

PEMPAL IACOP

Uzbekistan, Tashkent, 17 October 2023
Tatjana Trajkovska, Head of Department
Ministry of Finance, North Macedonia

What is PEMPAL IACOP?

Network to facilitate exchange of professional experience and knowledge transfer among public financial management (PFM) practitioners across the Europe and Central Asia (ECA) countries

The network is organized around three thematic communities of practice:

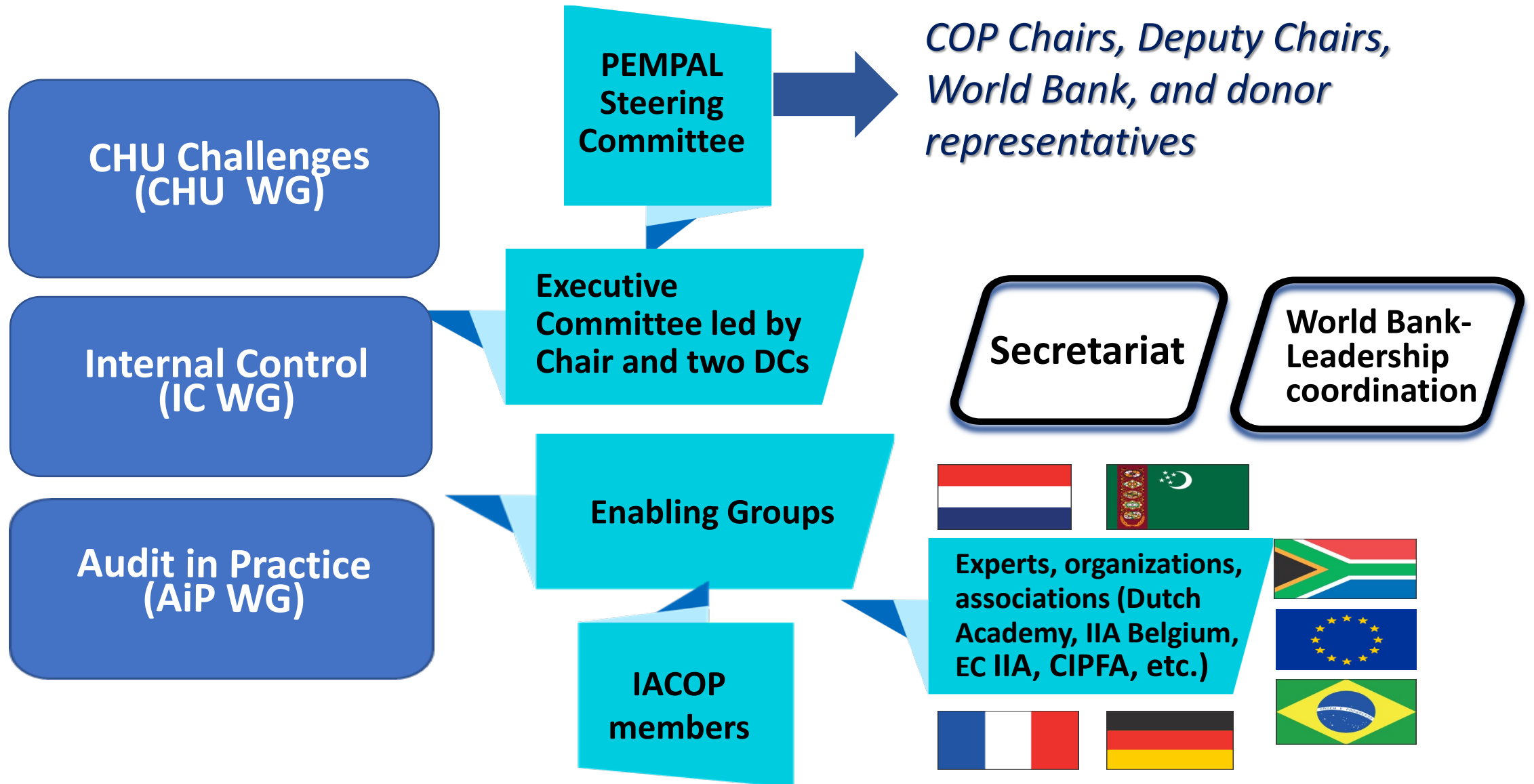
Budget Community of Practice (BCOP),

Treasury Community of Practice (TCOP), and

Internal Audit Community of Practice (IACOP).

The main overall objective of the IACOP is to support its member countries in establishing modern and effective Internal Audit (IA) system that meets international standards and good practices and is a key for good governance and accountability in the public sector.

