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## Report by:

*Denmark: National Audit Office of Denmark*

*Finland: National Audit Office of Finland*

*New Zealand: Office of the Auditor-General (Audit New Zealand)*

*United Kingdom: National Audit Office*

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# International Peer Review

of the Performance and Financial  
Audit Practices of the United States  
Government Accountability Office



## Peer review Highlights

### Why was the peer review conducted?

Generally Accepted Government Auditing Standards (GAGAS) requires the Government Accountability Office (GAO) to obtain an external peer review at least once every three years.

The peer review determines whether GAO's system of quality control is suitably designed and whether GAO is complying with its quality control system in order to achieve reasonable assurance of conforming to applicable professional standards.

Peer reviews of GAO's financial audits were conducted beginning in 1995. Peer reviews of GAO's performance audits were also conducted for 2004 and 2007, and combined peer reviews of GAO's performance audits and financial audits were conducted for 2010 and 2013. This is the third combined peer review of GAO, covering the year 2016.

In 2016, GAO employed around 3,000 staff, organized across 14 mission teams. It issued 697 reports in 2016, around 95% of which Congress requested or mandated.

### Who conducted the peer review?

An international team of auditors from the Supreme Audit Institutions of Denmark, Finland, New Zealand and United Kingdom carried out this peer review.

### How was the peer review performed?

Between January and September 2017, the peer review team reviewed documents, examined a sample of audit reports, and conducted a case study, focus group meetings, interviews and three on site visits.

### Report Content:

1. Formal peer review opinion
2. Follow-up of previous suggestions
3. Good practices of GAO
4. Suggestions for GAO to consider.

September 2017

## International Peer Review of the Performance and Financial Audit Practices of the United States Government Accountability Office

### What the peer review found

#### Formal peer review opinion

Based on the work conducted, the peer review team confirms that, in its opinion, GAO's system of quality control is suitably designed and GAO was complying with its quality control system during the year ended 31. December 2016. The quality control system was therefore able to provide GAO with reasonable assurance that it is conforming to the sections of the 2011 GAGAS that apply to GAO's performance and financial audit practices.

The opinion is based on:

- A review of GAO's quality control framework of policies and procedures;
- A review of GAO's internal monitoring procedures;
- A review of a sample of financial and performance audit reports and related documents from a reasonable cross-section of the GAGAS audits performed by GAO;
- An in-depth case study of a completed audit;
- A review of other documents necessary for assessing compliance with standards and internal quality control policies and procedures;
- Interviews with GAO's staff to assess their understanding of and compliance with relevant quality control policies and procedures; and
- A review of GAO's actions to respond to suggestions made by previous peer reviews.

#### Follow-up of previous suggestions

There were eight open suggestions from the 2010 and 2013 peer reviews. The peer review team found that GAO has taken adequate action to close six suggestions, and found that GAO has made progress against the remaining two open suggestions regarding clarity of reports and external review of reports.

#### Good practices of GAO

The peer review team identified five good practices that other SAs might benefit from:

- Tone at the top
- Learning and development
- High-Risk List and the five-pointed star rating system for assessing government programs
- Effective communication through social media
- Internal stakeholder process.

#### Suggestions for GAO to consider

The peer review team identified five suggestions for GAO to consider:

- Develop a strategy to maximize the potential of the engagement management system
- Continue the focus on clarity of reports
- Place additional focus on clarity of the highlights page
- Continue exploring opportunities for communicating results
- Develop a mechanism to further enhance stakeholder collaboration.



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# Introduction

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The Government Accountability Office (GAO) is the supreme audit institution (SAI) of the United States of America. The Comptroller General heads GAO, which is an independent, nonpartisan agency that supports Congress. The *Budget and Accounting Act of 1921* sets out the Comptroller General's duties and responsibilities. During fiscal year 2016, GAO employed around 3,000 staff<sup>1</sup>.

GAO issued 697 reports and senior officials testified at 119 congressional hearings during fiscal year 2016. About 95% of GAO's work is at the request of Congress or mandated in law. All GAO audits are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The most recent edition was published in 2011.

GAO's headquarters is in Washington DC. It has 11 field offices located across the country. Approximately two thirds of its staff are located at headquarters, and one third in the field offices. GAO has 14 mission teams that focus on particular areas of federal government activity. GAO has many in-house experts, who serve as internal stakeholders for GAO engagements. Staff from multiple locations and mission teams can make up engagement teams, and they are supported by internal stakeholders and staff from across GAO that work on related topics.

## The scope of the peer review

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Section 3.96 of GAGAS requires GAO to obtain an external peer review at least once every three years. The review must be sufficient in scope to provide reasonable assurance that GAO's system of quality control was suitably designed and that GAO complied with its quality control system during the period examined.

