constitutional requirements of the C&AG, and the widely-held view was that the Office of the C&AG fulfils these requirements well.

Many stakeholders expressed the view that the Office, and the C&AG himself, need to be seen to be fully independent of the Public Accounts Committee. There was a unanimous view that the C&AG is scrupulously independent of the political system, including the PAC, despite the fact that political pressure may come upon the Office and the C&AG from time to time to deal with matters which are constituency-related, party political or otherwise distant from the constitutional remit of the C&AG.

A number of stakeholders expressed the concern that the independence of the Office might be compromised as a result of Office staff being permanently located in some Government Departments or other state bodies.

“How can they be fully independent when they are auditing the people they meet every day in the staff canteen?”

4 Theme B: Remit

4.1 Sub-Theme B1: Special Reports

Stakeholders would like to see the following when the Office of the C&AG is looking at special reports:

- The selection of topics being both reactive and proactive;
- A desire that the Office of the C&AG should take a holistic approach when looking at topics and not just focus on one agency or Central Government Department (i.e. more analysis of cross-cutting themes which apply to a wide range of publicly funded organisations).

There is a real appetite among the stakeholders to see more value for money (VFM) reports. A considerable number of those with whom we consulted either recalled previous VFM reports produced by the Office in the 1990s and 2000s, or were familiar with VFM reports produced by organisations such as the National Audit Office in the UK. Many of these stakeholders felt that there was significant value in VFM analyses being undertaken, not just in respect of the stewardship of public resources in general terms, but specifically with regard to the learning opportunities which might apply to organisations being subjected to VFM audit.

4.2 Sub-Theme B2: Financial Audit

Stakeholders value the reports produced by the Office. They value the expertise that the Office has in undertaking financial audit work. It is widely seen as a great support for staff in having the Office of the C&AG audit the accounts.

“There is a greater likelihood that findings will be accepted if coming from the Office of the C&AG”

While not all of the stakeholders have been subject to special reports or VFM studies, all have experience of financial audit. There are some concerns among a small number of stakeholders regarding the financial audit:

- The auditors need to reconsider the balance between materiality and probity (in the context of what is possible within the auditing standards which underpin the work of the Office);
- Annual audit should be risk-based and should align to key areas (this is often the case and those stakeholders who raised the issue were keen to ensure that risk assessment should continue to underpin the financial audit).

“Obsession with trivial issues which are politically driven.”

“C&AG spends more time auditing payroll and staff expenses than looking at the P&L and balance sheet.”

Some of the stakeholders were concerned that the audit areas were sometimes swayed by public perception or media comment on particular issues. Concerns were also raised by some

that the audit needed to fit into a particular template rather than being tailored to the organisation. Some also saw the annual financial audit as a fault finding exercise.

5 Theme C: Staffing

5.1 Sub-Theme C1: C&AG Staff

Stakeholders view the staff of the Office of the C&AG as high quality and professional. They value the “public sector way of thinking” (i.e. familiarity with public sector systems, procedures and organisational culture/values) that staff display. But they would like to see continuity of expertise and handovers when teams change; some concerns were also raised about the quality of the contract staff hired by the Office of the C&AG and their knowledge of government accounting concepts. There have also been cases where misinterpretation of policies or process can happen if staff of the Office speak to people at the wrong level in the organisation.

“The C&AG auditors are very insistent and persistent. They understand our organisation very well.”

“I have a very good opinion of the Office of the C&AG. Their staff are all very professional, and they all know the job.”

“The Office of the C&AG show a high level of professionalism and are very responsive. There is a good level of engagement. However, their written reports are not as good as the Big 4 accounting firms but they should be. Quality is a bit lacking – the Big 4 would be more concerned about the performance of our organisation, and not just about financial accounting issues.”

“The C&AG is more concerned about controls than accounts. They should do more in respect of reporting on performance.”

5.2 Sub-Theme C2: Outsourcing

Stakeholders recognise the need to outsource some of the work of the Office given the need to manage peaks in demand. There were some concerns regarding the knowledge of the outsourced staff with regard to government accounting rules and also their knowledge of the public sector. The quality assurance element of outsourced all work is also important, and in some instances there was a perception of a lack of confidence in the outsourced auditors.

Those consulted also raised the following issues:

- The length of time that can be spent explaining basic concepts to outsourced auditors;
- The need for some continuity – concerns were voiced with regard to turnover of the auditors being overly frequent, and a four-year appointment for outsourced audit firms was suggested;
- There can be less flexibility or time for engagement from the outsourced auditors which can mean they are more demanding when on site.