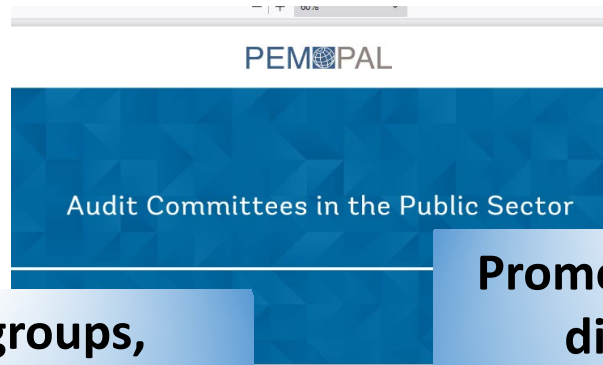
Who leads IACOP and PEMPAL?



Our Approach



Plenary, working groups, thematic meetings, ExCom members and leaders' meeting, study visits



Promotion activities, including distribution of existing knowledge products (participation at national and international events)



PEMPAL IACOP and Uzbekistan MoF Joint Event - Development of the internal audit system in the public sector of the Republic of Uzbekistan
Videoconference

Exceeding Expectations in Various Ways

❑ Meeting formats:

❑ In-Person:

- ❑ Traditional face-to-face interactions promoting networking and direct engagement.

❑ Online:

- ❑ Virtual meetings offering geographical flexibility and cost-efficiency.

❑ Country Cases:

- ❑ Detailed sessions highlighting specific country practices and lessons.

❑ Smart Talks:

- ❑ Short, impactful discussions spotlighting innovative ideas or strategies on a certain topic.

❑ Content exploring layouts:

- ❑ Keynote speakers / experts - Presentations by industry leaders offering deep insights,

- ❑ Panel discussions - Multiple experts discussing a topic, providing varied perspectives,

- ❑ Breakout sessions - Smaller groups diving deep into specific topics,

- ❑ Fishbowls - Dynamic discussions with an inner circle of speakers and an outer circle of listeners,

- ❑ Classic presentations - Standard format with a focused topic presented to an audience.

Central Harmonization Unit Challenges (CHU) Working Group

Uzbekistan, Tashkent, 17 October 2023

Albana Gjinopulli, Director

Directorate of Harmonization of Internal Audit, Ministry of Finance and Economy, Albania

Co-Leader of CHU WG

CHU Challenges Working Group in PEMPAL IACOP

To support the CHUs of member countries as they establish their national role to address the challenges faced
by CHUs at different stages of PIC reform (*established since October 2020*)

Approach: Bringing together representatives of PEMPAL CHUs and international experts about the CHUs practices and challenges

Accomplishments of the CHU Challenges Working Group

- Smart Interactive Talks during Pandemic
- Monitoring The Internal Audit Activity, October-November, 2020
- Focused Thematic Meeting On Improving The Effectiveness Of Internal Audit Units, July, 2022
- IA reporting Platform
- IACOP PEMPAL Survey On IA Monitoring
- New Knowledge Products/ Audit Committee
- Brussels, Belgium, October 2022 / Introduction of IT Reporting Platform for CHU's
- Durres, Albania, June 2023 / PEMPAL IACOP Central Harmonization Unit Challenges and Audit in Practice Working Groups meetings

PEMPAL

IACOP Internal Audit Community of Practice



GUIDANCE ON
MONITORING OF THE INTERNAL
AUDIT FUNCTION BY THE
CENTRAL HARMONIZATION UNIT

New IT Tool “Digital Platform”

- **New IT Tool “Digital Platform”** developed for the PEMPAL community
 - **Purpose:** to digitalize the processes of monitoring, collection, consolidation, analysis of internal control and internal audit data on the state of its functionality in the public sector organizations
 - **Potential Platform users:** public sector organisations on different levels, local authorities, internal auditors, CHU
 - **Modules of the Platform:**
 - Module 1 “ IC reporting”
 - Module 2 “IA reporting”
 - Module 3 “CHU Reporting on the status of IC and IA”
- ✓ **!!! Piloted in Albania and Kyrgyz Republic**

Ideas for the future... proposals/needs based IACOP members collected in...

