

## Internal Audit Action Plan 2012-14

Internal Audit COP will have meetings in the period of 2012-14 on number of priority areas including

- Risk assessment;
- Quality assurance;
- Finalization of training and certification of internal auditors;
- Finalization of the IA Manual;
- Approaches to Financial Inspection
- Benchmarking of IA systems.

The types of events envisaged are one plenary meeting of all members each year, three working groups which will meet twice a year, and up to four study tours a year, including one planned for the Executive Committee. In addition members will attend a cross COP plenary meeting on the results of the PFM study to assist with reviewing and updating the strategic vision for internal audit across the ECA region. A subsequent meeting on how to move IACOP towards being recognized as a professional association will also be held. IACOP also plans to further support cross COP communication by sending its representatives to BCOP and TCOP meetings in the areas of Financial Management and Control Issues, Use of IT solutions in Treasury Systems (TCOP); Government Budget Reporting, and Program budgeting (BCOP). IACOP also plans to improve network resources by continuing to build the library of internal audit related policies, procedures and laws; and to maintain good governance through active engagement and leadership of IACOP. It will continue to use wiki as the technology platform for member information and exchange supplemented by regular newsletters, and social media such as Facebook.

Summary for budget estimate of the IA CoP in 2012-14 is summarized in the table below:

<b>Year</b>	<b>Budget estimate</b>
2012-13	409,000
2013-14	397,000 (includes cross CoP plenary)
Subtotal	806,000
Contingencies (5%)	40,300
<b>Total</b>	<b>846,300</b>

Goal/Impact	<p>To contribute to improved PFM systems by supporting members to establish a modern and effective Internal Audit service in their Governments that meets international and EU standards and facilitates good governance in the public sector by:</p> <ul style="list-style-type: none"> <li>• Maintaining and developing a volunteer network of internal audit professionals through peer learning, knowledge management, and providing a range of relevant activities (internal processes)</li> <li>• Serving member Governments and accomplishing sponsor needs (customer)</li> <li>• Achieving best value for money with the help of the PEMPAL Secretariat (financial)</li> <li>• Encouraging volunteers, strengthening Executive Committee leadership, promoting sustainability of IACOP, and ensuring effective coordination with other COPs and the Steering Committee (Learning and Growth).</li> </ul> <p>Source: IACOP Balanced Scorecard</p>
Outcome (Purpose)	<p>Should be consistent PEMPAL outcome in Results Framework Attachment 3 (Learning from Each Other)</p> <p>To facilitate PEMPAL members learning from each other by:</p> <ul style="list-style-type: none"> <li>• Helping each other solve problems</li> <li>• Developing networking in the profession</li> <li>• Supporting transition to modern internal audit management</li> <li>• Increasing exposure of internal auditors to best practices</li> <li>• Achieving international standards in internal audit</li> <li>• Finding a voice and gaining influence</li> </ul> <p>Source: IACOP Strategic Plan 2011-12</p>
Budget	2012-13: 409,000    2013-14: 397,000

PFM Reform Area	Identification of need and links to Outputs in Results Framework	Type and Description of Activity <sup>1</sup>	Key Performance Indicators and/or Expected Results/Target <sup>2</sup>	Target Participants	Location and Length of time	Budget	Additional Information
<b>SHORT TERM ACTIONS (to be implemented within next 2 years)</b>							
1a. PFM reform priority 1. <b>Risk Assessment</b>	This is a new topic identified by members as high priority. Risk assessment is the added value of internal audit to the PFM systems by the definition of internal audit. The purpose of risk assessment is for internal audit to give proper priority to what are the higher risks for the organization. The risk	Two sub-working group meetings will be held each year with a IACOP plenary meeting planned in 2013 to present the results.	No. of country examples presented and examined. No of problems and solutions discussed and solved. Good Practice Risk assessment guidelines produced by end of	IACOP Risk Assessment Working group members	2 working group meetings of 2 days each over two years and 2 additional meetings on another priority topic in year 3 (Bulgaria,	2 meetings of sub-group USD 30.000 (x2) in each 2012-2014 totaling 180K during 2012-14. IACOP	To be led by Albana (Albania) and co-led by Jasenka (Croatia) and Stanislav (Russian Federation)

<sup>1</sup>Examples include COP sub-working group; COP Plenary Meeting; Cross-COP event; COP improvement initiatives.