“I get the impression that the [outsourced] auditors were simply looking to justify their fee – they didn't need to get into that level of detail”

“The quality of the [outsourced] other work is good, but we find that the process is more time-consuming because the audit firm reports back to the Office of the C&AG, who then do a desktop review of most facets of the audit – this is a very stringent review and sometimes can be tantamount to the audit being done twice”

“I would suggest that we go back to the EU situation – the EU insisted on public servants reviewing and controlling, if not actually doing, the audits. Some of the European institutions have found that outsourced work was of poor quality and we need to avoid that here”

6 Theme D: Report Type and Scope

6.1 Sub-Theme D1: Report Format

Stakeholders have identified some issues with the current report format:

- Management Letters and Reports to Audit Committees are concise and sometimes can be cryptic / not sufficiently detailed regarding the issues raised;
- Concerns have been raised about judgement in report commentary rather than just factual matters;
- Smaller organisations often don't feel the report is tailored to them.

We discussed with stakeholders whether a change in the report format used by the Office of the C&AG might be merited, particularly in the context that other public organisations are increasingly tending towards the use of infographics rather than traditional prose-style reports. Interestingly, there was only a limited appetite for the report format to change to include more graphics, and many stakeholders felt that the current approach was broadly correct.

"They should think about jazzing up their reports. But equally they need to ensure that their reports are not trivialised in the media. Maybe they should do something like Eurostat - presenting the facts and figures, with lots of diagrams."

"They are careful with the language they use but unfortunately the press tends to use words like 'wastage' and 'watchdog' and to ignore things like recoupment."

6.2 Sub-Theme D2: Follow-up Audits

Stakeholders generally have an appetite for more follow-up work to be undertaken. They would like to ensure that any issues have been resolved to the satisfaction of the Office of the C&AG. This was felt to be particularly important from an internal management and governance perspective, and there was significant support for the notion that a follow-up report from the Office of the C&AG would provide a potential "clean bill of health" to organisations where previous issues had been reported by the C&AG.

Audit committees would also like the opportunity to input into the Office of the C&AG work plan, and in general terms would wish to have more engagement with their auditors from the Office of the C&AG. Many of the Audit Committee chairs with whom we spoke felt that their work neatly dovetails into that of the C&AG, and that more opportunity for dialogue, for forward planning, and for examination of emerging audit themes and priorities should be sought.

6.3 Sub-Theme D3: End Report

The final report of the C&AG is an area where the stakeholders typically do not feel involved. Whilst there is an opportunity to comment on the report from the C&AG, they are not actively involved. This is a particular issue for those who need to comment on chapters of the report and have very tight timelines for comments.

Both the Accounting Officers and Audit Committee Chairs would like to see quicker completion of the audit and production of the accounts.

Other observations included:

- The Office of the C&AG was seen by some stakeholders as holding up the production of annual reports by not signing off on the accounts on time;
- The report can be a powerful tool for change in organisations;
- Demarcation between high and low risk items should be explicitly identified;
- Written reports produced by the Office of the C&AG were often not as well-presented as those from the large accounting firms.

Audit committees would also like a report at the completion of the audit process that highlights the issues raised and differences found.

6.4 Sub-Theme D4: Management Letter

The management letter is seen by the stakeholders as a useful part of the audit process, but they also observed the following:

- In some cases the letter picks up immaterial items which in their view add little or no value to the process;
- Stakeholders would typically like to see recognition of things done well or improved;
- Reference to what “best in class” looks like should be included;
- If there is delay in receiving the letter, the issue may have continued for a further lengthy period – in addition, items can sometimes be resolved by the time the letter is received.

The other issue highlighted with regard to the delays in receiving the management letter is that items can end up on the letter in the subsequent years because the organisation did not have the opportunity to change things before the period relating to the following Office audit.

6.5 Sub-Theme D5: Real-time Audits

Real-time audits are viewed by stakeholders as being more akin to internal audit or consultancy rather than the role of the Office of the C&AG. There is a view that real-time audit could have a place on larger projects or in situations where major change is being implemented, for example when public agencies are being merged. In general terms, however, there was little appetite to see real-time audit happening in the near future, and a significant number of stakeholders were slightly unsure as to what it would mean in practice.