- ✓ Building a sustainable model of Internal Audit Certification Program in IACOP country members – **DONE**, while it may need updates
- ✓ The role of CHU in public sector reform coordination and increasing the impact of internal audit in public finance management – to be approached in **Uzbekistan 2023**
- ✓ Decentralized VS Centralized Internal Audit Service in Practice - **DONE**
- ✓ IT Platform for Internal Audit Reporting to CHU – **DONE**, now piloting by interested countries
- ✓ CHU's challenges and functions at different stages of the reform – **Done partially**
- ✓ Public Internal Control - the role of Central Harmonization Units and internal auditors (CHU and Internal Control Working Groups) – **DONE partially**
- ✓ Synergy: Public Internal Control and Audit with emphasis on integrity management and anti-corruption (CHU and AIP Working Groups) – **DONE partially**

Audit in Practice (AiP) Working Group

Updates and plans for future

Uzbekistan, Tashkent, 17 October 2023

Grigor Aramyan, Head of Internal Audit Department

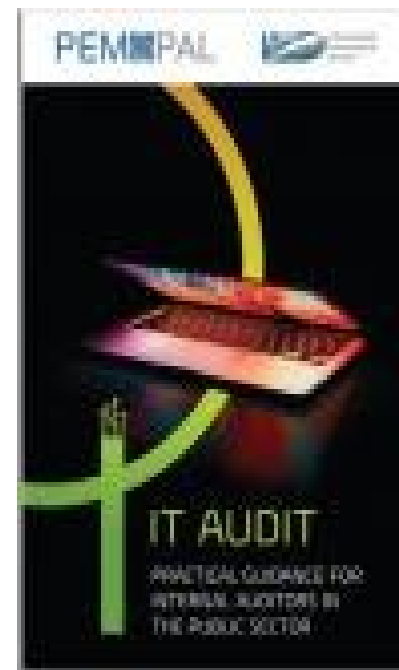
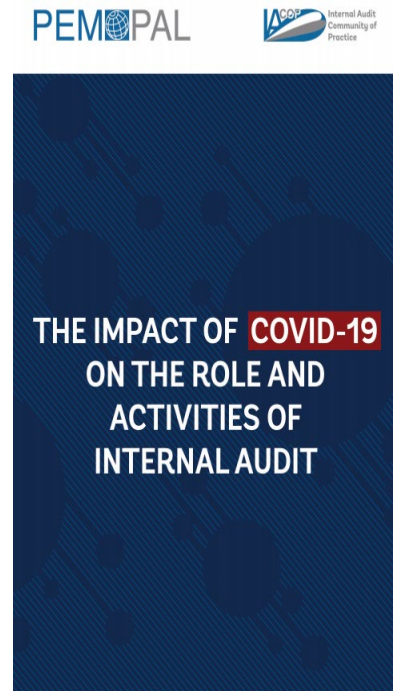
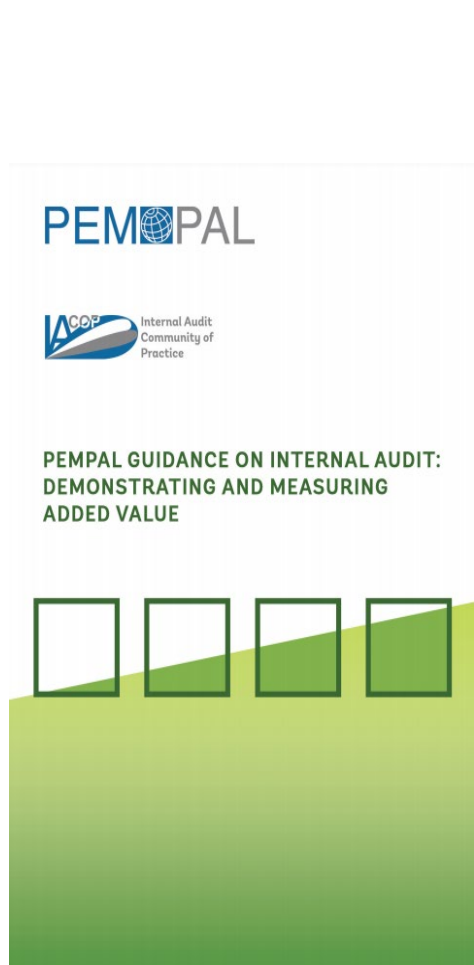
Leader of Audit in Practice Working Group

What we did

- Two F2F meetings of the Audit in Practice Working Group
 - **Durres, Albania**, June 2023
 - **Bern, Switzerland**, March 2023
 - **Brussels, Belgium**, October 2022

- Four Joint virtual events with PEMPAL countries
 - **Uzbekistan**, November 2022
 - **PEMPAL members**, July 2022
 - **Macedonia**, October 2021
 - **Uzbekistan**, March 2021