<sup>2</sup> These indicators are a subset of higher level KPIs in the Results Framework

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	assessment methodology is one of the cornerstones of the internal audit activities. It is therefore mandatory to reflect on and to describe the process in detail and find the common methodology and current solutions in the PEM-PAL countries, first for the institutional level then for individual internal audit assignment level Supports Input 1.		2013. Event evaluation results		Hungary, Ukraine, Moldova) \2 Plenary meetings (Hungary and then Georgia)	Plenary meeting 2013 USD 125.000	and facilitated by Arman
1b PFM priority theme 2. <b>Quality Assurance</b>	This is a new priority which will first focus on reporting to Central Harmonization Units or similar central coordinating units in member countries. On a periodical basis, but at least once a year, internal audit is supposed to present an activity report to senior management, the CHU and the audit committee (if applicable). The purpose of the activity report is to compare actual audit work performed versus planned work (audit planning). Many activity reports also summarize the major findings, as well as obstacles, uncovered during the past period. Reporting is one of the parts of Quality assurance for internal audit. Supports Input 1.	Two sub-working group meetings will be held each year with a IACOP plenary meeting planned in 2013 to present the progress and interim results (same plenary meeting as above).	Quality Assurance guidelines and approaches presented and examined. No. of problems and solutions discussed and solved. Good practice initial draft Quality Assurance approaches produced by end of 2013. Event evaluation results	IACOP members	2 working group meetings of 2 days each, over three years (Bulgaria, Hungary, Ukraine, Moldova) \2 IA COP Plenary meetings (Hungary and then Georgia) First working group meeting 14-15 June in Budapest (prior to plenary meeting). 1 Plenary meeting (Georgia)-same meeting as above to be held in 2013.	2 meetings of sub-group USD 30.000 (x2) in 2012-14 totaling 180K during 2012-14. IACOP Plenary meeting 2013 USD 125.000	To be led by Trajko (Moldova) and co-led by Ljerka (Croatia) and Maksym (Ukraine) and facilitated by Arman

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1c. PFM reform theme priority <b>Benchmarking of Internal Audit systems</b>	Members learn from theory, practical approaches and successes of other countries and can benchmark the internal audit function to assist in their reform agenda. Supports Input 1.	<p>Identification of better practices in IA systems used in Hungary and Portugal (and another country with developed IA system to be identified) and how they could be adapted to suit member country circumstances.</p> <ol style="list-style-type: none"> <li>Hungary: IACOP Plenary meeting/study tour to Budapest, Hungary with sub-working group updates on progress of Quality Assurance and Risk Assessment activities (sub-working groups to meet prior to plenary).</li> <li>Portugal Proposed Study Tour of Ex Com members to EU country (option being investigated Portugal) with results presented back to all members</li> </ol>	Country systems, approaches, guidelines documented and shared with all members. Analysis undertaken on what member countries have learned and how to apply it to their own countries.	All IACOP members (Hungary)  Ex Comm members (Portugal)	18-20 June 2012 3 days including study tour of Hungarian Internal Audit system	USD 125.000 Hungary plenary meeting 2012/study tour  USD 40.000 EX Comm study tour Portugal (and another country with developed IA system to be identified)	Edit (Hungary) to lead  Joop (OECD/Sigma) to lead (Portugal and another EU country)
1d. PFM reform theme priority 3. <b>Internal Audit Training and Certification</b>	This priority is continuing from the 2010-12 plan. Members have been working on this theme given its importance to ensuring appropriately skilled staff proper and capacity building in the internal audit function. Supports Input 1.	One working group meeting to finalize curriculum for training and certification of public sector internal auditors and to promote this knowledge resource to member countries and move to one of the priority topics identified (e.g. financial inspection).	Event evaluation results. Feedback from members on usefulness of modules.	IACOP sub-working group	1 sub-working group meeting 2 days with subsequent 5 meetings during 2012-2014	USD 30.000x6=180K (1 working group meeting in 2012 on T&C)	To be led by Cristina (Moldova) and co-led by Maria and Tomislav (Croatia) and facilitated by Arman
PFM reform theme priority 1e. <b>Internal Audit Manual template (in connection with priority 1.a)</b>	This priority is continuing from the 2010-12 plan. Members have been working on an internal audit manual template which will assist member countries establishing or aiming to improve an internal audit function. Supports Input 1.	The first draft of the manual has been finalized with input from member countries, partners and donors. All comments must now be harmonized and a marketing and distribution plan developed and implemented.	Good practice Internal Audit Manual template Marketing plan developed and implemented by Group leaders and SIGMA experts	IACOP sub-working group	1 subworking group meeting 2 days in Bulgaria, Sofia.	USD 30.000 (the budget is already included in the priority 1a)	To be lead by Group leaders (Ljerka, Jasenka, Cristina and Albana) and supported by SIGMA experts