A Memorandum of Understanding between GAO and the National Audit Office of Denmark (on behalf of the peer review team) dated November 2016, governed the peer review. The peer review team conducted three on-site visits to GAO between January and April 2017.

To provide a new perspective to the peer review, and assure a comprehensive assessment of GAO's quality controls, the peer review team conducted an in-depth case study and spoke with GAO's independent external Audit Advisory Committee. The case study involved a walk-through of one of the sampled performance audits from the beginning to end of the engagement process, by the responsible audit team, managers and quality assurance staff. The case study provided the peer review team with an overall view of how well the quality assurance process worked in practice. Additionally, the Audit Advisory Committee told the peer review team that they were highly satisfied with GAO's work and appreciated the co-operation and information provided by GAO in response to their requests.

Appendix A gives further details about the peer review team's methodology.

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<sup>1</sup> <https://www.gao.gov/about/workforce/>

This report details the findings from the review. It covers:

- the formal peer review opinion;
- follow-up on previous peer reviews;
- good practices; and
- suggestions for GAO to consider.

### *Acknowledgements*

*The peer review team would like to thank GAO management and staff for all the information, assistance and time provided throughout the peer review. In particular, we would like to thank the audit team from the Homeland Security and Justice mission team who walked us through the entire engagement process, and the members of the independent external Audit Advisory Committee for providing feedback on its relationship with GAO. We would also like to thank staff from the Audit Policy and Quality Assurance office (APQA), who provided significant support throughout the peer review. We also would like to thank the Chief Operating Officer for her support throughout this peer review. Finally, we would like to thank the Comptroller General for talking with us several times during the peer review despite being busy with many testimonies. We appreciated the open and honest atmosphere in the organization.*

# Formal peer review opinion

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Based on the work conducted, the peer review team confirms that, in its opinion, GAO's system of quality control is suitably designed and GAO was complying with its quality control system during the year ended December 31, 2016. The quality control system was therefore able to provide GAO with reasonable assurance that it is conforming to the sections of the 2011 GAGAS that apply to GAO's performance and financial audit practices.

The opinion is based on:

- a review of GAO's quality control policies and procedures;
- a review of GAO's internal monitoring procedures;
- a review of a sample of financial and performance audit reports and related documents from audits performed by GAO;
- a review of other documents necessary for assessing compliance with standards and internal quality control policies and procedures;
- focus group meetings and interviews with GAO's staff to assess their understanding of and compliance with relevant quality control policies and procedures; and
- a review of GAO's actions to respond to suggestions made by previous peer reviews.

This report also contains good practices in GAO which other SAIs can benefit from and suggestions that GAO might consider to further strengthen the practices in the organization.



# Follow-up of previous peer reviews

The peer review team examined GAO’s actions and progress in implementing the eight suggestions resulting from previous peer reviews. The peer review team found that GAO has taken action on all the suggestions. We concluded that six suggestions could be closed. In two instances, GAO’s actions were ongoing and it had further activities planned (**Figure 1**).

**Figure 1.**  
**Suggestions from the previous peer reviews (2010 and 2013)**

	<i>Peer review year</i>	<i>Current Status</i>
<i>1. Communicate the message to the intended reader more clearly</i>	2013	Open
<i>2. Use of existing networks to comment on reports</i>	2013	Open
<i>3. Ensure oversight of significant changes to audit scope</i>	2010	Closed
<i>4. Better link criteria to the audit objectives and conclusions, and distinguish between descriptive and evaluative questions</i>	2010 and 2013	Closed
<i>5. Update GAO’s multi-year strategy for the audit of the consolidated financial statements</i>	2013	Closed
<i>6. Develop a framework for rotating senior staff and/or responsibilities</i>	2010	Closed
<i>7. Enhance monitoring of time variances on audits</i>	2010	Closed
<i>8. Consider the opportunity for a more risk-based approach to the annual inspection</i>	2013	Closed

Source: The peer review team.

The following paragraphs explain GAO’s actions to address the suggestions.

**1. *Communicate the message to the intended reader more clearly***

***Status: open***

GAO has identified actions to enhance the way the message from its work is communicated to readers, including developing and piloting a simpler, clearer and more concise report summary (Fast Facts), and providing guidance and training to help staff simplify report language. However, in our sample of reports, we found variability in the clarity of reports. While GAO has provided guidance and training to audit teams, the peer review team believes that GAO should consider taking further steps to ensure the messages in all reports are presented more simply and clearly. Please see the suggestion on clarity of reports.

