**- R E P O R T -**

**14th PEM PAL Internal Audit Community of Practice (IA COP) – Risk Assessment workshop**

**Sofia, Bulgaria (April 17 - 18, 2012)**

**15th PEM PAL IA COP – Training and Certification Workshop**

**Sofia, Bulgaria (April 19- 20, 2012)**

1. **Background**

As agreed on the IA CoP Executive Committee meeting in Ohrid on October 28, 2011, the IA Manual Group continued its operation and finalized the IA Manual Content Template. Furthermore, the Training and Certification session focused on mentoring of new internal auditors in the certification process and finalized the Training Program for internal auditors (based on Ohrid plenary recommendations).

Members of the IA COP met in Sofia, Bulgaria in April 2012 for two back-to-back workshops on IA Risk Assessment and IA Training and Certification (Mentoring). Both IA COP events brought together 37 participants from ten PEM PAL countries (Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Kosovo, Kyrgyz Republic, Moldova, Montenegro, Romania, Russia, Ukraine, and Uzbekistan). Also including resource people, translators, observers and PEM PAL Secretariat, 49 people attended both events.

1. **Objectives of the IA Risk Assessment and IA Training and Certification workshops**

*The objective of the IA Risk Assessment**workshop* was to help building Strategic Internal Audit plan that will boost auditor productivity and provide the control assurance. After exploration of differences between traditional, control-based risk assessment and a new approach based on business risk that addresses management's concerns at the individual audit level, the group wanted to set up a model that will lead step-by-step through development of a methodology for individual risk assessments and could be executed in their own countries.

*The objective of the IA Training and Certification workshop* was to finalize the Training Program for internal auditors. After exploration of Mentoring procedure of internal auditors in PEM PAL countries, the aim was to design a mentoring procedure for internal auditors and to prepare a realistic timetable for the further WG activities.

1. **The IA Risk Assessment workshop**

**The Internal Audit Manual Working Group focused on risk assessment (RA) for strategic planning of public sector internal auditing. Participants discussed how to use risk assessment — generally applied to annual audit plans — to help build individual audit programs that boost auditor productivity and provide the control assurance. The group was successful in setting up the model of a methodology for individual risk assessments.**

First Svilena Simeonova from Bulgarian Ministry of Finance (MoF) presented PIFC and development, challenges, and achievements of Central Harmonization Unit. Bulgarian Model of RA was also presented by Stefan Belchev, Internal Auditor Director from MoF, Bulgaria.

Ljerka Crnković, Albana Gjinopulli, Cristina Scrutelnic and Jean Pierre Garitte made a short overview of the IA Manual Template, declare the closure of IA Manual activity for working group and set up the follow up process.

Cristina Scrutelnic explained that Moldova is currently in a process of updating its IA methodology and PEM PAL manual acts as a very useful document.

A new activity of Working Group for developing a Risk Assessment Methodology (PEM-PAL Model) was presented by Albana Gjinopulli, leader of the working group. Stanislav Bychkov, co-leader of the group, and Albana Gjinopulli stressed out the key messages of
of the results of the Questionnaire (filled out by the members relating to the Risk Assessment methodology for drafting the IA plans before the event).

All people agreed on two expected outcomes of the RA workshop; development of RA model and sharing experiences among them.

Jean Pierre Garitte from SIGMA in presentation about IIA Standards, IIA Practice Advisories and PEM-PAL Manual Template answered following questions:

* Why do internal auditors need to assess the risks
* Benefits of use of planned risk assessment
* A risk assessment model.

He concluded that proper risk criteria should be used properly. The risk assessment results should be involved in management plans.

Evelin Pungas from Estonian Ministry of Finance presented the Risk Assessment in Estonia, specially focused on experience from the internal audit in public sector. She explained also current situation and stressed out that problems in RA need creative solutions. Moreover, she concluded that risk is rather an opportunity than faith to accept.

Both days the participants worked also in groups on Risk Assessment Methodology in their countries and interpreted the main findings.

1. **The IA T&C workshop**

**The Training and Certification Working Group discussed mentoring in the auditor certification process. Based on examples from PEM PAL countries, they focused on designing an effective mentoring procedure. They discussed ways of conducting practical training, system practicability, and the roles of Central Harmonization Units, mentors, and mentees.**

Marija Matek from Croatian Ministry of Finance, CHU, presented Croatian experience on mentoring for internal auditors (legal framework, mentoring in training cycle, and instruction on mentorship in practical training, continuing professional development, program council, mentors). After the discussion the Training Program for internal auditors was finalized.

Importance of on-the-job training was introduced by Joop Vrolijk from SIGMA. He reported advantages and disadvantages of this training. He introduced main methods of on-the-job training, explained difference between coaching and mentoring, explained why mentor plan is important and describe requirements between mentor and mentee.

Cristina Scutelnic from Moldovan Ministry of Finance, leader of the group, presented the results of the survey about mentoring process in PEM PAL countries. 86 % of participants thought that CHU should be responsible for the development of mentoring guidelines/procedures for internal auditors (14% voted for IAD).

Evelin Pungas presented Estonian experience on mentoring, where she focused on Certification system, training program and training reports.

One session was devoted to participants’ questions on IA mentoring, training and certification. Arman Vatyan, Jean Pierre Garitte and Joop Vrolijk were answering them.

Participants discussed and reported the key messages about responsibilities between mentors and mentees on auditing planning, field work, reporting and follow-up through World Café learning method.

1. **Next IA COP events**

The schedule of future events includes:

1. 16th working session on Quality Assurance in Budapest, Hungary (June 15 – 16, 2012);
2. 17th plenary meeting (June 18-20, 2012, Budapest, Hungary);
3. 18th meeting (week of October 8, Lvov, Ukraine); topics will be discussed at plenary meeting in Budapest; two options are possible (Risk Assessment, Quality Assurance).