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2.Governance initiative	To ensure the COP's strategic and action plans are implemented and to promote a committed and sustainable membership. Supports Input 2 and 3.	IACOP Leadership team meetings	Number of meetings Target: minimum 3 meetings a year (of which at least 2 will be face to face) Minutes of meeting recording decisions/discussions posted on wiki in 3 languages	Executive Committee members	In person during COP plenary meetings/events and some of the working group meetings through Adobe Connect/VC etc. where required	USD 2.000 x2x3years=12K	Executive Committee meetings may be held more often in the lead up to major events and meetings
3.Network Improvement Initiative: Facilitation of within and between COP communication	To improve communication with BCOP and TCOP and ensure a consistent approach to PFM reform from budget, treasury and internal audit perspectives. Supports Outcome, Output and Inputs 1 and 2.	1.Cross COP Plenary Meeting will be held with focus on PFM reform status in ECA region (results of PFM study). Will include IACOP meetings on 'the development of internal audit function in PEMPAL member countries,' aiming to develop vision in IA development in PEMPAL countries. Will be supported by results of proposed PFM study and pre-event surveys. 2. Accept and seek invitations to TCOP and BCOP meetings where relevant. Share meeting minutes, presentations etc	Biennial Plenary: No. of participants/countries No. of country cases shared. Communicate with conclusions  No. and type of cross-COP initiatives identified. IACOP strategic plan updated and approved.	BCOP, IACOP and TCOP members.	Location to be determined. Length: 3 days	USD 400.000 (1/3 cost of 133,000 assigned to IACOP for plenary in 2014)	
3.a Network Improvement Initiative: Study tours between the PEM-PAL countries	To assist the peer learning between the more developed countries for more internal audit professionals than represented in plenary.	Study tours for up to 10-15 members from one or more country to country of their choice depending on the level of development	No. of study visits No. of members participated No. of practices/solutions implemented in the countries	IA COP	Location to be determined. Length: 2-3 days	USD 20.000 per study visit (3 per year)x1year and x4 for subsequent 2 years=220K	
4. Network improvement initiative: Contribution to	To ensure network resources are of high quality and to share approaches. Supports Input 6.	Identification of country documents for PEMPAL Virtual Library. Identification of information in wiki to transfer to main pempal webpage. Assistance to	Number and types of ECA country documents identified and posted Number of hits	IACOP Chair PEMPAL Secretaria	Ongoing	In-kind contribution from members.	

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network resources		CEF to establish new part of website 'whatsnewonwiki' which will provide mind map of materials held in wiki for benefit of donors, supporters.	Whatsnewonwiki updated every two months. Member feedback on quality and usefulness of knowledge resources.	t, IACOP members			
<b>MEDIUM TO LONG TERM (next 3 to 5 years)</b> Long term actions aimed at achieving outcome and goal							
5. .PFM reform theme medium term priority: <b>Evolution of IACOP into a professional association</b>	Being acknowledged as a recognized professional association will have benefits in terms of attracting sponsorship and improving services to members.	Investigation into the attributes of a registered professional association and identification of key actions to move towards this goal.	Action plan to become recognized professional association developed by end 2015.	IACOP	Working Group to meet 4 times in 2013-15	1 meeting 2013 30,000	