**2. *Use of existing networks to comment on reports***

***Status: open***

GAO has started two projects to obtain information and insights from external parties with a goal of informing the way in which it communicates the results of its work:

- 1) a review of GAO products by selected members of its existing external networks; and
- 2) a project to review the reporting and communication strategies of external organizations, both governmental and private organizations, to identify best practices.

On review of products, GAO has selected members from existing external networks to conduct the review. GAO plans to select the products in the fall of 2017 and for the review to be conducted after that. The peer review team considers this project to be ongoing and therefore this suggestion remains open.

GAO plans to report on its project to review reporting and communication strategies used by peer organizations by the end of 2017.

**3. *Ensure oversight of significant changes to audit scope***

***Status: closed***

GAO has updated its engagement process to require senior management approval of proposed significant changes to objectives, scope, and methodology. Changes in scope of audits now require renewed management approval at an Engagement Review Meeting (ERM). The peer review team found that adequate actions have been taken to close this suggestion.

**4. *Better link criteria to audit objectives and conclusions, and distinguish between descriptive and evaluative questions***

***Status: closed***

GAO has made significant efforts to ensure that audit teams distinguish between descriptive and evaluative criteria in planning documents such as the design matrix. GAO has developed guidance on how to link criteria, objectives, methodology and findings. It uses design meetings to support that the links are clear. GAO has also revised its policy on criteria and has provided training on how to develop and state clear criteria in planning documents, as well as in audit reports. The peer review team found that actions have been taken to close this suggestion.

**5. *Update GAO's multi-year strategy for the audit of the consolidated financial statements***

***Status: closed***

Since GAO's first audit of the 1997 consolidated fiscal statements<sup>2</sup>, it has not been able to express an opinion on the statements because of weaknesses and other limitations in agencies' financial management. GAO's updated *Long-term Strategy for the Audit of the U.S. Government's Consolidated Financial Statements* now clarifies:

- roles and responsibilities of parties involved in the audit of the U.S. Government's Consolidated Financial Statements;
- Treasury, Office of Management and Budget, and the Department of Defence's efforts to respond to key audit recommendations, including milestones; and
- GAO's efforts to monitor their audit readiness.

The peer review team finds that adequate actions have been taken to close this suggestion.

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<sup>2</sup> <https://www.gao.gov/products/GAO-16-621>

**6. *Develop a framework for rotating senior staff and/or responsibilities***

***Status: closed***

Although GAGAS does not require senior staff to be rotated, GAO recognizes that this area needs to be monitored. Thus GAO has developed processes to guard against threats to its independence. These include procedures to consider annually whether the senior staff should be rotated to ensure that audit managers and audit teams remain independent in fact and in appearance. The peer review team found that GAO has developed and implemented procedures to detect and prevent independence issues, and rotate staff if required, and therefore has taken actions to close this suggestion.

**7. *Enhance monitoring of time variances on audits***

***Status: closed***

GAO's new engagement management system (EMS) enables senior management and teams to, among other things, monitor time variances on audits. For example, EMS warns management and teams when they may need to seek approval for additional resources (staff days). The peer review team found that GAO has taken action to oversee variances in planned versus actual staff days, and close this suggestion.

**8. *Consider the opportunity for a more risk-based approach to the annual internal inspection***

***Status: closed***

GAO has now established a more risk-based approach to the annual internal inspection. The Chief Operating Officer and the Professional Practices Advisory Committee identify the risk areas to be included in the annual inspection. In 2015 the risk areas identified were:

