



**Republic of Macedonia
Ministry of Finance**

**HUMAN RESOURCES CHALLENGES IN CREATING
AN EFFECTIVE INTERNAL AUDIT FUNCTION
IN THE PUBLIC SECTOR**

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Chisinau, 20-22 June, 2007



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LEGISLATIVE FRAMEWORK

- Law on Internal Audit in Public Sector (2004)
- Law on Public Internal Financial Control (2007)
- Rulebook on the basic elements of internal audit guidelines, charter, annual plan and program for public sector institutions (2005)
- IIA Standards (2003)
- IA Manual (2006)



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DEVELOPMENT OF THE INTERNAL AUDIT FUNCTION

2000 - Establishment of the Internal Audit Unit
in the MoF (centralized model)

2004 – Establishment of the Internal Audit Unit
in the public sector institutions
(decentralized model)



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FOUR PROJECTS

1. Development Policy of the RM in the area of Internal Audit and Training, financed by the Dutch grant, and administered by the World Bank- 2004, 86000 USD
2. Technical Assistance to the MoF for Development of Internal Audit financed by the EC, and managed by EAR- 2005, 1 million EUR
3. System-based audit training for internal auditors in the Public Sector of RM, financed by the Dutch grant, and administered by the World Bank- 2006, 80000 USD
4. Twining Project “Strengthening Public Internal Financial Control”, financed by EC, and administered by EAR-2007-2008, 1 million EUR



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STRATEGIC PLAN

2004-2006

Stage I - to train internal auditors in 17 budget users, with annual budgets over Denar 500 million, and by the end of 2004, to establish their internal audit units

Stage II - to train internal auditors in the other budget users, and their internal audit units to be established by the end of 2005 at the latest;

Stage III - to train internal auditors in the local self-government units, and their internal audit units to be established by 31st March 2006.



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CONDITIONS FOR RECRUITMENT

**Law on Internal Audit Unit in the Public Sector-
Article 16 :**

- University Degree of Economy, Law or other relevant area
- At least two years work experience in internal audit, external audit or financial affairs



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MAIN CHALLENGES FOR RECRUITMENT

- Restriction of new employments in the Public Sector
- Status and salaries of the Internal Auditors
- Lack of understanding of Internal Audit Function
- Lack of experienced Internal Auditors



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Instructions for establishing IAU:

- Amending organizational and systematization acts
- Appointment of at least one internal auditor
- Samples of job description



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Government conclusions for IAU staffing :

- Action plan for IAU staffing for 2006
- Action plan for IAU staffing for 2007



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Raising awareness:

- Top management-State Secretaries, General Secretaries and Directors
- Majors of LSGU
- Public relations- conferences, press release, brochures



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TRAINING FOR INTERNAL AUDITORS

- Beginners training 2004/2005
- Advanced training 2005/2006
- Specialized training 2005



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BEGINNERS TRAINING

- 2004
 - Theoretical approach for understanding IA function
- 2005
 - Theoretical part for system-based audit
 - Practical part-Study Case



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ADVANCED TRAINING

- Theoretical part for system-based audit
- Practical part-on the job training
 - Determine pilot institutions
 - Determine audit teams
 - Determine audit objective
 - Following audit steps
 - Presenting audit reports



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SPECIALIZED TRAINING

- Beginners and advanced training for communication skills
- Beginners training for IT audit
- Strategic planning and flowcharts
- Public Procurement Audit
- The role of Internal Auditors in fraud detection



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**STATISTICS
on trained IAs and established IAUs**

- 58 advanced on central level
- 21 beginners on local level
- 33 IAU on central level established
- 20 IAU on local level established



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THANK YOU

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