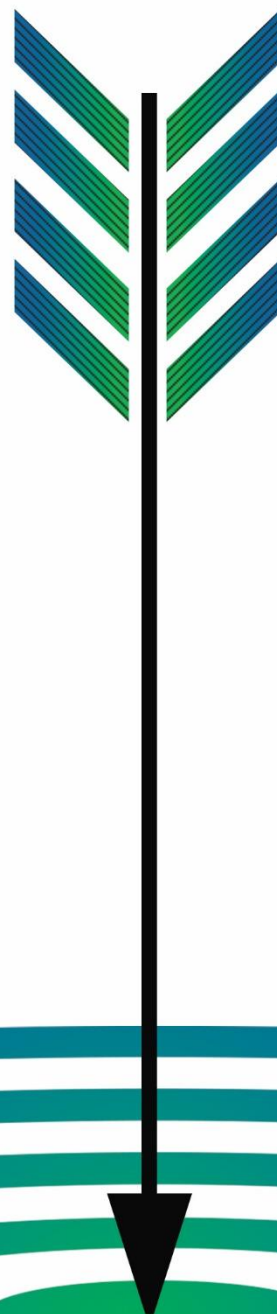


SMART  
INTERACTIVE TALK

**KEY PERFORMANCE  
INDICATORS  
FOR INTERNAL  
AUDIT ACTIVITY**

JUNE 2, 2020



SMART INTERACTIVE TALK (SIT)

# **KPIs FOR INTERNAL AUDIT ACTIVITY: COLLECTING AND ANALYZING QUALITATIVE AND QUANTITATIVE DATA**

June 2, 2020, 13:00 (CET, Vienna time)

## **CONTEXT**

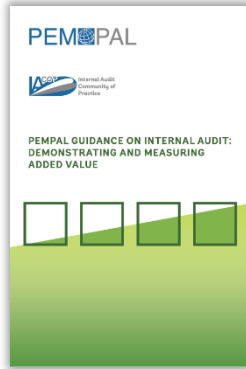
“What gets measured gets done!” is a favorite saying in many management textbooks. There is much evidence to support this saying and good reasons to assume that it can be applied to the work of Internal Auditors.

This PEMPAL Internal Audit Community of Practice (IACOP) virtual workshop therefore aims to identify the different types of Key Performance Indicators (KPIs) that Heads of Internal Audit Units should consider using to measure the performance of their Internal Audit (IA) activity. It will also explore the advantages and disadvantages of using such KPIs.

The virtual workshop will consist of three short presentations providing examples of the actual use of KPIs by IA units in the European Commission and the United Kingdom as well as a commentary on the benefits and drawbacks of the use of KPIs by Internal Auditors. This will be followed by an hour-long Question & Answer session.

The virtual workshop aims to provide answers to the following questions:

- What are the most important or key elements of the performance of internal auditors that should be measured?
- What is the range of data that may be available to measure these key elements IA performance?
- What are the main differences between indicators of the economy, efficiency and effectiveness of IA work?
- How reliable is the data used to generate Performance Indicators? Can the data be manipulated to present the performance of IA units in the most favorable light?
- How can Internal Auditors best capture data on the level of client satisfaction with the results of IA examinations? How relevant are the views of IA clients?
- How many indicators are needed to provide an accurate and balanced summary of the effectiveness of an IA Unit?



## Pre-reading material

PEMPAL Guidance on Internal Audit: Demonstrating and Measuring Added Value, October 2019

## ADMINISTRATIVE ARRANGEMENTS

- **Join the meeting in KUDO platform**, clicking on the link in the invitation email and select the language. English, BSC, and Russian Languages are available.
- **Connect at 12:45pm to test your connection**, referring to the separate simple guide on how to connect to KUDO meeting.
- **Download presentations in your language**. There will be English presentation on the screen, while the video may be turned off and only audio kept, in case quality of the connection is poor.