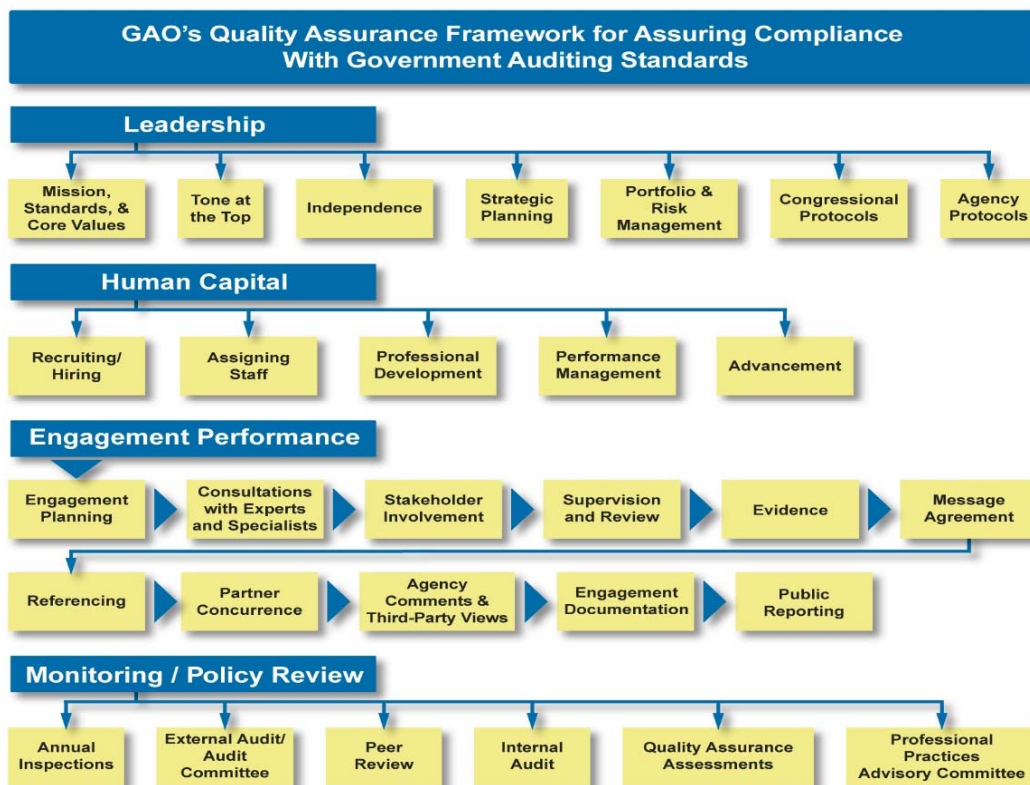
- interactions with stakeholders;
- selection of sites for review; and
- use of case studies.

The 2015 annual inspection concluded that GAO needed to clarify how teams should interact with stakeholders, which GAO has done. The peer review team finds that adequate actions have been taken by GAO to close this suggestion.

# Overall impressions

GAO has a robust quality assurance framework (QAF) (**Figure 2**). It consists of four levels: Leadership, Human Capital, Engagement Performance and Monitoring/Policy Review. The QAF links directly to underlying policies and procedures, templates and process requirements.

**Figure 2**  
GAO's quality assurance framework



Source: GAO.

GAO receives a high volume of requests for work from Congress. It produces around 700 reports a year. The peer review team finds that the QAF allows GAO to manage the high volume of audits by establishing clear procedures and practices that GAO staff can apply consistently across all outputs. It is especially important that GAO has consistent procedures and processes across the organization given the wide range and complexity of the areas it audits.



The peer review team noted that GAO has a strong strategic basis for planning its audit work. GAO prepares a five year strategic plan which enables GAO to serve the Congress. GAO has an office responsible for strategic foresight which is also responsible for facilitating the strategic plan, with input from across GAO. The office works with the mission teams and reports directly to the Comptroller General. In addition, GAO prepares a fiscal outlook report on the government's financial position that provides information critical to understanding issues related to the U.S. government's long term fiscal sustainability.

The peer review team found that GAO has organizational structures that clearly support and prioritize quality and independence. GAO ensures that it conveys to staff the importance of producing quality work—for example, through training and from a clear tone at the top (i.e., aligned messages). Everyone interviewed as part of the peer review was clear about the importance of quality and the purpose of the quality assurance framework. Further, GAO provides policy-related guidance on its internal website that fully supports the quality assurance framework.

As the public sector faces increased budgetary pressures, the peer review team finds that SAIs are expected to add increasing value in helping to address public challenges. Consequently, this requires SAIs to develop strategies for sharing learning across the public sector to help it become more effective and efficient. At the same time, SAIs need to continue to attract, retain and develop the skills of a new generation of staff with different expectations. From the peer review team perspective, we therefore must continuously assess and when appropriate adjust and innovate our frameworks for delivering high quality and relevant products, as well as refine our approach to leadership.

Over the years, GAO has continually developed the leadership aspect of its quality assurance framework to place it in a stronger position to manage future challenges. GAO's leadership strategy for adapting to its changing environment has, among other things included formalizing people values and expanding training activities. Continuing these efforts could help GAO to respond strategically to the constantly changing environment.

# Good practices of GAO

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The peer review team identified five good practices that other SAIs might benefit from.

## Tone at the top

An important part of GAO's quality assurance framework is tone at the top. Tone at the top is to ensure that leadership is consistent with GAO's core values and professional standards.

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## GAO's statement on tone at the top

*"... a style of leadership by the Comptroller General and other GAO executives that is consistent with the highest professional standards, GAO's core values, and the goal of being a model federal agency and a world-class professional services organization uniquely positioned to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people".*

Source: Policy Manual, chapter 100, p. 6.

