

**PEMPAL Internal Audit Community of Practice (IACOP)
сети PEMPAL**

**System of Online Learning for Internal Auditors (SOLO)
in Kyrgyz Republic**



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The Ministry of Finance of the Kyrgyz Republic is undertaking focused comprehensive work to create a system for continuing professional development of internal auditors. Systemic professional training and retraining of internal auditors using modern IT technologies creates preconditions for improving internal auditors' performance. As one important mechanism of continuing professional development, an online learning system has been introduced since March 2017 (solo.minfin.kg), enabling to perform real-time on-the-job training.

SOLO is a free training management system focused primarily on organization of interaction between the teacher and trainees. In the system, a teacher can create courses, filling them with content in the form of texts, supplementary files, videos, presentations, questionnaires, etc. To use the SOLO system, it is enough to have any web browser, which makes this learning environment convenient both for teachers and trainees. Based on the results of completing assignments by trainees, the teacher can assess the level of learning the material and comment on the results. A wide range of tools makes it possible to carry out control tests. In test assignments, several types of questions are supported (multiple choice, matching, true/false, short answers, essays, etc.).

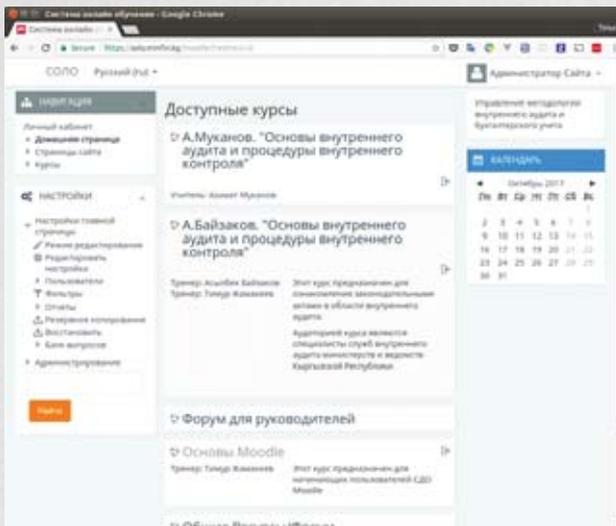
At the same time, SOLO creates savings through reducing costs related to internal auditors' training, is independent from external providers of educational services, and allows for objective testing of trainees. Main SOLO advantages are mass-scale and simultaneous training of auditors; maintaining knowledge of internal auditors at a proper level; improvement of internal auditors' knowledge and skills; training quality control; and creation of a database of internal auditors.

It is of note that SOLO is not used for certification of internal auditors, and a local electronic system has been developed for examining applicants on whether they are eligible to receive a qualification certificate of internal auditor. Examination assignments are randomly selected by a computer program individually for each applicant. Examination assignments are divided by the level of difficulty and include several options of answers from which an applicant is to choose one correct answer. When the time allocated for completion of examination assignments elapses, the computer program stops on its own, displaying examination results on the monitor.

In 2017, the Ministry of Finance of the Kyrgyz Republic conducted two online trainings on *Basic Principles of Internal Audit and Internal Control Procedures*. Based on the results of these trainings, 21 internal auditors who scored more than 75 points in summative assessment received certificates on successful completion of the course. Going forward, it is planned to organize differentiated online courses for different levels of internal auditors' preparation, i.e., for newly appointed auditors, incumbent auditors, and on special topics.

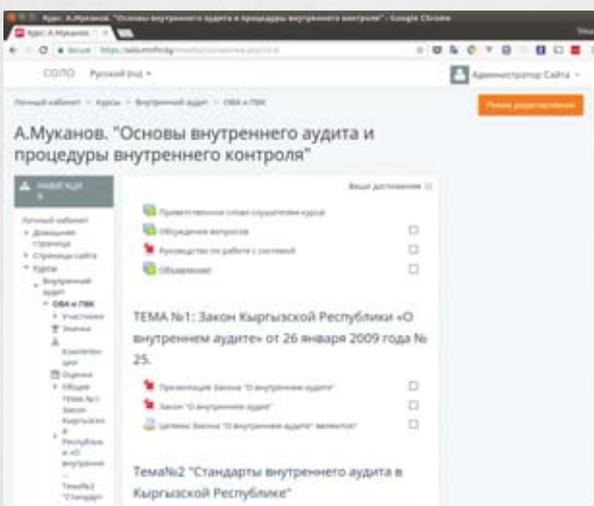


Internal Audit in Chisinau Mayor's Office



SOLO makes it possible to design, create and subsequently manage resources in the information and learning environment. The system has a user-friendly intuitively understandable interface. A teacher can create and manage an electronic course on his/her own, aided only by the reference system.