## AGENDA | THURSDAY, JUNE 2, 2020 | 13:00-15:15 (VIENNA TIME)

### Opening Remarks

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Welcome remarks and brief introduction of the topic and the speakers

- 13:00** **Mr. Arman Vatyán** | PEMPAL Program Leader and IACOP Lead; Governance, the World Bank  
**Ms. Edit Nemeth** | IACOP Chair and Internal Control Working Group Leader; Head of Central Harmonization Unit, Ministry of Finance, Hungary

### Introduction to KPIs

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- 13:05** **Mr. Jean-Pierre Garitte** | WB consultant, EC Audit Progress Committee member; former Chairman of the Global IIA Board

### European Commission Quality Assurance and KPIs

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- 13:25** **Ms. Jessica Kestermont** | Quality Assurance Team Leader, Internal Audit Service, EC

### Country cases and current challenges in the use of KPIs

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- 13:45** **Mr. Nathan Paget** | Chief Internal Auditor, Government Internal Audit Agency, UK  
**Mr. Hannes Schuh** | Chief Audit Executive, Federal Ministry of Finance, Austria

### Q&A

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- 14:25** Moderator:  
**Mr. Arman Vatyán** | PEMPAL Program Leader and IACOP Lead; Governance, the World Bank

### Commentary on the KPIs and the role of the Central Harmonization Units

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- 14:55** **Mr. Jean-Pierre Garitte** | WB consultant, EC Audit Progress Committee member; former Chairman of the Global IIA Board

## Closing Remarks

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15:05

Wrap up

**Ms. Mioara Diaconescu** | IACOP Audit in Practice Working Group Leader and Executive Committee Member; Department Director, CHU, MOF, Romania

15:15

End of SIT

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## BIOS OF THE SPEAKERS AND MODERATORS

(in order of appearance)



### ARMAN VATYAN

Lead Financial Management Specialist - Governance Focal Point for Central Asia, PEMPAL Program Leader and IACOP Lead, Governance, The World Bank

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Arman Vatyán, a UK and Canadian chartered accountant, is PEMPAL Program Leader and IACOP Lead and a World Bank Governance Global Practice Focal Point overseeing the implementation of the World Bank's Governance activities in Central Asia including the financial management work program. He has more than 20 years of experience in leading critical financial management initiatives and reforms, including in public sector and corporate accounting and financial reporting, public internal and external audit, financial management information system and public internal control in 24 countries in the Europe and Central Asia, Latin America, and Middle East and North Africa regions. He also is the PULSAR Program Manager, which is a regional program for 13 countries supporting public financial management reform implementation in those countries. Prior to joining the World Bank, he worked at KPMG providing corporate governance, strategic planning, management information systems, restructuring, acquisition, and privatization advice to governments and large public interest entities. He has around 20 years of teaching experience on ACCA courses and as visiting lecturer at universities, and as part of regional and MBA programs.



### EDIT NEMETH

Deputy Head of Public Finance Policy Unit, Acting Division Leader of the Central Harmonization Unit, Ministry of Finance, Hungary, IACOP ExCom Chair, Internal Control Working Group leader

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Edit Nemeth, Deputy Head of the Public Finance Policy Unit and Acting Division Leader of the CHU in the Ministry of Finance in Hungary, has ten years of experience in the field of internal auditing and seven years of experience in auditing of EU funds. In Hungary, the CHU is responsible for coordination, harmonization, and development of the public internal control and internal audit system. The CHU provides regulation and guidelines for central and local administration and, from January 1, 2020, for public owned companies as well. The CHU also organizes training for internal auditors and for internal control actors. Previously she has worked as an internal auditor in both the private and public sectors. She is certified as an internal auditor by the Institute of

Internal Auditors and is a lecturer at the University of National Public Administration on internal audit and internal control.