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The tone at the top and GAO's core values influence the style of leadership and behavior of all staff. GAO's values are:

- **Accountability:** describes the nature of GAO's work. GAO provides professional services to the Congress to help oversee federal programmes, policies, and operations;
- **Integrity:** describes the high standards that GAO sets for itself. GAO takes a professional, objective, fact-based, nonpartisan, non-ideological, fair, and balanced approach to all of its activities; and
- **Reliability:** describes GAO's goal for how its work is viewed. GAO produces high-quality reports, testimony, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

GAO leadership embed the values throughout the organization. The peer review team notes that the quality control procedures provide a basis for staff adherence to the core values.

The peer review team also notes, as in previous peer reviews, that there is a strong focus on quality within GAO's senior management which permeates through all levels of the organization. The tone at the top is reinforced through, among other activities, training at senior executive level, weekly Engagement Acceptance Meetings (EAMs), bi-weekly ERMs, and regular meetings at the managing director level.

### *Good practices:*

*Tone at the top*

*Learning and development*

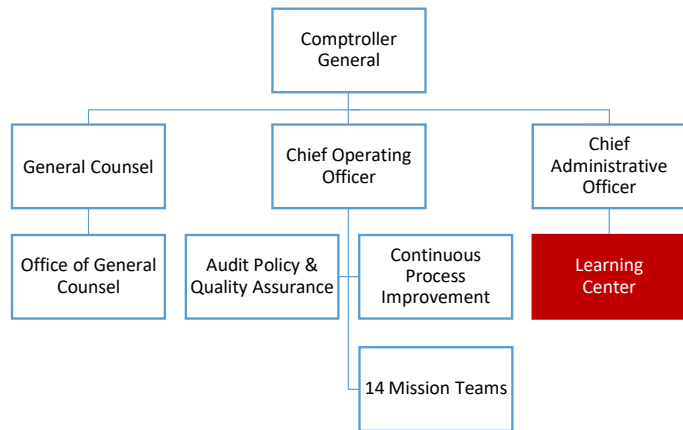
*High-Risk List and the new five-pointed star rating system for assessing government programmes*

*Effective communication through social media*

*Internal stakeholder process*

## Learning and development

GAO has a robust learning and development strategy and programme, designed to support the different levels and needs in the organization. The programme combines training to equip staff at each level with the necessary skills, alongside wider technical and personal development training.



While we would expect an organization of this size to have a strong learning culture, we were particularly impressed by the two year programme for those being assessed for promotion to the senior executive service level. It prepares them for promotion into senior level positions at any government agency. We were also impressed by GAO’s increased focus on learning and development that supports diversity and inclusion. The peer review team considers these to be examples of good practice.

## High-Risk List and the five-pointed star rating system for assessing government programmes



Every two years, when a new Congress is elected, GAO publishes the High-Risk List. The list comprises agencies and programme areas that GAO considers to be high risk due to their vulnerabilities to fraud, waste, abuse, mismanagement and need of transformation. In 2017, there were 34 risks on the list.

In 2015, GAO introduced a new framework - the five-pointed star rating system (**Figure 3**). This provides Congress and the general public with an easy to understand visual representation of the agency’s progress to address the risks GAO has identified based on five criteria.