7 Theme E: Quality Control and Assurance

7.1 Sub-Theme E1: Quality of Deliverables

Stakeholders had a number of observations in relation to the quality of the deliverables:

- There was a general feeling that the “one size fits all” approach doesn’t work, and that something more tailored to the individual circumstances of the organisation concerned would be more appropriate;
- Reports are sometimes felt to try to cover too much;
- The materiality level does not always appear to be taken into account.

The Chairs of Audit Committees would also like to see more of the Office of the C&AG staff. Some indicated to us that at most, they meet with their auditors from the Office once a year. A small number reported that they had requested meetings with the lead auditor, but that this had not taken place. In general terms, stakeholders expressed the view that they would wish to have an opportunity to come together with the Office of the C&AG on a more regular basis.

7.2 Sub-Theme E2: Value for Money

There is a real appetite for more value for money work to be undertaken by the Office of the C&AG. Aligned to this is the reputational benefit from the work being undertaken by the Office.

“We would like to see much more VFM audit, and more evaluation of the economic impact of agencies such as ourselves.”

“Office of the C&AG needs to take a step back and look at why money was spent in the first place”

Any value for money work undertaken should take account of the work of the Department of Public Expenditure and Reform Evaluation Unit. Real value in these reports could come from looking at cross-cutting issues involving a number of departments or agencies.

8 Theme F: Overarching Issues

8.1 Sub-Theme F1: Client

We asked the question whether stakeholders felt that they were clients of the Office of the C&AG, or whether they felt that there was a different type of relationship in operation. There was a significant mix of views in relation to this issue, and the main thrust of the responses may be summarised as follows:

- Most Accounting Officers do not regard themselves as clients, citing that this type of relationship generally involves the client having discretion in the selection of the auditor;
- Those stakeholders who have an accountancy background generally do regard themselves as being clients of the Office;
- Chairs of Audit Committees typically see themselves as clients;
- Others words used to describe the relationship included:

“Subject to inspection;”

“Auditees”

“Student/ headmaster relationship.”

The majority of stakeholders view themselves as auditees rather than clients, and the main reasons given for this view is that there is no choice in selection of the auditor. Some also see the relationship as different to the normal auditor-client relationship, given that technical guidance is not perceived as being available from the Office of the C&AG.

Recognition exists of the current professional relationship in place between the Office of the C&AG and stakeholders. However, there is a need for an understanding of the customer service aspects of this and the balance with the need for perfection.

8.2 Sub-Theme F2: What is Valued Currently

A number of aspects of the work of the Office of the C&AG are highly valued by the stakeholders:

- Comfort given by the C&AG;
- Experience of the staff;
- Quality and independence.

“Value for us in C&AG coming in is around the governance / compliance side”

Stakeholders value the work undertaken by the Office of the C&AG, particularly the reviews of specific projects. There is a perceived value from the receipt of a “stamp of approval” that projects are well run and that processes are appropriate.

8.3 Sub-Theme F3: Requirements from Public Audit

Stakeholders have identified a number of requirements that both they and the general public require from the role of the Office of the C&AG:

- Probity;
- Independence;
- Efficiency;
- Proper understanding by the auditors of the public sector;
- Risk focus and sector wide views;
- Clarity;
- Ease of Process.

There is a demand for the audit to be efficient and for there to be an opportunity for stakeholders to input into the audit timing. Some stakeholders highlighted that key staff were unable to arrange holidays, as the Office of the C&AG gives little notice as to when the audit will take place. Earlier arrangement would allow for organisations to better prepare and ensure the appropriate staff are available during the onsite audit.

8.4 Sub-Theme F4: What Stakeholders Would Like to See from C&AG

Stakeholders were given the opportunity to give some views on what they would like to see from the Office of the C&AG in the future:

- More events like the Dublin Castle briefing in May 2015;
- Provision of more technical guidance;
- More engagement – current relationship often quite transactional;
- More information and guidance on performance vis-à-vis other organisations of a similar size;
- A strong desire to know what “good” looks like;
- Timely reports;
- Something that will motivate people;
- Shared learning from other organisations;
- Quality assurance on what is being done.

Stakeholders would like more opportunities to engage with the Office, and in that context a number mentioned the briefing for Audit Committee Chairs that was held in May 2015. There were a number of advantages of this meeting which were highlighted by stakeholders, including the opportunity for Committee Chairs to network with each other and discuss common issues.

