



MINISTRY  
FOR NATIONAL ECONOMY

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EXPERIENCE WITH CONTINUOUS  
PROFESSIONAL TRAINING OF INTERNAL  
AUDITORS IN PUBLIC SECTOR

**Mr. Peter HORVÁTH, CIA**  
**ECONOMIST, ACTUARY, TRAINER of PIFC MTC**  
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## HISTORY

**2003:** Main purpose: improve 3E of PIFC Systems, including skills of public managers and internal auditors by launching TMC.

**2005:** Trainers' selection and „train the trainers” project

**2006:** Infrastructural background to ensure continuous training in the sector

**2009: Legal basis and background for trainings**

Public Finance Act, Government Regulation

- **Continuously changing** learning material
- Registration & authorisation & training obligations

**2010-11: PIFC-I. training experience**

**2012: Revised curriculum for PIFC-I. & start of PIFC-II.**

# AGENDA

- Legal aspects of training work
- Tradition vs. Adopted good practice, to be taught /acquired
- Continuous change of the learning material
- Training management
- Feedback from trainees
- Challenges for trainers
- Results

## LEGAL ASPECTS

Legislation initially fixed terms and definitions inaccurately  
Curriculum initially processed the legal provisions § to §

**These two facts caused two consequences:**

1. Continuous change of the legal background by any reason  
→ **Continuous obsolescence of referencies in the material**
2. The recognized necessary improvements of the professional content could not be easily transcribed through the legislation  
→ **Sustained differences between the material and the underlying model**, the view of some chapters of previous versions considerably had differed from that of IIA and COSO

**By 2011-2012**

- Complement & clarification of definitions
- Highlighting key functional relationships
- More consistent and structured provisions

# LEGAL ASPECTS

## **Legal perspective vs. demand for proper legal basis for the professional practice**

**Experience shows that the appropriate relationship between curriculum and legislation seems to be:**

**Content:** less description of legislation, rather professional theoretical and practical material;

**Structure:** it is desirable to edit in the logical context of learned models and concepts; instead of articles of legislation;

**Legislation:** evident and obligatory (background) knowledge; while a smaller but important part of the curriculum

# LEARNING MATERIAL

- **Suiting of legal background** have been gradual and progressive
- **Continuous development of the learning material** was a major task for all trainers, even with the essential professional support of the CHU.

# CONTROL TRADITION

Before world War II

- engineering meticulous, detailed regulations by german precision

After world War II

- carrying out unquestionable instruction without doubt and thinking

These old, inherited features of public governance & management tradition **does not support** of public people in

- definition and implementation of control systems >< *executing orders*
- systems management skills development >< *lack of autonom powers*
- process management attitude >< *supervision of certain activities*
- clear segregation of control responsibilities >< *single person leadership*
- improving accountability >< *lack of enforcement of legal compliance*
- granting wider mandate for auditors >< *direct instructions*

**Good understanding of new concepts** and models requires time

# CONTROL TRADITION

**Considerable distance between Theory and Practice always generates difficulties**

- in implementation,
- in teaching and
- in acquisition of new knowledge and skills.

**Forward-looking difficulties generates slow changes of practice**

Trainers and trainees both must accept the realistic velocity of changes.



# ADOPTING INTERNATIONAL STANDARDS

## **Cultural differences - international audit standards is rooted in Anglo-American philosophy of management and control**

- Different – effective- concept of general public finances (planning, management, bookkeeping, reporting, etc.)
- More efficient „built in” controls of public administration systems
- Clearer segregation of operational vs. audit responsibilities
- Managerial accountability typical, clearer and stronger

## **IIA approach of auditors responsibility and function may be radically different from former local traditions, that also causes problems**

- Understanding IIA IPPF
- Acquiring proficiency in new methodologies and in use of audit tools
- Interpretation of the most complex and sophisticated COSO model
- Application of the standards ← practice advisories
- Different status and responsibilities of internal auditors

## TRADITIONAL vs. „NEW” EXPECTATIONS

Expectations raised against internal **audit function** was: compliance

→ **Determines the characteristics** of previous internal **audit practice**

- **Focus** was on the execution and regularity *vs. systems based audits*

- **Purpose** was to discover faults of people *vs. develop procedures and controls to prevent failure effectively*

→ **Expectations** against internal auditors: task execution *vs. professional management consultant*

→ **Status of internal auditors:** subordinate *vs. independent professional member of the staff with own standards and ultimate responsibility for a key organizational function*

# TRAINING MANAGEMENT

MTC works within the organisation of the National Tax and Customs Administration's Training, Health and Cultural Institute

Trainers and trainees both could experience NT&CA THC's

- precision,
- excellent educational services,
- trouble-free financial and information technology support,
- fault-free access to the electronic learning material (curriculum) in ILIAS

**That seems to be proved a good decision**

## FEEDBACK FROM TRAINEES

- No significant need for e-learning tutorial assistance - surprisingly
- End of course evaluations given by students after F2F trainings
  - too much theoretical knowledge; **practice is far from theory** yet
- There are also **somewhat controversial expectations**
  - exercising more and more test (driven by fear of examinations)
  - strong demand for practical examples >< huge theoretical learning material

### **To meet the requirements - I sought the optimum:**

- Increasing number of case Studies ,
- More examples from my practical experience,
- More fast „collective”tests between the slide series,
- and ... strive to be authentic and interesting ... 😊

## CHALLENGES FOR TRAINERS

- Presentation of hundreds and hundreds of slides during hours...
- To make trainees understand their wider responsibilities
  - Familiarize them new models & concepts & technical terms & PAs
- To make trainees understand the „new” organizational position of the IA
  - to help them to recognize and take advantage of this position
- To make PBO’s Financial managers and the Head of the PBO’s accept utility training obligation (with no exam)
  - not easy to motivate them
- To make Auditors understand that their own responsibility goes beyond „work in line with IA standards with individual proficiency”; that assumes
  - **Assuring independency** by proactively developing internal policies and regulations;
  - **Making themselves** – and the IA function- **recognised**

## RESULTS

2010-11 were full training years in PIFC-I.

Y	Internal auditors	Head of the PBO's and Financial managers of the PBO's	Sum
2010	1535	1009	2544
2011	458	3221	3679

- Successful end of course exams, with minor exceptions
- From 2012 Curriculum adapted to IIA and COSO model, supplemented with IIA PA's



THANK YOU FOR YOUR KIND ATTENTION

Mr. Peter HORVÁTH, CIA  
ECONOMIST, ACTUARY, TRAINER of PIFC MTC  
uniotenderkft@gmail.com