### Figure 3

An example of the five-pointed star rating system

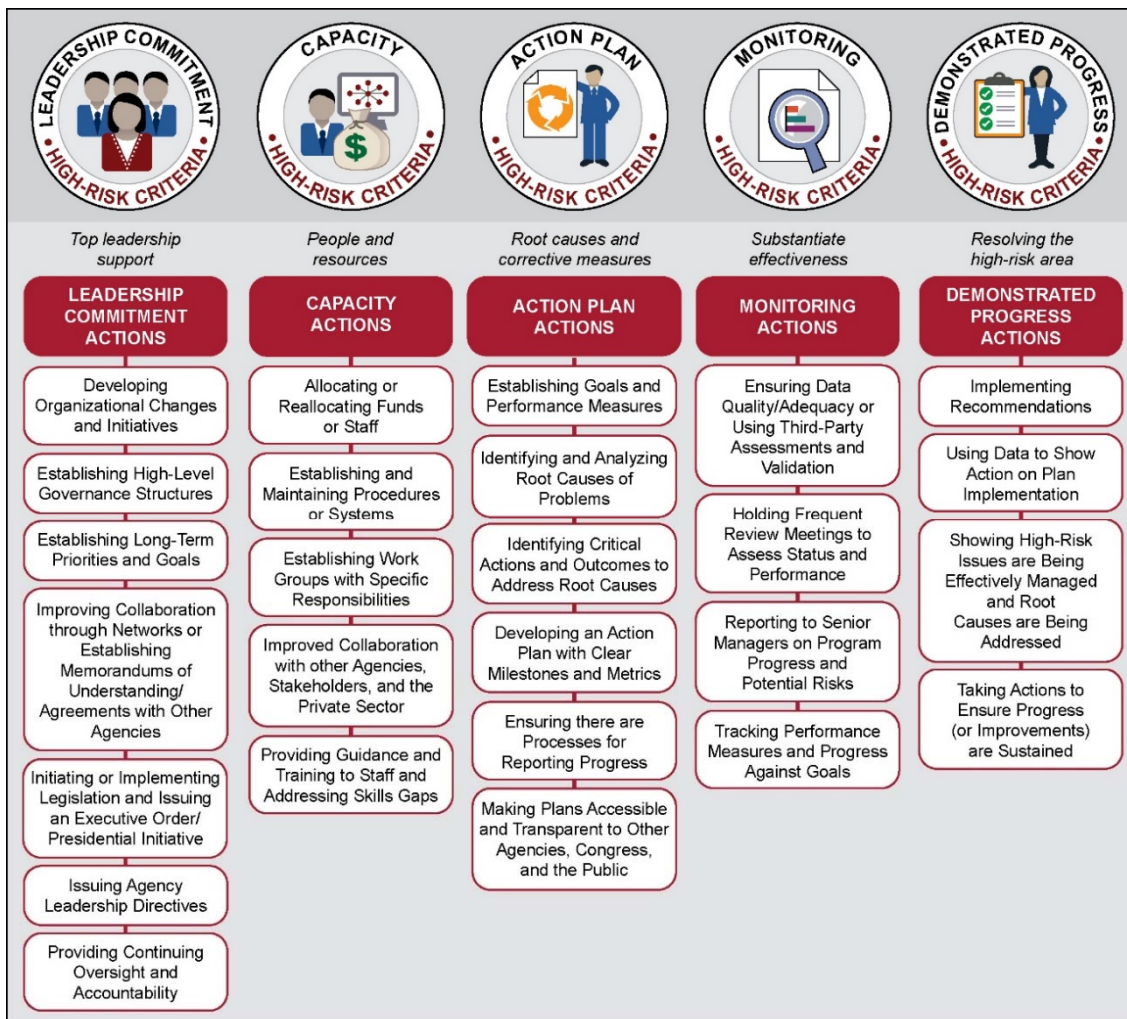


Source: GAO-17-317.



GAO has, in addition to the five-pointed star rating system, developed examples of actions that can lead to removal from the High-Risk List. These examples provide a common language across agencies and Congress, and enable agencies to more readily understand the steps they need to take to address risks and therefore be removed from the High-Risk List (Figure 4).

**Figure 4**  
Examples of actions leading to removal from the High-Risk List



Source: GAO-17-317.

The peer review team finds that the five-pointed star rating system is an example of a good practice.



## Effective communication through social media

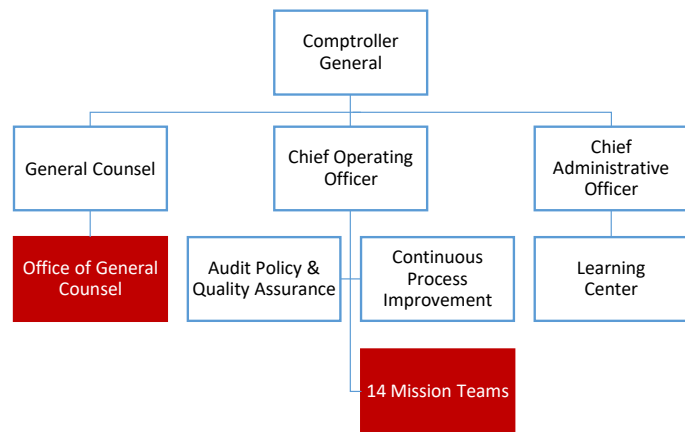
GAO's Office of Public Affairs is involved in the engagement process in the early stages to promote the effective communication of the audit results.

GAO uses various forms of social media to communicate its findings, such as Twitter, Facebook and the WatchBlog. Although there are inherent risks in using social media as a means to communicate, GAO has processes in place to manage these risks. GAO analyzes the use of the different forms of social media in order to better target its efforts. The peer review team found that GAO's approach to using social media to reach out to its different audiences is an example of a good practice that other SAIs could benefit from.



## Internal stakeholder process

GAO employs many specialists who serve as internal stakeholders for GAO engagements. Internal stakeholders include attorneys, methodologists and subject matter experts. Support for the use of stakeholders comes from senior management who ensure that appropriate stakeholders are used for each engagement. The staff we interviewed, including those in our case study, emphasized the value of stakeholder input. This positive and structured approach to stakeholders is unique. Other SAIs that do not have this internal expertise must justify its acquisition on a case-by-case basis and, if approved, must purchase it from external sources.



