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Legal basis for the quality assurance in Internal Audit Office (BAW)

BAW staff carry out their activities in accordance with the legal regulations, with relevant internal procedures, International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditor and with their job description.



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Legal basis for the quality assurance in Internal Audit Office (BAW)

Guidelines and standards regarding the quality assurance for internal audit have been implemented by an internal procedure, *AWE_P4 Quality assurance and professional development of BAW staff.*



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Quality Assurance Program

1300 – Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.



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Quality Assurance Program

Interpretation:

A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.



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Quality Assurance Program

BAW Director, following consultations with BAW staff, prepares the Quality Assurance Program for the following year. The Program is developed after preparation of the audit plan for that year, and may be adopted either in writing as rules/guidelines or orally, after having discussed it with the staff, and having set directions.



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Quality Assurance Program

1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.



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Quality Assurance Program

Quality Assurance Program is based on:

- **internal assessment conducted by BAW in the framework of current activities,**
- **results of assessments conducted by audited entities/units after completion of the audit,**
- **results of self-assessments of internal audit**
- **assessments conducted in the framework of quality audits,**
- **external assessments by control and auditing bodies.**



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Quality assessment of BAW activities in 2011 and the quality assurance program for 2012

Components of *Quality assessment of BAW activities in 2011 and the quality assurance program for 2012*

- I. Results of quality assessment of audit tasks executed by audited units**
- II. Results of the Management System audits.**
- III. Results of management reviews**
- IV. Results of reviews of current/constant audit files.**
Current files regarding on-going tasks/controlling activities (checklists)
Constant files regarding i.a. planning and reporting
- V. Timely execution of activities/delivery of documents**
- VI. Results of audits/external assessments**
- VII. Results of self-assessment of internal audit**



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Internal Assessments

1311 – Internal Assessments

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices.



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Internal Assessments

Interpretation:

Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Definition of Internal Auditing and the Standards, and application of the Code of Ethics.



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Internal Assessments

All audit documents directed outside BAW are reviewed by the Audit Task Co-ordinator/the Planning Team Co-ordinator or by other person designated by BAW Director, and then approved by BAW Director.



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Internal Assessments

The Co-ordinator of the Audit Task monitors execution of audit activities on current basis at each stage of the assurance task. Such monitoring involves the reviewing of current audit files in order to assess if:

- findings regarding weaknesses of the management control are documented,
- files are properly kept, i.e. are complete and documents are in good order,
- execution of audit activities is in compliance with the assurance task plan.

Performing such review, he/she fills in *Checklist of execution of an assurance task.*



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Internal Assessments

The Audit Task Co-ordinator/the Planning Team Co-ordinator/other person delegated by BAW Director may review audit files, taking into account the following features of documents: reliability, transparency, conciseness and timely preparation.



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Internal Assessments

Each time, after completion of an assurance task/controlling activity, BAW Director arranges to have a review carried out, using a checklist, by a designated staff member who has not participated in the execution of that task/activity.



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Internal Assessments

Such review involves formal checks of documents, i.a. if they exist, if they have required dates and signatures, if proper forms have been used and if they contain all mandatory components required under relevant procedures.



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Internal Assessments

1321 – Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”

The chief audit executive may state that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* only if the results of the quality assurance and improvement program support this statement.

A statement put in writing on each report on the assurance task:

This audit has been conducted in compliance/ not in compliance with the International Auditing Standards developed by the Institute of Internal Auditors, adopted by the Minister of Finance as internal auditing standards for public sector units.*

** the appropriate version*



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Internal Assessments– *Quality assessment of an assurance task*

After completion of the assurance task, the Co-ordinator of that task or a person designated by him/her, hands over the questionnaire *Quality assessment of the assurance task* to the audited entity/unit (JA/KA) to have it filled in.

JA/KA Directors assign scores to items listed in the questionnaire, the scale being from 1 to 5, where 1 is the poorest score while 5 is the highest.



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Internal Assessments–*Quality assessment of an assurance task*

JA/KA does not have the obligation to fill in the questionnaire. Filled questionnaires are returned to JA/KA.

Out of 13 assurance tasks conducted in 2011, 11 questionnaires were filled in and returned, i.e. 84,6%. This is the same level as in 2010, when the percentage amounted to 84%.

The average value for all assessed assurance tasks was at 4.7, growing by 0.2% since previous year.



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Self-assessment of internal audit

Each year on the date set by BAW Director, a designated staff executes self-assessment of internal audit according to guidelines by the Ministry of Finance.

It is important to assign this self-assessment to the most experienced auditor, optimally to the one with biggest professional experience backed by appropriate certificates.

Self-assessment results are taken into consideration when the quality assurance program for the following year is drawn up.



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Self-assessment of internal audit

Reviews conducted as self-assessments shall periodically assess:

- **compliance of internal audit with standards of internal auditing,**
- **effectiveness and efficiency of internal audit in accomplishment of needs of its clients.**



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Self-assessment of internal audit

Self-assessment of internal audit is done by means of a form developed by the Public Finance Sector Audit Department of the Ministry of Finance; the form contains closed questions (Yes/No) and is divided into the following parts:

- I. Establishment of an internal audit unit or an internal audit desk, independence and objectivity (Standards 1000, 1100)***
 - A. Management of the internal audit unit. Audit procedures (Standards 2040, 2500, 2330)***
 - B. Management of tasks of the internal audit unit (Standards 2000, 2020, 2050, 2060).***
 - C. Proficiency and due diligence (Standards 1210, 1230)***
 - D. Assurance of quality and effectiveness of auditing (Standard 1300)***



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Self-assessment of internal audit

- II. Execution of an internal audit***
- E. Planning (Standards 2200, 2201, 2010, 2020)***
- F. Execution of audit tasks (assurance tasks) on the basis of selected assurance tasks (Standard 2240)***
- G. Consulting activities***

All questions have been formulated in such a way that a NO indicates areas where some improvement or enhancement may be needed.



