



COMMUNIQUÉ OF 13TH PEM PAL INTERNAL AUDIT COMMUNITY OF PRACTICE PLENARY MEETING Ohrid, Macedonia; October 26-28, 2011

BACKGROUND

On October 26-28, 2011 sixty-nine representatives of twenty European and Central Asian (ECA) region countries¹ and experts², met in Ohrid, Republic of Macedonia to address the challenges of establishing a modern and effective **Internal Audit** Service that meets international and EU standards and provides support for good governance in the public sector. The conclusions of the plenary are as follows:

CONCLUSIONS

- INTERNAL AUDIT MANUAL – *to be used as a common reference*

It was agreed that the template of the **Internal Audit Manual** developed by PEMPAL members contains excellent guidance that can be used not only by staff of Central Harmonization Units (CHU) in the Ministries of Finance to elaborate the national methodologies of internal audit, but also for practicing internal auditors and the heads of internal audit. The structure of this template is also a sound basis for designing training and certification system for internal auditors.

- TRAINING AND CERTIFICATION FOR INTERNAL AUDITORS – *ongoing development*

The developed training and certification program contains mandatory and optional topics required for effective training of internal auditors. Participating countries expressed their general agreement on the need to pay equal attention to issues of public internal control, and standards and methodology of internal auditing, as well as the simulation of internal audit with the assistance of mentors.

- RELATION BETWEEN FINANCIAL INSPECTION AND INTERNAL AUDIT - *a need for mutual cooperation*

The financial inspection function should effectively complement and not hamper the implementation of internal audit, with a view to identifying and suppressing evidence of financial irregularities and suspicions of fraud and corruption, also identified by internal auditors. Investigative activities by financial inspection will give internal audit the opportunity to focus on the examination of operational processes and systems with the aim to propose measures for improvement to the management of the organisation. Within their mandate internal audit and financial inspection should mutually cooperate as much as possible by providing relevant information within their competence. Powers of financial inspection and internal audit should be clearly demarcated and regulated by national legislation.

¹ Albania, Armenia, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Kosovo, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Tajikistan, Ukraine and Uzbekistan

² Hungary, Estonia, Croatia and representatives of Belgium and Netherlands on behalf of OECD/SIGMA



- INTERNAL AUDIT ANNUAL REPORTING TO THE CENTRAL HARMONISATION UNIT IN THE MINISTRY OF FINANCE – *a need for further development*

During the workshop, the strengths and weaknesses of the current reporting system of internal audit units to CHUs was discussed and consolidated reporting practices to the government/parliament identified. It was agreed that the structure, process, and content of the annual reporting system needs further attention in order to advance economy, effectiveness and efficiency.

Ohrid, October 28, 2011

Mr. Tomislav Mičetić
Chair of IA COP