## GAGAS statement on stakeholder involvement

*“Audit management should assign sufficient staff and specialists with adequate collective professional competence to perform the audit... If planning to use the work of a specialists, auditors should document the nature and scope of the work to be performed by the specialist...”*

Source: GAGAS, section 6.45 and 6.46.

The peer review team considers that the use GAO makes of its stakeholders provides teams with the competency to perform high-quality work and provides the basis for development of products that are legally, methodologically and analytically sound. This is an example of a good practice that could benefit other SAIs.

# Suggestions for GAO to consider

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The peer review team identified five suggestions for GAO to consider.

## Develop a strategy to maximize the potential of the engagement management system

Since June 2015, GAO has been rolling out a new engagement management system (EMS). EMS provides GAO staff and management with data on individual engagements in a single location, and can produce a wide range of management reports. As of April 2017, all teams were using EMS to initiate and manage their work.

EMS can produce several standard reports, for example, engagement portfolio reports, staff and engagement progress reports, as well as other oversight reports. Given this is a new system, GAO's evaluation of how staff are using reports is at an early stage.

The peer review team acknowledges that EMS offers GAO many opportunities to more easily and consistently manage its engagements, both on an individual project basis and across the organization, to among other things, achieve further efficiency gains. As GAO continues to develop and review EMS, it may wish to develop a strategy to maximize the use it makes of the information in EMS.

## Continue the focus on clarity of reports

The goal of an audit report is to convey the core message in a manner that is clear and easily understood by its intended audience. Some of the sampled performance audit reports were communicated in a very structured and clear way, despite the fact that in some cases the report discussed highly technical subjects. However, there were some reports that varied in terms of clarity. For example they were characterized by long paragraphs and frequent use of jargon and acronyms.

GAO might continue to improve the clarity of its reports. It could consider identifying reports, or elements of reports, that exemplify clear communication, and encourage other teams to learn from these.

## Place additional focus on clarity of the highlights page

GAO includes a highlights page in most of its reports, which provides a high level overview of its key findings and recommendations. Under GAO's policy, highlights pages must be able to stand-alone and provide sufficient evidence and detail to demonstrate compliance with government auditing standards.

Some of the sampled highlights pages could have communicated the overall message in a more easily understood manner. To do this, GAO should consider using more graphics and minimizing the use of long paragraphs and acronyms on its highlights pages. In addition, the peer review team suggests that the highlights page could be more consistently clear as to why the audit was done and the significance of the findings.

### *Suggestions:*

*Develop a strategy to maximize the potential of the engagement management system*

*Continue the focus on clarity of reports*

*Place additional focus on clarity of the highlights page*

*Continue exploring opportunities for communicating results*

*Develop a mechanism to further enhance stakeholder collaboration*

## Continue exploring opportunities for communicating results

GAO primarily uses four different product types<sup>3</sup> to communicate its findings. Recognizing the changing digital communications environment, the means by which users access GAO's information and the need to provide the busy reader with the key message, GAO is piloting Fast Facts. Fast Facts presents a new internet landing page for reports that quickly communicates the key message. It includes a visual and is limited to 650 characters. The peer review team thinks this is a positive development, and encourage GAO to roll out Fast Facts more widely. The peer review team also encourages GAO to consider other opportunities that may be available to communicate the results of its work with the general public and other interested parties.



GAO's Office of Public Affairs is involved at ERM's where advice is offered to teams on certain communication issues. However, GAO might consider more systematically focusing on the product type and design at an earlier stage in the audit. This could help GAO identify the communication method that would make the product most accessible and easily understood by the targeted audiences.

## Develop a mechanism to further enhance stakeholder collaboration

The peer review team considers that the use of internal stakeholders across the organization helps GAO to apply appropriate skills and competencies to its audits.

The peer review team also recognizes that there are existing forums at GAO that enable the sharing of knowledge. Given its importance to the quality assurance framework, GAO could explore options for facilitating sharing of knowledge among stakeholders on collaboration and on how to make the stakeholder process work as efficiently and effectively as possible. For example, they could:

- share strategies in regard to how they engage with teams in planning audits;
- share strategies in regard to managing several assignments simultaneously;
- share strategies that have worked particularly well in improving the end product; and
- discuss common issues and challenges, areas for improvement, and innovative practices.

<sup>3</sup> The four product types are reports, numbered correspondence, briefings and testimonies.

# Letter from the Comptroller General

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

Comptroller General  
of the United States

September 5, 2017

Ms. Heidi Lund

Director  
Rigsrevisionen  
Landgreven 4  
DK-1301 Copenhagen K  
Denmark

Dear Ms. Lund:

We are pleased that the peer review team that you led reached the opinion that GAO's quality control system was suitably designed and operating effectively. We are also pleased that the team identified a number of "good practices" in GAO's operations. Additionally, we appreciate the team's constructive suggestions and will develop an action plan to address each one.