### **JEAN-PIERRE GARITTE**

WB consultant, EC Audit Progress Committee member; former Chairman of the Global IIA Board

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Jean-Pierre is an external member of the Audit Progress Committee of the European Commission, Chairman of the Audit Committee for Local Governments in the Flanders, member of the Audit Committee of the Flemish Government and member of the Audit Committee of SMALS, a provider of IT services to the social security organizations in Belgium. Since 2019 he is also the CEO of the Institute of Internal Auditors in Belgium. He is an international governance, risk management and internal audit practitioner, consultant and trainer for 44 years. He was for more than 20 years the Director of Internal Audit at J. Van Breda & Co, a financial holding company based in Antwerp, Belgium. Jean-Pierre was until June 2010 a partner with Deloitte Enterprise Risk Services (ERS), where he led the corporate governance, internal audit and risk management practice for Europe, the Middle East and Africa. He is specialized in the strategic assessment and reengineering of internal audit functions. He has been advising Boards of Directors and Audit Committees in Belgium, Germany, Thailand, Malaysia, Romania, Slovenia and Turkey. He has been training and developing internal audit departments in Belgium, Hungary, Poland, Romania, Turkey, Malaysia, Thailand, Greece, Morocco, Russia and Tunisia. He is an Executive Professor in Corporate Governance, Internal and Information Systems Auditing at the Antwerp Management School (AMS). He was a visiting professor at the Erasmus University in Rotterdam and at the South Bank University in London and he has been a lecturer at several European, Middle East, Asian, North and Latin-American internal audit conferences.



### **JESSICA KESTERMONT**

Quality assurance team leader, Internal Audit Service, European Commission

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Jessica is a team leader in the quality assurance and methodology unit of the European Commission's Internal Audit Service. She has been an internal auditor in the European Commission since 2003 and a team leader in the quality assurance and methodology unit of the Internal Audit Service since 2011. She has been involved in developing and implementing a quality

assurance and improvement programme for the Internal Audit Service, and developing the audit methodology. Her field of expertise embraces audit risk assessment, internal quality assessment and overall opinion. She has also been participating in planning and monitoring the work of the Internal Audit Service's audit teams.



### **NATHAN PAGET**

Chief Internal Auditor, Shared Audit Service, UK

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Nathan is the Group Chief Internal Auditor for the DEFRA - Department of Environment, Food and Rural Affairs, and leads the delivery of Internal Audit services to over 17 bodies with the Defra group covering both agriculture and fisheries. He was an active member of the AMADEUS group which shares audit experiences with audit teams across EU agricultural funds. Nathan, who has over 20 years IA experience, holds a Master's degree in Internal Audit and Management. He is CMIIA qualified and holds CIA, QiAL, CISA, CGEIT and CISSP certifications.



### **HANNES SCHUH**

Chief Audit Executive, Federal Ministry of Finance, Austria and Spokesman of the Board of Auditors, European Patent Organisation

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Hannes is Chief Audit Executive of the Ministry of Finance since 17 years and he is member of Board of Auditors of the European Patent Organisation since 10 years. From 2005 to 2015 he has been member of board of the Institute of Internal Auditors as well. Prior to his function as Chief Audit Executive he was deputy director of the Department of the Management of the Tax Administration. He was co-editor of the Austrian Tax Journal and he still is co-editor of the "Austrian Handbook on Practice of Tax auditing" which will celebrate its 36th edition in June 2020. His engagement as author of books and articles and especially his work as trainer and lecturer at a university of applied sciences and two federal academies cover a broad range of areas including management and leadership, project management, ethics, tax auditing and internal auditing. International trainings, consultations and speeches have been hold in many European and few Asian countries, and in one African country. Hannes holds a doctoral degree in laws, a post graduate master degree in Public Auditing and has several professional certifications, e.g. CRMA.





### **MIOARA DIACONESCU**

Head of CHU for Public Internal Audit of Romania (CHUPIA)

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Ms. Diaconescu has more than 25 years of experience in public administration, including the last 11 years in the field of internal and external audit. She leads the CHUPIA in Romania, which is Audit Authority for bilateral funds including SEE and Norwegian Mechanisms and Swiss Contribution. Since 2016, she is an active member of European Commission PIC Working group, and TAIEX expert for PIFC sector for many counties. Starting 2010 she has been involved as a global expert in different international projects including EU-twinning and technical assistance programs in the area of Internal Audit/PIFC/public procurement. Ms. Diaconescu is a member of the Executive Committee and Leader of the Audit in Practice Working Group of PEMPAL IACOP.



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