General guidance notes and information on best practice would also be a benefit in the future. Stakeholders would like the Office of the C&AG to provide information on best practice and issues that arise on a regular basis.

9 Theme G: PAC Engagement

9.1 Sub-Theme G1: Views of the PAC members

Seven members of the Public Accounts Committee were interviewed in detail on a face-to-face basis as part of the stakeholder engagement process. The committee members for the most part do see the Office of the C&AG and the C&AG himself as being independent.

Some of the other common themes included:

- Members would like to see the remit expanded to include local government – this was a strongly held view and was repeated by a number of PAC members;
- Some members would like to see a longer lead time between the pre-meeting briefing and the PAC meeting;
- There is an appetite for compliance with recommendations to be reported on;
- PAC members would also like to see more VFM reports but they would like input into selection of topics;
- There is a concern among the members over the level of staffing within the Office, and strong support was expressed by all PAC members whom we interviewed that the Office needs more resources not just to carry out its existing work effectively, but also to engage more heavily in other works such as VFM studies.

One of the significant issues raised by the Members was their ability to input into the work of the Office of the C&AG. This would need to be set against the need for the Office to maintain its independence. Some of the Committee members would also like to see reports that contain more graphic illustrations rather than text; they would also like to see shorter, more concise reports.

The Members of the PAC would also like to see the budget for the Office ring-fenced and approved outside the traditional vote structure.

10 Peer Review

10.1 Introduction

Our engagement with the comparator organisations in Northern Ireland, Scotland, Finland and New Zealand involved comprehensive discussions with senior officials from the agencies concerned, based upon a standard template setting out the critical themes of interest to the Office of the C&AG in Ireland. The following paragraphs set out, mainly in tabular format, the predominant findings arising from these discussions, as a high-level summary.

It should be noted that in New Zealand, the Office of the Auditor General is separate from Audit New Zealand, which is an operational business unit providing audit services on behalf of the Auditor General. The two entities are co-located and work closely together.

10.2 Independence

In all four countries, independence was felt to be highly important in respect of public audit.

Northern Ireland	The C&AG is an officer of the Northern Ireland Assembly. The current C&AG was proposed by a panel which consisted of three assembly members and two others. The C&AG reports to the Public Accounts Committee in the Assembly.
Scotland	Appointed by the Crown, on the recommendation of the Scottish Parliament. The Auditor General reports to the Public Accounts Committee in the parliament.
Finland	Auditor General appointed by parliament, previously was a Ministerial appointment but this changed in 2001.
New Zealand	Full operational independence from the executive. Funding comes from audit fees.

10.3 Remit

Northern Ireland	<p>Remit includes local government as well as central government, it excludes universities but they do have access rights where issues of public interest come to light.</p> <p>The Public Accounts Committee has an opportunity to input into reports. The C&AG will present choices to the committee at the planning stage, and let the members decide on what areas they would like to look at.</p>
Scotland	<p>Remit of 74 central government bodies (Scottish Government, NDPBs, Police Scotland, Scottish Fire and Rescue Service, and others), 23 NHS bodies, 32 councils, 25 further education colleges, and Scottish Water.</p> <p>The Accounts Commission rather than Audit Scotland is responsible for reports on local government bodies.</p>

	Overall, Audit Scotland is responsible for the audit of about 200 organisations.
Finland	<p>Remit of Government and ministries, government agencies, off-budget funds, unincorporated state enterprises and state-owned companies, state grants and aids to local authorities, enterprises and other organisations, the transfer of funds between Finland and the European Communities, and election campaign funds.</p> <p>Excludes Social Insurance Institution/welfare payments and county/municipality level of public sector.</p>
New Zealand	Currently responsible for the audit of about 4,000 public entities including government departments, State-owned enterprises, Crown research institutes, the defence forces, district health boards, city and district councils and the entities they own, ports, schools, and higher education institutions.