Administration of the training process is well-designed. The SOLO administrator can register course participants, assigning them respective roles (course creator, teacher with or without the editing right, trainee, and guest), allocate their rights, combine trainees into virtual groups, and receive summary information on each trainee's performance. Using a built-in calendar, the administrator can also set dates for the commencement and end of a course, delivery of particular assignments, and timelines for tests. Through the Explanation and Forum tool, the administrator can publish course information and news. SOLO has a large set of communication facilities. These include not only e-mail and exchange of attached files with the teacher, but also a forum (general news forum on the main program page and various private forums), a chat facility, exchange of personal messages, and blogs. Thus, SOLO is a virtual center for organizing learning activities for internal auditors and providing interactive communication between learning process participants.





Ms. Raisa Cotorobai,
*Head of IA, Chisinau
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Internal auditing as such is a great challenge. In addition to the well-known typical problems, internal auditors at the local level face specific problems arising out of the organizational and legal status of local public administration bodies (LPA) and the specifics of their functions.

Internal audit units are created as bodies directly subordinate to mayors who are representatives of the Executive. However, the issue of the role to be played by local councils in internal auditing, i.e., how to avoid the duplication of functions and conflict of interest between the mayor and the local council, remains outstanding. To better understand the specifics of auditing activities at the level of local governments, we asked Ms. Raisa Kotorobai, who has been a member of the PEMPAL IACOP since 2013 and participated in three IACOP meetings, to share her experience. She has been Head of the Internal Audit Department in Chisinau Mayor's Office for seven years already. Since then internal audit enthusiasts in Chisinau Mayor's Office have been inspired by international practice materials based on the ISPPA standards, continuing today not only to follow national methodology recommendations, but also use best international practices in their work.

Sharing her experience, Mr. Kotorobai answered the following questions:

Ms. Raisa, how internal audit (IA) roles are distributed between the mayor and the local council? Are there any issues with subordination or accountability?

In accordance with the Law on Public Sector Internal Financial Control, the mayor is to approve a strategic document on internal audit activities, annual action plans, progress reports on IA activity, and reports produced as a result of audit assignments. On the other hand, the Law on Local Public Administration grants the right to decide on conducting internal audits to the municipal council, which is a legislative deliberative body of the municipality. It is of note that both the mayor and council members are elected by city residents by voting. The municipal council comprises 51 councilors representing different political parties for which results of internal audits are of special interest.

More often than not, municipal councilors come to us requesting internal audit reports or stating their demands on what and how should be audited.

Therefore, internal audit should take account of issues that may ensue from the risk of intervening in planning and prioritizing audits and the risk of using audit outcomes as a political weapon.

How do you proceed in such cases? How do you deal, on the one hand, with the requirement to ensure the transparency of IA reports as they are public information and, on the other hand, with IA confidentiality?

Frankly speaking, sometimes it is very difficult. We have to comply simultaneously with the requirements of professional standards and the Code of Ethics as concerns confidentiality and transparency of public information while striving to gain and maintain confidence from all interested parties.

From the very start, we experimented with different approaches in our work in order to bring all the above to life. [In one occasion] To ensure transparency and as requested by the top manager we published internal audit reports on the institution's website. Mass media immediately used that information, interpreting it in such a way so as to have success with the wide public, i.e., in the form of a scoop or scandal, taking information out of context, misrepresenting it, etc. This hurt the image of the Mayor's office. Gradually we gave up this idea and moved to a different strategy.

We have developed an attractive internal audit guide and posted it to our website (http://chisinau.md/public/files/anul_2014/auditintern/Ghid_servicii_audit.pdf), where we provided additional information about us to those who are interested, explaining how we do our work, to whom we report, etc. I spoke to municipal councilors from the podium to explain the rules of the game to them.

