



- R E P O R T -

**11th PEM PAL Internal Audit Community of Practice (IA COP) - IA Manual Workshop
Chisinau, Moldova (June 6-7, 2011)**

**12th PEM PAL IA COP – IA Training and Certification (T&C) Workshop
Chisinau, Moldova (June 8-9, 2011)**

1. Background

Members of the IA COP met in Chisinau, Moldova in June for two back-to-back workshops on IA Manual and IA T&C. Both IA COP events brought together 24 participants from ten PEM PAL countries (Albania, Armenia, Bulgaria, Croatia, Georgia, Kyrgyz Republic, Moldova, Romania, Russia and Ukraine). Also including resource people, translators and PEM PAL Secretariat, 32 people attended both events. Jean-Pierre Garitte represented OECD/SIGMA at the IA Manual workshop; Joop Vrolijk represented OECD/SIGMA at both workshops.

2. Objectives of the IA Manual and IA T&C workshops

The objective of the IA Manual workshop was to develop a deeper understanding of current IA Manuals in the public sectors of PEM PAL and other countries, and to discuss and deliver the first draft of the IA Manual template. The experts presenting at the workshops were from Hungary, Bulgaria and OECD/SIGMA.

The objective of the T&C workshop was to make connection between Body of Knowledge (BoK) and T&C, and to place BoK in the T&C system for internal auditors. The workshop focused on the development of the training syllabus template and the first draft of the training program for internal auditors in the public sector. During the workshop, experts from four countries (Moldova, Hungary, Croatia and Bulgaria) presented their T&C programs.

3. The IA Manual workshop

3.1. Developing deeper understanding of current IA Manuals

Participants discussed two country cases: Hungary and Bulgaria. In Hungary, the first IA Manual was published in 2004 (revised in 2006 and 2009). Earlier harmonization of legislation in the area of PIFC (Public Internal Financial Control) and publication of methodologies and guidelines provided sound foundation for this. Hungary's IA Manual could serve as a model elsewhere. So could the Bulgarian IA Manual, especially with respect to its structure of chapters. Each chapter consists of a short introduction, steps for executing the particular activity, and the relevant standard/s. The OECD/SIGMA helped with its development.

3.2. Delivering the first draft of the IA Manual template

Working in four groups, the participants drafted an IA Manual template based on the first draft prepared in advance by OECD/SIGMA. Each group focused on selected chapters (i) Group 1: Chapters 1 and 5 (Fundamentals, Quality improvement); (ii) Group 2: Chapters 2 and 6 (Planning,



People); (iii) Group 3: Chapters 3 and 7 (Execution, Tools); (iv) Group 4: Chapters 4, 8 and 9 (Reporting, Knowledge, and Interaction with others).

The objective was to make the IA Manual template practical, and to specify practical challenges in implementation. Also, the plan was to finalize the template through discussions in working groups, with further guidance from OECD/SIGMA experts. All this was considered essential for making the template relevant and applicable for a diverse group of countries. The IA Manual template will be presented at the October IA Plenary meeting in Ohrid, Macedonia.

3.3. Discussing challenges in IA

Relations between IA, CHU and inspection were discussed, and in this context the role of the management, and the issue of independence of the IA. When does the IA become accountable? When does it only provide advice and when does it prepare reports? Should IA's reports become public? Views were also exchanged on the role of supervision. Who does the supervision? Should the supervision process be documented? To what extent does supervision also include mentoring?

The following topics were proposed for discussion in future events: key performance indicators (including examples); INTOSAI standards and how they relate to IA Manual; linking IA Manual and IC Manual; IA Manual for local government units and agencies; glossary of terms; external quality assessment; risk assessment in individual audit; etc.

4. The IA T&C workshop

4.1. Discussing country cases

The participants shared experiences with the T&C programs in Hungary, Croatia, Bulgaria and Moldova.

Professional training for internal auditors is a key pillar of **Hungary's** Mechanisms and Skills – Transition Facility project aimed to improve the efficiency of the PIFC. The ambition also is to establish a PIFC Methodological Center and to provide for a flexible training (including e-learning), and to make continuous learning mandatory. Of 45 trainers who have been selected, only 30 are still active. Trainers are paid (EUR 160 per day) and managers are also obliged to do training. In 2009 only pilot courses were held, but 2010 was already a full training year. So far, 1700 internal auditors went through face to face training, and 800 through e-learning. Main challenges: weaknesses in the IA software; many trainers have left to private sector and it is difficult to find new ones; lack of internal audit literature in Hungarian.

The Law on PIFC (2006) provided a legal framework for **Croatia's** program for professional T&C put in place in May 2010. This program contributed to greater acceptance and appreciation of the IA profession.

In **Bulgaria**, ongoing professional training is required by the national IA standards. The internal control directorate ensures ongoing upgrading of skills for lecturers, provides for annual refinements of training, and is constantly seeking to improve the training methods. The main challenge is to find and motivate the lecturers. Also financing is not easy to find. Of 3400 candidates who sat for certificate exams, 1226 so far have passed.

Moldova provides training in the Academy for Public Administration (12 modules) and the MoF (6 modules). It is now developing a training needs analysis and a program of professional training for internal auditors. All trainers are practitioners, while the academics helped develop materials. There is no fee for participation in T&C. Trainers are compensated for their work.



4.2. *Discussing challenges in IA*

The participants exchanged views on duration and scope of training (only theory, or theory and practice), length and content of exams (examination procedures), local certification, cost of modules (develop or buy), organization of training (separate IA training institution or part of the government), compensation of CHU staff for training (e.g. setting max hours per month), financing (securing funding), certification (authorization, developing procedures, role of CHU and universities).

High turnover of professionals seems to be the main challenge in all countries. In this context, the participants addressed the issue of adequate retention policy, continuous professional development and international recognition of the certificates. Developing a network of trainers between PEM PAL countries has also been discussed, and how to make e-learning system cost effective. Plans for the future: developing a training syllabus template and a draft training program that should be based on the BoK developed in the Bled workshop (October 2010).

5. Next IA COP events

The schedule of future events includes:

- (i) Study tour of IA Moldova to Croatia (October 6 – 7, 2011);
- (ii) The 13th Plenary meeting IA COP (October 26-28, 2011, Ohrid, Macedonia). On the agenda: IA Manual template for the public sector (presentation, discussion, distribution); T&C program for internal auditors in the public sector; reporting/assessment process of IA in Moldova; IA annual reporting to CHU (content and methodology, transparency).
- (iii) The 14th and 15th working sessions on IA Manual and IA T&C in February / March 2012 in Bulgaria, TBC;
- (iv) The 16th Plenary meeting of IA COP in June 2012, Kyrgyz Republic, TBC.

6. Evaluation

The on-line survey aimed to receive feedback on PEM PAL IA COP, event delivery, event administration and overall impression. Twenty participants responded, and fifteen answered to all 19 questions.

Rating their participation at the workshop, eight thought that it was active, seven that it was average, and two that it was passive. On the workshop duration, 14 considered it about right and three felt that it was too short. Nine participants said the event met their expectations, and eight said it exceeded. Participants felt that the workshops addressed the issues that are important to their work (4,6 on a 1-5 scale), and that they would be able to apply the knowledge they had acquired to their daily work (4,1/5). They valued the experience of other participants (4,7/5), and they considered the level of the course appropriate (4,5/5). Enough time was devoted for questions (4,1/5).

7. Cost of the event (does not include cost of Secretariat services (staff remuneration)).

	Transport	Accommodation	Translation/Moderation	Other	Total
USD	17.492	21.793	6.442	764	46.491
EUR	12.254	15.266	4.513	535	32.568