10.4 Report Types

Northern Ireland	There has been a move towards financial audits but a recent restructuring should help to rebalance this. The restructuring has mixed the financial audit and value for money teams this should increase resources to complete the financial audits as soon as possible after the year end. They are also looking at more short, snappy value for money reports
Scotland	<p>Annual audits (Financial Audit)</p> <p>Public reports – Audit Scotland publishes a wide range of reports on matters of public interest. These include overview reports on how different sectors perform during each financial year. Other reports focus on particular issues, either in an individual organisation or across a sector.</p>
Finland	<p>Financial Audit – audits of accounts (compliance with budget and key provisions regarding its application);</p> <p>Compliance Audit – examine whether legislation, lower-level regulations and guidelines issued by authorities have been complied with;</p> <p>Performance Audit – to examine the legality and propriety of financial management / soundness of financial management. Between 12 and 15 performed per year;</p> <p>Fiscal Policy Audit – combines financial audit, performance audit and compliance audit methods. The external professional audit of the central government finances from macro-economic perspective. Determines whether a true and fair view has been given of the central government finances and the sustainability of general government finances. Fiscal policy audit also covers the effectiveness of tax policy and the reliability of the information base of tax policy. Between one and two performed per year;</p> <p>Fiscal Policy Monitoring and Evaluation – monitoring the drawing up and implementation of the multi-annual plan for general government</p>

	finances, for ensuring the reliability of macroeconomic forecasts, and for supervising compliance with the Stability and Growth Pact. Office helps to make fiscal policy rules more transparent and comprehensible and safeguard stability and sustainability of general finances.
New Zealand	Financial audits, performance audits, audits of councils' long term plans, and school audits.

10.5 Quality Control

Northern Ireland	All accounts go through a quality control hierarchy.
Scotland	Audit Scotland has a corporate quality framework in place that sets out its arrangements, and reports the outcomes annually in a Transparency and Quality report.
Finland	Quality guidelines and systems in place. The quality control system was peer reviewed in 2012.
New Zealand	All audit work in New Zealand is outsourced by the C&AG. Audit New Zealand, which is the state-owned auditor, provides about half the audits by value; the remaining audits are provided by the private sector. Up until 2003 a competitive environment operated, but this was seen as having an impact on quality. Audits are generally awarded for six years.

10.6 Selection Criteria

Northern Ireland	<p>There is a classification system for high risk audits. NIAO aims to focus on larger spending areas and align with public sector reform.</p> <p>NIAO also considers the public interest test and will take into account correspondence received from external parties with regard to matters of public audit/financial management.</p>
Scotland	Selection depends upon a range of criteria, including risk, spend levels, when the last audit was done, etc. A draft programme is developed and Audit Scotland then consults Parliament. However, the final decision is the responsibility of the Auditor General. Space is always left in the audit programme to accommodate matters of public interest which may come to light from time to time, and Members of the Scottish Parliament, the press, and civic society can have an influence in this.
Finland	Whole-government risk analysis completed every four years, which includes looking at the economy, management of public money, and issues in State budget. The analysis looks at the need to combine human resource capital, budget, and audit type. Following this analysis, a work plan is generated: the work plan is four years ahead on a rolling basis and is reviewed annually. There is a balance between financial and other audits. As well as financial audits, VTV completes between 10 and 15 performance audits, one or two fiscal policy audits, and two to four compliance audit reports per year.

New Zealand	<p>The Auditor-General's staff choose the issues to be examined by performance audits and other studies through an annual work planning process. This involves examining each sector, and identifying the main areas of actual and potential concern that would benefit from being examined by a performance audit or other special study. The Auditor-General's annual plan includes a list of proposed performance audits.</p> <p>The Auditor-General cannot be ordered to conduct an inquiry. Before deciding on whether to go ahead with an inquiry, the Auditor-General considers whether the matter is within the Auditor-General's mandate under the Public Audit Act 2001, is of substance and relevant to the Auditor-General's role, and is reasonably recent. Other considerations are whether the person or entity requesting the inquiry has taken reasonable steps to resolve the matter with the entity concerned, and whether the Auditor-General has the staff and resources to look into the matter.</p>
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10.7 Sanctions