At the same time, we started to report audit results based on the *need to know* principle, also recommended by a Practice Guide: Internal Audit Reports issued by the international Institute of Internal Auditors (IIA). Thus, a final internal audit report as approved by the senior management is distributed to parties who can use information presented in the report to correct errors, eliminate problems, and improve processes, thus adding value to the institution.

As concerns external requests, we consult with the mayor.

What is included in the audit universe (scope of IA activities) at the Chisinau Mayor's Office and how was it defined?

The audit universe (IA scope or coverage) at the Chisinau city administration and its subordinate entities is defined by using a system-wide approach and presents a set of systems and processes ensuing from competences and responsibilities of the mayor's office.

The audit universe has been defined in the framework of strategic planning during which all systems were grouped into managerial, supporting/auxiliary and operational systems.

In defining the audit universe, the focus was on determining and understanding objectives of systems and processes and of participants directly or indirectly involved in them. In this context, the audit universe at the Chisinau Mayor's Office comprises 23 systems/system groups divided into 90 objects as subsystems/comprehensive processes implemented by 161 entities, including: Chisinau Mayor's office and 5 preturi, 19 specialized departments, 67 commercial companies and municipal enterprises, 17 self-financing healthcare facilities and 30 preschools and secondary educational establishments, and 6 municipal centers.

Example 1

Systems related to the development and maintenance of urban infrastructure and landscape gardening

Subsystems /processes:

- Management of water supply services. Wastewater: collection and treatment
- Urban public transport management
- Railways infrastructure management
- Street lighting
- Management of services related to maintenance of greenery and recreation zones
- Improvement and maintenance of cemeteries

Example 2

Financial accounting system

Subsystems /processes:

- Budget formulation and execution. Intergovernmental fiscal relations
- Payments through the Treasury / banking system; cash payments
- Formation and use of the municipal Reserve Fund
- Management of loans and municipal obligations
- Partial compensation for bank interest payments on mortgage loans for housing purchasing/ construction
- Accounting and financial reporting
- Monitoring of financial and economic activities of self-financing government organizations, municipal enterprises and economic agents partially owned by the Chisinau municipal council.

Which objects from the audit universe for local authorities could be also part of the audit universe for the central government and which are typical only for the local level?

As I already mentioned, in defining the audit universe we use a system-wide approach and define audit objects as processes. Therefore, processes that can also exist in central government authorities are management and support systems, with possible minor differences. These include, for example: a decision-making system; risk management system; public procurement system; personnel management system; property management system; financial accounting system; document management; information technology systems, etc.

The difference is in operating systems. It ensues from the diversity and complexity of a local administration's functions, ranging from management of land resources,

authorization of civil works and trade operations, management of hospitals, including maternities, to improvement and maintenance of cemeteries. By the way, the latter two are crucial for how people are borne and how they transit to the other world. This is one indication of how IA can help improve the quality of citizens' life – certainly, if it is done properly.

Which processes are audited on an annual basis and which are audited every 3-4 years?

In the course of strategic planning, using a risk-based approach we classify all processes into high and very high, medium-level, and low and very low risk groups, assigning to audit objects (in our case, processes) a respective level of priority.

In line with this classification, processes assigned a very

high level of priority are planned for annual audits; high-priority processes, for auditing at least once in two years; medium- and low-priority, for audits at least every three and four years, respectively; and very low priority processes, for audits not more frequently than every five years.

At the level of Chisinau Mayor's Office, annual audits are envisaged for the public procurement system and processes related to management of (i) tangible assets and (ii) land resources.

Processes with the periodicity of auditing at least once in two years constitute about 35 percent of the audit universe. These include processes pertaining to the decision making system, HR management system, financial accounting system, certification and authorization in architecture and infrastructure, organization of meals for kids at preschools and high schools, etc.

In accordance with the multi-year strategic plan for internal audits for 2017-2021, a mere 8 percent of objects in the audit universe have the frequency of auditing at least once in 4-5 years (for example, registration of civil society organizations, authorization of sports and culture events, etc.), while 41 percent are to be audited not frequently than every three years. Medium-priority processes include: management of municipal healthcare programs, adoption of orphaned children, document management, state assistance provision, information technologies, etc.

Could you tell me, using a particular audit case typical for local governance, what exactly is done at the stage of planning an audit?