On behalf of all GAO employees, I thank the international peer review team, led by the National Audit Office of Denmark, for its professionalism, competence, and effective and efficient approach to this important engagement.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gene L. Dodaro".

Gene L. Dodaro  
Comptroller General  
of the United States

# Appendix A – Objective, methodology and the members of the peer review team

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## A. Objective

The primary objective of the peer review was to determine whether GAO’s system of quality control was suitably designed and whether the organization complied with its quality control system during the year ended December 31, 2016. The peer review team’s aim was to provide GAO with reasonable assurance about their level of conformity with the applicable sections of the 2011 Generally Accepted Government Auditing Standards (GAGAS) in conducting its performance and financial audit practices. Complying with these standards helps to ensure that GAO can provide Congress and other users of their products with independent, objective, and reliable information.

Other objectives of the peer review were to identify good practices and offer suggestions that GAO may wish to consider as it continues to strengthen its performance and financial audit practices. In addition, the peer review team followed up on the status of the suggestions made by the 2010 and 2013 peer reviews.

## B. Methodology

The peer review focused on two aspects of GAO’s quality control system:

- **A design assessment:** The purpose was to determine whether the quality control system would provide reasonable assurance of compliance with GAGAS. To assess the design effectiveness, the team examined the documented quality assurance framework, including the policy manual and the automated quality management system.
- **An implementation assessment:** The purpose was to determine whether, in practice, the quality assurance framework was operating effectively to provide reasonable assurance of compliance with the GAGAS. To do this, the peer review team reviewed 20 performance audit and 3 financial audit engagements, including the engagement product and management files and underlying evidence for some key findings. In reviewing these engagements, the peer review team considered whether GAO engagement teams had followed professional standards and adequately documented the work completed.

Based on an assessment made by the peer review team the individual audit engagements were randomly selected for review. The peer review team based the selection on a number of criteria to ensure coverage of a reasonable cross-section of GAO’s audit reports. The criteria applied included characteristics such as mission team, risk level, Congressional requests, self-initiated audits, and workdays spent. Due to classified information in some of the selected engagements, the team had to substitute five of the 23 initially selected engagements.

All selected engagements had reports issued by GAO during the 2016 calendar year. The peer review team did not review non-audit work. Oral briefings and testimonies were also excluded from the population.

To complete the design and implementation assessments, the peer review team developed audit programmes that set out the requirements of the quality assurance framework and the GAGAS. The peer review team applied the audit programmes to each of the audits in the sample. The results enabled the peer review team to form a view on the effectiveness of the quality assurance framework design and how well selected audits complied with GAGAS.

The peer review team introduced two elements to the peer review process to provide a new perspective, and to strengthen the assessment of GAO's quality controls. Firstly, the team met with the external members of GAO's Audit Advisory Committee. Secondly, the team completed a case study. The case study involved meeting with key members of an audit team, managers and quality assurance staff to walk through the engagement from beginning to end, examining the key steps undertaken to plan and complete the audit. The peer review team selected the case study from the performance audit sample on the basis of the team comprising staff from several GAO locations.

The peer review team made three onsite visits at GAO to receive and assess further documentation needed to complete the audit programmes. The team also:

- received briefings from a wide range of staff covering the context and environment in which GAO operates, its recent performance and overall quality assurance framework, as well as aspects of its work such as communications, resourcing, relations with Congress, and audit methodology;
- reviewed the overall quality assurance controls, through document review, focus group meetings and interviews;
- carried out interviews with a number of key staff responsible for human capital, work force planning, continuous process improvement, learning center, strategic foresight and communications;
- examined documentation relating to the conduct of 20 performance audits and three financial audits, following up as necessary through interviews with relevant audit staff;
- held focus groups with senior staff, analysts in charge, and communications analysts;
- attended key audit planning meetings (EAM, ERM, and design meetings) with both staff and management.

### C. Members of the peer review team

The 2016 peer review of the Government Accountability Office was carried out by an international team of auditors from four National Audit Offices:

#### *Denmark – National Audit Office of Denmark*

- ❖ Heidi Lund (Review Leader)
- ❖ Martin Høirup Wiboltt
- ❖ Maria Sauer
- ❖ Jan Østergaard

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#### *Finland – National Audit Office of Finland*

- ❖ Johanna Kormu
- ❖ Marko Männikkö



#### *New Zealand – Office of the Auditor-General (Audit New Zealand)*

- ❖ Jo Smaill



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#### *United Kingdom - National Audit Office*

- ❖ Lee-Anne Murray



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