Knowledge products



Audit Engagement Guide on

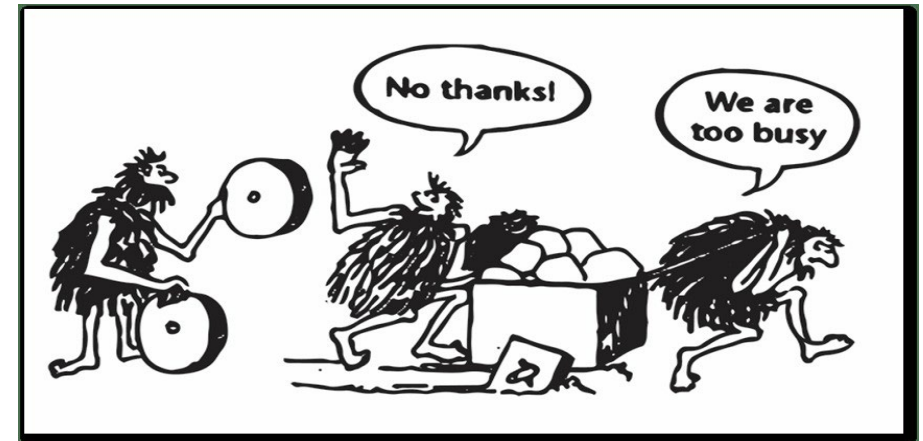


to be published

Must do

Topics/proposals according to the priorities set during previous events

- ❑ Updating topics for future WG activities
 - ❑ Organize Learning and experience exchange between PEMPAL countries (virtual)
 - ❑ Finalize Advisory services guide and Publish Audit Engagement Planning Guide; Guidance for audit engagement planning
 - ❑ Others (e.g. updated PEMPAL Good Practice Internal Audit Manual and other KP)
- ❑ Practical implementation of audit cycle
 - ❑ Procurement Audit
 - ❑ Role of IA in Fraud defense and Building Integrity