The planning stage is crucial for successful performance of an internal audit assignment. It does not matter whether a particular audit is typical for local administration operations or is a type of activity characteristic for the central government – the approach is entirely the same. There might be some differences in planning audits for provision of guarantees and consulting services as these are planned as requested by the client and focus on a problem area identified by the client.

Typical procedures that we usually perform in planning audits for guarantees provision are: (i) understanding the context; (ii) collection and analysis of requisite information; (iii) assessment of risks typical for the audited process; (iv) formulation of audit goal and objectives and definition of criteria; (v) objects of audit; (vi) allocation of resources; and (vii) preparation of an audit plan.

Thus, for auditing the *Process of Enrollment of Kids in Preschools*, the following risks were identified and assessed as significant as a result of examining the collected information:

- Incorrect information on the total number and availability of places in preschools;
- Non-approved delimitations of circuits and their revision as necessary;
- Selective registration of children, favoring some to the detriment of others;
- Registration of applicants who are not officially registered in the sector or circuit;
- Improper recording of issued referrals;
- Issuance of referrals to persons who are not on the waiting list through fraud in the system;
- Inadequate transparency of the system and improper treatment of interested parties.

The risk assessment process is documented in the Risk Significance Assessment Form.

Proceeding from risk assessment results, the main audit objective and four audit questions were formulated, and audit criteria were defined as specified below:

Example 3

Main audit objective:

Analysis of the process of registration and allocation of children to preschools to determine whether the existing internal control mechanisms ensure that the process is implemented in proper conditions in compliance with the transparency and integrity principles, with issuance of recommendations on how to improve the process as necessary.

Objects of audit:

The audit covered the administration process, including recording and distribution of places in preschools for the period from January 1, 2015 to April 1, 2016, carried out by 5 circuit departments and the Chisinau Municipality General Department for Education, Youth and Sports.

List of questions and audit criteria:

1. Is information on the number of available places as provided by preschools complete, timely, and correct?

- Maximum number of children in the group approved.
- Monthly reports ensure that the provided information is complete and reliable.
- The information provided is summarized on a monthly basis by a designated person.
- The summarized information is distributed to interested parties within optimal time.
- Preschool circuits are delineated, approved and revised as necessary.

2. Is registration of children aged 0-7 years for receiving a place in a preschool done in accordance with legal provisions?

- A specialized commission for registration of children and their allocation to preschools was set up by an administrative document, with designated members of the commission supporting its functionality.
- Commission meetings are held in accordance with the regulatory provisions, with meeting minutes and decisions recorded.
- It is ensured that documents to be provided by applicants are checked, including parents' registration at the place of residence.
- A confirmation note is issued to the applicant, indicating the number in the queue, preschool name, registration date, and the date when the applicant is to show up to pick up a referral.
- Data on children are registered in separate registries/logs depending on the year of birth with the indication of a preschool in the area of residence or a requested preschool.
- Registries/registration logs are kept separately for each municipality circuit, with pages numbered and bound.

3. Are there control procedures in place to ensure that children are properly enrolled in preschools?

- Issuance of referrals for assigning children to kindergartens is done in the order of filing of applications, with preference given to those who are officially registered at the place of residence in respective circuits.
- Preference is given to children from single-parent families, children whose mothers are students, children under guardianship/custody, children whose parents have disabilities, children of the military, and children from multi-child families.

- Registries/logs for recording issued referrals are numbered and bound.
- Referrals are issued on specially designed accountable forms.
- Requisite documents evidencing a child's right to be enrolled in the requested preschool are reviewed.
- If the capacity of a preschool does not allow for registration of all children in the established school circuit, referrals are issued to preschools in neighboring school circuits.
- All supporting documents are available in children's individual files.
- Bound referrals match those that are registered in the log.

4. Are there internal control procedures in place that support efficient communication with interested parties and ensure transparent administration and allocation of places in preschools?

- Information on preschool circuits is made publicly available in a variety of ways.
- A flow chart and a narrative description of the audited process have been developed, with the description published in an accessible format for all interested parties.
- Summary monthly information on the availability of free places is accessible for all interested parties.
- Interested parties can access registries/logs for registration of filed applications and issued referrals.
- There are efficient procedures in place for communication with parents (applicants) and other interested parties.