Northern Ireland	<p>Much of the power is through the PAC. There are no real sanctions although there is the power to surcharge local authority members. For Central Government Departments and executive agencies, the principal sanction is the risk of restricted career progression for public servants in cases where the C&AG has issued negative findings.</p>
Scotland	<p>The Auditor General "may prepare a report on the account" of any body whose accounts are sent to the Auditor General for auditing (i.e. central government and health). The scope is sufficiently wide, and the report is made to Parliament, whose PAC considers the report and can make recommendations to Parliament.</p> <p>The Accounts Commission may, upon receipt of reports by the Controller of Audit, hold a hearing and/or state its findings, for which the local authority is required to consider the recommendations. Such recommendations may be made to Scottish Ministers. In cases of failure, negligence or misconduct in respect of the accounts of a local authority, a special report from the Controller of Audit can lead to a hearing that is able to suspend or disqualify members.</p> <p>The Commission in recent years has published robust critical findings on various matters in which it has had a substantial concern, ranging from specific actions taken by a local authority (such as the handling by Strathclyde Fire and Rescue Joint Board of the retirement and re-employment of its chief fire officer, through to wider issues of performance of a local authority). Both of these cases are good examples of where robust findings result in a high public impact and requiring audited bodies to consider the findings and secure improvements. Findings can of course also be used to allow the Commission to commend good practice or good progress by a council.</p>
Finland	<p>VTV don't have powers to sanction or penalise entities for non-compliance. The Office does have oversight of political/electoral campaign financing, and non-co-operation does incur sanctions and</p>

	<p>this has happened, but have never gone through full procedures. Sanction and Penalty Board has met once in history of organisation re political financing. The VTV in general don't want to go down the route of sanctions as they want to increase interaction, communication and co-operation.</p>
New Zealand	<p>The Treasury must supply monthly statements to the Auditor-General, to enable the Auditor-General to examine whether expenses and capital expenditure have been incurred in keeping with appropriations or other authority.</p> <p>The Auditor-General can direct a Minister to report to the House of Representatives if the Auditor-General has reason to believe that any expenditure that has been incurred is unlawful or applied for a purpose that is not within the scope, amount, or period of an appropriation or other statutory authority.</p> <p>The Auditor-General can stop payments from a Crown bank account or a departmental bank account, to prevent money being paid out of the account that may be applied for a purpose that is unlawful or that is inconsistent with any appropriation or other statutory authority.</p>

10.8 Overarching Themes

Northern Ireland	<p>A small amount of funding has been ring-fenced to allow the NIAO to produce information leaflets on different topics for the use by the whole public sector, relating to best practice guidance. The C&AG feels that this is a good use of resources which delivers significant value, and it is intended that this process will be continued as initial reaction from organisations audited by the NIAO has been very favourable.</p>
Scotland	<p>Audit Scotland is going through a transformation process under the title "Building a Better Organisation" which covers all aspects of its activity – processes (particularly with a view to simplifying existing tasks and work processes), organisation/staffing, costs of audit, wider community engagement, and other factors. A copy of the relevant documentation is being provided under separate cover to the Office of the C&AG.</p>
Finland	<p>VTV would like to transform the relationship with its stakeholders from "fear-based" to advisory while recognising the thin line between audit and consultancy.</p>
New Zealand	<p>Much of the current system in New Zealand for public audit stems from a decision 20 years ago to contract out a substantial body of its work. It is responsible for 4,000 audits per annum at present – 50% (by value) is contracted out (c. 80% by number), and both Audit New Zealand (an independent business unit) and private sector accounting firms are contracted to undertake this work. Many of the systems and processes in place within New Zealand are well refined and work effectively; no major change is planned in the short to medium term.</p>

11 Conclusions

11.1 Overview

This stakeholder survey has shown that, for the most part, the Office of the C&AG in Ireland is perceived to be professional and very independent in the execution of its duties, and is well regarded by the vast majority of stakeholders.

There are some key issues which the C&AG may wish to consider as part of the development of the forward strategic plan, including the following issues (presented in line with the structure of this report, and not in order of priority):

- the need to be seen to be fully independent of the organisations being audited, and whether this sits comfortably with Office staff being permanently located in the offices of those organisations;
- the need to reconsider the question of materiality, and whether it would be more effective to consider the wider financial picture rather than drilling down into relatively small amounts of expenditure in areas like payroll and travel costs;
- the extent to which the Office of the C&AG might have a greater role in auditing or evaluating the overall financial performance of public sector organisations;
- the strong desire to see more value for money audit work conducted and more VFM reports published;
- the optimum balance between work undertaken by Office staff and outsourced auditors from the private sector, with particular focus on how best it can be ensured that private sector auditors have a correct understanding of the public sector;
- the options available for developing the format and style of reports issued by the Office in order to maximise their accessibility to a lay readership;
- the optimum means of developing an effective relationship between the Office and audited organisations, including their Audit Committees, which take proper account of the respective responsibilities whilst aiming for greater levels of mutual understanding;
- the means of providing guidance to public sector organisations, particularly in terms of helping them to understand what "good" looks like, and to share learning from across the public sector on cross-cutting themes.