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Assessment conducted in the framework of quality audits

The Agricultural Market Agency has implemented and is maintaining a Management System covering a Quality Management System according to ISO 9001, and a System for Prevention of Corruption Threats according to additional requirement to ISO 9001



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Assessment conducted in the framework of quality audits

Internal auditors of the Management System conduct internal audits in BAW according to the approved Plan of audits of the Management System for a given year.



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Assessment conducted in the framework of quality audits

The Management System audit conducted in BAW in 2011 referred to execution of two processes:

- **Execution of an assurance task, procedure AWE_P2,**
- **Quality assurance and professional development of BAW staff, procedure AWE_P4.**

The Management System audit conducted in 2012 referred to the execution of the following processes:

- **Execution of consulting activities by BAW,**
- **Certification of ARR accounts.**

No irregularities were detected during the Management System audits in BAW



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External Assessments

1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The chief audit executive must discuss with the board:

- The need for more frequent external assessments; and
- The qualifications and independence of the external reviewer or review team, including any potential conflicts of interest.



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External Assessments

The work of BAW may be assessed by external controlling and auditing bodies.

Such external assessments may be conducted by NIK (the National Audit Office), the Certifying Body, the European Commission, the European Court of Auditors and by the Ministry of Finance.

Results of above assessments are submitted to the President of ARR after completion of such an audit.



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External Assessments

Results of these assessments are analysed by BAW.

Conclusions from external assessments are applied during execution of following activities to improve auditing processes, and during periodic evaluation of the staff.



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External Assessments

In June 2010, the Ministry of Finance assessed ARR internal audit as regards its compliance with law and internal auditing standards, as well as its effectiveness. During that examination, the Ministry of Finance assessed ARR internal audit compliance with requirements laid out in the following acts:

- the Parliamentary Act of 27 August 2009 on public finance,
- the Parliamentary Act of 30 June 2005 on public finance,
- the Ordinance by the Minister of Finance of 1 February 2010 regarding execution and documentation of internal audit,
- the Ordinance by the Minister of Finance of 10 April 2008 on the detailed method and mode of execution of internal audit,
- the Ordinance by the Minister of Finance of 4 April 2008 on the mode of preparation and the model of report on execution of the audit plan for the previous year,
- **guidelines set in *International Standards for the Professional Practice of Internal Auditing* and in the Charter of Internal Audit at jsfp.**



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External Assessments

The following areas have been assessed:

- **Organisation and management of the unit**
- **Planning: preparation of the audit plan for the years 2008, 2009 and 2010,**
- **Reporting: preparation of reports on execution of the audit plan for the years 2007, 2008 and 2009,**
- **Execution of assurance tasks and consulting activities: assessment of documentation regarding 3 assurance tasks and 3 consulting activities,**
- **Execution of follow-up activities: assessment of documentation regarding 1 task where follow-up activities had been conducted,**
- **Quality assurance in BAW,**
- **Training and professional development of BAW staff,**
- **Staffing and use of time at work.**



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External Assessments

Results of external assessments have confirmed regularity of internal audit in ARR.



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External Assessments

Each year the Department of Protection of EU Financial Interests of the Ministry of Finance executes an examination of EAGF accounts of ARR for the financial year terminating on 15 October of the previous year in the context of their certification (the certification audit), reviewing also the work of BAM on that occasion.

Results of the certification audit confirm proper execution of internal audit in ARR, complying with the methodology adopted.



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Training and professional development – legal basis

*International Standards for the Professional Practice of
Internal Auditing (Standards)*

1230 – Continuing Professional Development

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.



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Training and professional development of BAW staff

BAW staff taking into account their suitability, interests and position, define their expectations regarding further professional development, specifying training courses and audit tasks they would like to take part in the future.

BAW Director in co-operation with BAW staff establishes individual professional development plans.

BAW staff participate in the preparation of the training plan for ARR.



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Training and professional development of BAW staff

BAW Director analyses training needs taking into account:

- **Planned audit tasks,**
- **Skills and training completed,**
- **Results of staff evaluation,**
- **Preferences made known by the staff**
- **The need to possess collectively, as BAW, skills necessary for proper execution of audit tasks.**



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Training and professional development of BAW staff

Professional training may take various forms (e.g. training included in the training plan of ARR, conferences, seminars, workshops, self-training) and it should be documented.

Staff professional development program should cover training related to the environment of activities and to internal auditing, as well as to other areas that may help improve professional qualifications.



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Training and professional development of BAW staff

A BAW staff member designated by the Director runs the training register and collects documents related to the professional development of BAW staff: copies of diplomas, certificates, etc. which prove their participation in training/courses/studies.

After completion of each training BAW staff are obligated to deliver documents which prove their participation in training to the staff member in charge of the training register.



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Training and professional development of BAW staff

When designating staff members to individual tasks, BAW Director takes into account their knowledge, professional experience and their further professional development.



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Thank you for your attention