It is important to mention that as a result of implementing the recommendation issued following the audit registration in preschools in Chisinau is already performed online.



Therefore, auditors of the Chisinau Mayor's Office department see the result of their work when their specific recommendations are implemented, and mayor's office processes are improved to the benefit of city residents. This motivates the auditors team to cling together and continue their work striving to keep pace with good practices in the profession, and this is where their strength lies.

Achievements in internal audit gained in the Republic of Tajikistan using IACOP practices



Mr. Olimjon Mirzoev,
*IACOP ExCom Member;
IA CHU, Ministry of Finance,
Tajikistan*

A periodic IACOP survey showed that the Republic of Tajikistan has achieved good results in recent years in introducing internal audit. Earlier our colleagues presented their experience at IACOP events where the certification system which had been put in place using practices discussed in IACOP generated the greatest interest. At the same time, our colleagues have been able recently to achieve new results. For example, they have introduced monitoring of performance assessment of structural internal audit units in public sector organizations.

It should be specially mentioned that both certification and monitoring were topics of discussions in IACOP working groups. My interlocutor who kindly agreed to share his country's achievements in these areas is Mr. Olimjon Myrzoev, a member of these IACOP working groups, newly appointed head of the CHU at the Ministry of Finance of the Republic of Tajikistan, and a member of the IACOP Executive Committee.

Olimjon Myrzoev: As you know, in the Republic of Tajikistan internal audit (IA) in the public sector was introduced 10 years ago. Over a short time, along with other legal and regulatory documents, *Procedures and Methods for Organizing Performance Appraisal for Issuance of a Certificate of Public Sector Internal Auditor* were developed and approved by the Tajikistan Ministry of Finance in July 2017.

The purpose of certification is to ascertain whether applicants meet qualification requirements set for public sector internal auditors and to make sure that they perform their responsibilities in a professional manner.

Can you detail on how you conduct certification? Is any examination organized?

To organize certification of applicants, a certification commission is set up. The certification process has two levels. The first level examines only theoretical knowledge, with this done with the aid of computer software. This level covers three important areas: Tajikistan national legislation on financial control; International Standards for the Professional Practice of Internal Auditing and accounting standards; and practical knowledge of accounting procedures. The first level, which was designed in 2013, has now been improved and integrated with the second level.

Only accounting? How about knowledge of the budgeting process, public procurement, public administration, personnel management, knowledge of internal control (COSO, etc.)? Could you please cite examples of questions from various areas?

You are right in emphasizing that. At the first level of certification, the national legislation section does include questions on the budgeting process, civil service, public procurement and orders as knowledge of these aspects is one important component of internal auditors' activities.

Second-level certification involves two practical audits and is assisted by mentors. The first practical audit is compliance audit, and the second one is audit of financial statements or financial audit.

I need to point out that the topic of mentoring was discussed in detail by IACOP at its Sofia meeting in 2012, and here is a particular example of successful implementation.

Mr. Myrzoev, how does mentoring occur? Who are mentors and are they paid for the job? Who and how assesses the results and decides on successful passing of the second level?

Mentors are qualified internal auditors in public sector organizations who successfully completed two practical audits and were approved by the certification commission to act as mentors. They are internal auditors and their mentoring job is not additionally paid.

Mentors use their knowledge and skills to assist candidates in conducting two practical audits. Mentors' responsibilities include preparation of an individual schedule of work, checks to exercise quality control, and keeping of a log of candidates' practical work.

Upon completion of each audit assignment, the mentor prepares a report and submits the materials to the commission for it make a decision. The mentor's report

includes a summary description of the mentoring process and mentor's contribution to the practical work, confirmation of acquisition of practical experience by the candidate, and the mentor's opinion on whether the candidate meets requirements set for a second-level certificate.

The commission evaluates the results of practical audits from the standpoint of compliance with the established procedures, adopted Standards and the approved methodology, including the completeness of executed documents.

The commission decides on issuing a second-level certificate on the basis of the presented documents on practical audits and the mentor's opinion.

Mr. Myrzoev, you were also a member of the IACOP Working Group on Quality Assessment, and now we see that some practices from our Quality Assessment Guide for Public Sector Internal Audit have been put to use in your country's public sector.