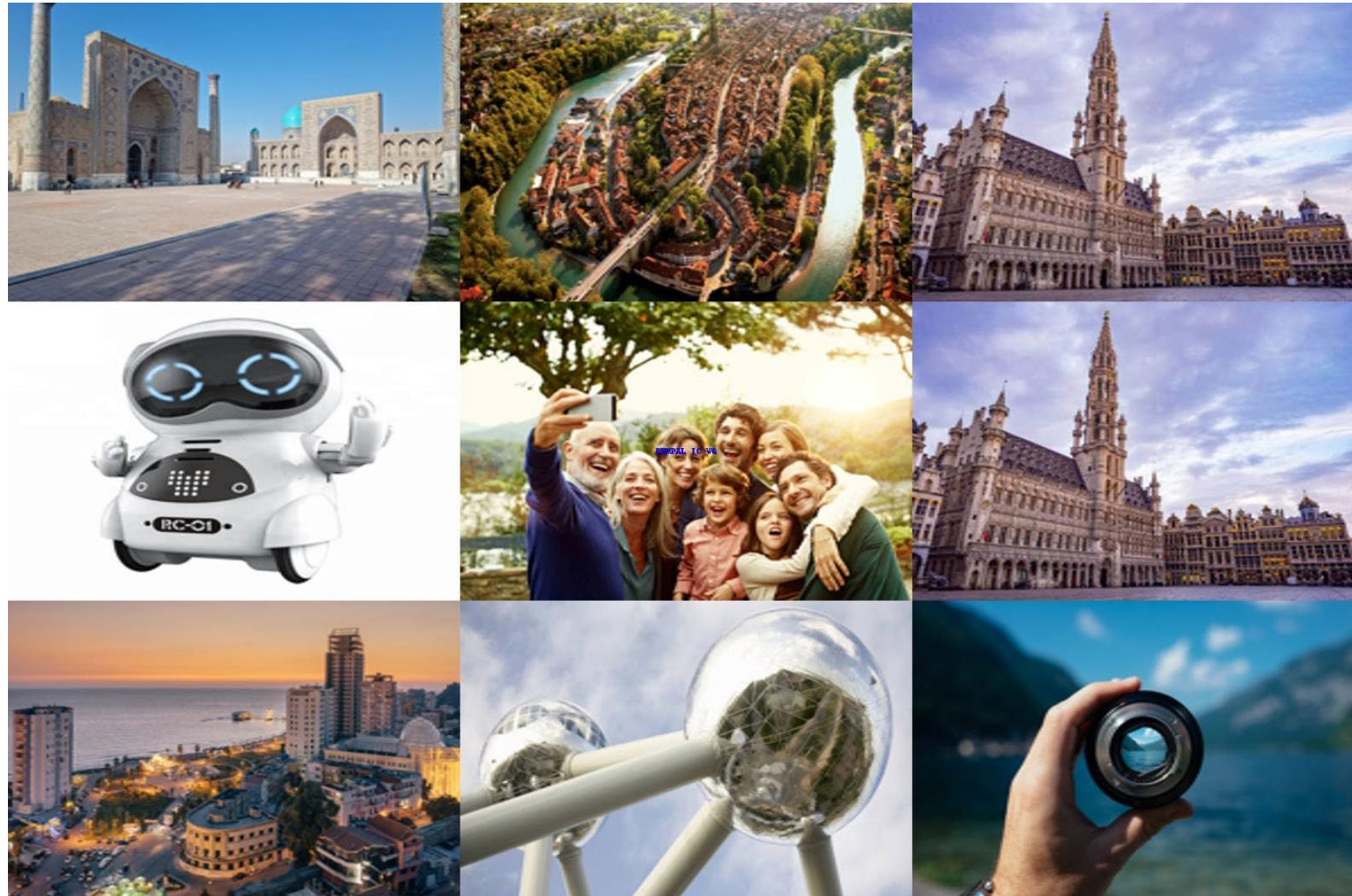


Internal Control WG

Updates and Plans for Future

Uzbekistan, Tashkent, 17 October 2023
Petru Babuci, Deputy Head of PIFC Policy Division
Ministry of Finance, Republic of Moldova
IACOP Vice Chair, Internal Control Working Group Co-leader

A Hard-Working Family



An extremely pleasant journey of collaboration:

Insights,
Innovations,
Interactions in
Public Sector
Internal Control

Exceeding Expectations in Various Places

□ 21 – 23.03.2023, Bern, Switzerland

- PEMPAL IACOP Extended Leadership ICWG, Study Visit, and Executive Committee meetings

□ 04 – 05.10.2022, Brussels, Belgium

- IACOP Plenary meeting - joint event of PEMPAL IACOP and IIA Belgium - Internal Audit in Transition: the Public Sector perspective

Latest Developments

❑ **Emphasis on Strengthening Internal Control Systems**

- ❑ Multiple sessions and discussions dedicated to the enhancement of internal control mechanisms, reflecting the significance of accountability.

❑ **Integration of Digital Tools**

- ❑ Evident push towards the adoption of digital transformation in internal control mechanisms, signaling a shift to more advanced and efficient systems.

❑ **Focus on Training & Capacity Building**

- ❑ Several sessions centered on building capacity, indicating the importance of skilled personnel in effective internal control.

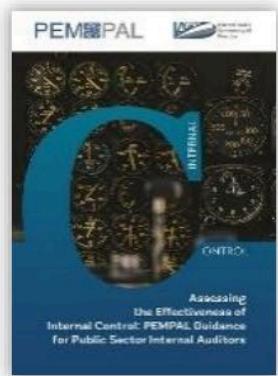
❑ **Risk Management as a Core Component**

- ❑ The relation of risk management with internal control was a recurring theme, emphasizing a holistic approach to public sector administration.

❑ **Collaborative Efforts with International Bodies**

- ❑ Collaborations with international organizations and countries highlight the drive for aligning internal control systems with global best practices.

Drafting and Polishing Knowledge Products



ASSESSING THE EFFECTIVENESS OF INTERNAL CONTROL: PEMPAL GUIDANCE FOR PUBLIC SECTOR INTERNAL AUDITORS



PEMPAL IACOP GLOSSARY OF TERMS: INTERNAL CONTROL

Way to Future (to be endorsed via voting)

❑ **Advanced Training Programs**

- ❑ Given the emphasis on capacity building, develop advanced training modules focusing on the latest trends in internal control, risk management, and digital transformation.

❑ **Strengthen Digital Infrastructure**

- ❑ Invest in technology to streamline and automate internal control processes. Consider exploring solutions like AI and machine learning to anticipate risks and improve the efficiency of controls.

❑ **Development of Knowledge Products**

- ❑ Given the focus on knowledge products in the meetings, allocate resources to research and publish comprehensive guides, best practice manuals, and case studies related to internal control.

❑ **Risk Management Framework**

- ❑ Develop a comprehensive risk management framework that aligns closely with internal control mechanisms. This should be dynamic and updated regularly based on new challenges and global economic conditions.

❑ **Public Awareness Campaigns**

- ❑ Launch campaigns to educate the public and other stakeholders about the importance of robust internal control mechanisms, emphasizing transparency, accountability, and efficiency.

THANK YOU!