Pursuant to the Tajikistan Law *On Public Sector Internal Audit*, internal audits are conducted in accordance with the Tajikistan legislation, accepted internal auditing standards, and requirements of the Auditors' Code of Ethics, in compliance with the principles of independence and objectivity, competence and high professionalism, integrity, accountability, and confidentiality.

To make sure that internal auditing is performed in compliance with key legislative requirements, standards, legal provisions governing the internal audit function, and the methodology, the CHU at the Tajikistan Ministry of Finance has developed and approved the *Questionnaire for Quality Assessment of Internal Audit*. This Questionnaire is used to conduct monitoring of performance assessments of all IA structural units in public sector organizations.

This monitoring is focused on the organizational structure, management of the IA function, achievement of objectives, impact of internal auditors' activities, and provision of methodological assistance for internal auditors.

It should be mentioned that in developing these regulations we relied on IACOP guides and recommendations, including the Internal Audit Body of Knowledge, Quality Assessment Guide for Public Sector Internal Audit, and Good Practice Internal Audit Manual Template, which are a product of joint efforts of our community of practice.

The IACOP Working Group covered such elements as internal quality assessment carried out by internal audit units, external assessments by the CHU and independent persons, and has developed templates of check lists and questionnaires and evaluation criteria. Mr. Myrzoev, what specifically have you covered, who conducts monitoring, and what particular mechanisms do you use?

A system-wide approach in internal audit requires knowledge of public administration and application of regulatory documents. In this context, monitoring of performance assessment of all IA structural units in public sector organizations is one major task of the MoF CHU.

Monitoring is conducted on the basis of the abovementioned Questionnaire in order to assist in implementing the program for quality assurance of internal auditors' activities and ensuring compliance with the methodology developed by the Ministry of Finance. This monitoring is not considered an external assessment.

Have you succeeded in implementing the monitoring? What feedback did you receive from practitioner auditors in this respect? Were there any negative perceptions, how the CHU itself assesses the implementation, and what are your plans for the future in this area?

I can confidently say that the CHU has already put this monitoring in place, and since 2016 we have monitored how quality assessments of internal auditors are done in five ministries. Initially our activity was perceived as activity of yet another controlling body. However, once we have explained the purpose of monitoring and its benefits for further operations of IA units, these explanations were perceived on a positive note.

Going forward, we plan to cover all internal audit entities in the public sector to bring their activities in line with the legislative requirements and international standards.

What would be your advice for countries that are just embarking on introducing certification and quality assurance and evaluation systems?

As a matter of priority they should use their best efforts to introduce certification as soon as possible. This would strengthen internal auditors' knowledge of international professional standards on internal auditing and will determine their skills needed for further activities.

Monitoring of the quality assurance and evaluation system helps assess whether activities of internal auditors are consistent with their functional responsibilities, principles of independence and objectivity, conflict of interest avoidance, and risk-based activity planning in producing strategic plans and helps determine whether they comply with legal requirements and standards.

In closing, I would like to thank you for an interesting dialog and wish our community of practice further success in enhancing internal audit!

Internal Control and Transparency in Brazil, in the way to a reform of the public audit



Gustavo Ungaro
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Brazilian National Council on Internal Control.
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As a invited member of the Internal Audit Community of Practice – Public Expenditure Management Peer-Assisted Learning – IACOP/PEMPAL, Brazil are taken part in this initiative since 2015, when the partnership was established with CONACI – Brazilian National Council on Internal Control, under the support of the World Bank, in a international seminar about Internal Control and Internal Audit Function occurred in Brasília, with the presence of Arman Vatyán, Svilena Simeonova, Tomislav Micetic, Miguel Santiago, Maria João Kaizeler, Joseph Kizito and Elizabeth MacRae, when I was the President of CONACI and already had confidence in the international exchange as an efficient strategy for the institutional improvement of Public Administration.

After that, CONACI took part, by my personally presence, at the PEMPAL meetings in Prague (Czech Republic, march 2016), Moscow (Russia, october 2016) and Budapest (Hungary, march 2017), and a study visit was carried out in Zagreb (Croatia) and Sofia (Bulgaria), on march 2016. All the contents were published in special editions and at the website www.conaci.org.br, as well as are been using in courses and trainings with the participation of the majority of the Brazilian Internal Control units, in the struggle to be more useful and efficient the activities of internal audit, according to international parameters.

This important partnership with CONACI and IACOP/PEMPAL – World Bank reveals the institutional purpose and compromise in make more strong this international exchange opportunity, because our culture, history and traditions could be different, but we have the same challenges and similar intentions.

I intend to present, here, a quick overview of the actual political organization of the Brazilian Estate, some elements about the situation of public internal control and the main perspectives of the RIFIX (Relationship of Internal Audit with Financial Inspection and External Audit) reform in the biggest country of South America.

My country has 206 million people and is organized as a presidencialist Federative Republic, with 3 Political Powers and 3 levels of government, each one with independence and autonomy – the Union or federal level, 27 States and a Federal District, and 5.570 Municipalities.

The public sector control in Brazil is designed by the Federal Constitution approved in 1988, the beggining of the democratic rule of law system, called the Citizen Act, in assurance of human rights, democracy, freedom and ighuality.

By the article 37 of the Constitution, the Brazilian public management is submitted to the principles of legality, impersonality, morality, transparency and efficiency, and there are a complex institutional arrangement trying to guarantee the effectiveness of the system, provided with external and internal control, in compliance with the articles 70 e 74.

For accounting, financial and budgetary supervision, the article 70 says: "The accounting, financial, budgetary, operational and patrimonial supervision of the Union and entities of the direct and indirect administration, as to the legality, legitimacy, economy, application of subsidies and renouncement of revenues, shall be exercised by the National Congress, through control external, and by the internal control system of each Power.

Single paragraph: It shall render an account of any natural or legal person, public or private, who uses, collects, stores, manages or manages public money or assets or for which the Union responds or who, on its behalf, assumes obligations of a pecuniary nature."

And, at article 74: "The Legislative, Executive and Judicial Branches shall maintain, in an integrated manner, an internal control system with the purpose of:

I - assess the achievement of the targets set in the multiannual plan, the execution of the government programs and the budgets of the Union;

II - to prove the legality and evaluate the results, as to the effectiveness and efficiency, of the budgetary, financial and patrimonial management in the organs and entities of the federal administration, as well as of the application of public resources by entities of private law;

III - to exercise control over credit operations and guarantees, as well as the rights and assets of the Union;

IV - support external control in the exercise of its institutional mission.

Paragraph 1. Those responsible for internal control, upon learning of any irregularity or illegality, shall notify the Federal Audit Court, under penalty of joint and several liability.

Paragraph 2. Any citizen, political party, association or union is a legitimate party to, according to the law, report irregularities or illegalities to the Federal Audit Court."

As the Constitution, the external control of the Public Administration is a competence of the Parliament, with the specialized contribution of the Court of Accounts (an

independent board of auditors that analyses and may approve or impose penalties to the budget users).

Another independent institution, called Public Ministry (the name for the prosecutors unit, located outside of the government), include the possibility of any citizen denounce some wrongdoing.

Internal control, in complementary way, means principally 4 macrofunctions, which are four main areas of activities: internal audit, ombudsman, disciplinary and transparency. There are even a Constitutional Amendment (PEC 45), occurring in the Senate nowadays, to put in the highest law that the internal control is a fundamental function of the Public Administration, and have to be developed in that 4 macrofunctions, organized in permanent units composite with public agents.

At the federal level of government, the internal control has an specific Ministry for Transparency, Fiscalization and Control, called CGU – Comptroller General of the Union, with 2 thousands agents in 4 Secretaries:

Internal Audit, with 600 auditors;
Ombudsman, a kind of listening unit, to receive complains and provide answers, guarantying the free access to public information;

Internal Affairs, to investigate irregularities and point disciplinary measures;
Transparency and Prevent Corruption, to promote access to public information, making courses and editing manuals, for example.

The States and the Cities have, each one, its own system of internal control, some of them using the concentrated model - like the federal CGU – and others are provided with many decentralized units, as the case of São Paulo State:

Internal Audit unit, called Evaluation and Control Department, with 230 auditors, in the Finance Secretary;

Ombudsman General, in the Cabinet of the Governor, to coordinate a net with 358 units, that received last year more than 1 million demands (complains, denounces, ask for information, suggestion and compliments);

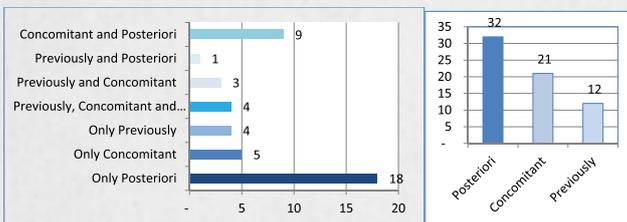
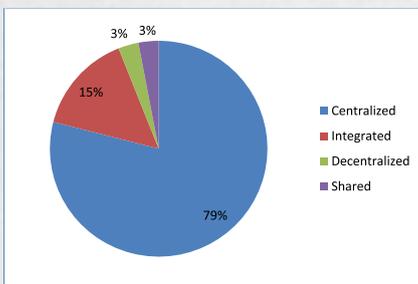
Internal Affairs, in the Cabinet of the Governor, to administrative investigations and coordinate another units of disciplinary purposes;

Transparency and Prevent Corruption, as another competence of the Ombudsman, that has the responsibility for the internet site and to put into practice the Freedom of Information Act.

The responsables of the Internal Control Central Units, in National level, States and Capitals, are the members of the CONACI, that makes workgroups and regular formal meetings 4 times a year, to change experiences, approve technical standards, discuss common issues and elaborate proposals to make the internal control stronger and more efficient, under the follow purposes:

- Development of an effective performance in the control of public administration
- Contributing to the prevention and combating corruption
- Striving for greater integration between the Internal Control Agencies aiming: exchange of experiences, knowledge and tools
- Effective means strengthening of its institutions and contributing to the full implementation of the democratic rule of law.

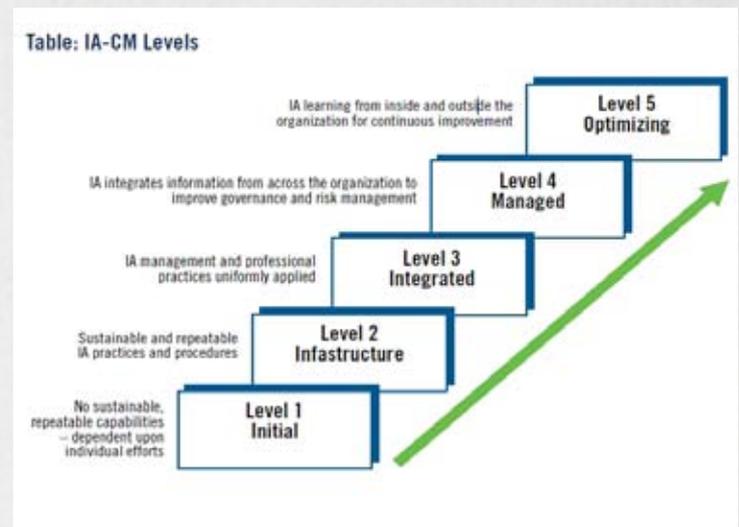
As we can see looking for the recent national survey done by CONACI, internal audit may occur in many types of procedures – centralized, decentralized, integrated, shared and outsourced – and few units use the international parameters of internal audit, highlighting the need to increase the best practices.



INTERNATIONAL STANDARD	QUANTITY	%
COSO	8	18,18%
IA-CM	3	6,82%
IA-CM (em implementação)	3	6,82%
INTOSAI	3	6,82%
Do not use international standards	31	70,45%

(*Research conducted by CONACI among its members in 2016 - april to june. There were 44 members who responded to the research)

IA-CM evaluation occurred, initially in 2015, in five Internal Control Entities from different 5 Brazilian States: Minas Gerais, Maranhão, Piauí, Federal District and Mato Grosso do Sul. Documents revision, ratification of self evaluations and report analysis in some cases to identify possibility for improvements, and the evaluation results that the entities need shall develop and implement essential processes and activities in order to achieve Level 2 (Infrastructure).



The CONACI Strategic Planning 2016 – 2018 established:

- Actions to strengthen the macrofunctions of the Internal System Control;
- With regards Audit, main actions: ramp up the World Bank partnership, Improvement of the Governmental Internal Audit legislation and frameworks, Evaluate the Internal Control System bodies based on the IA-CM model, Development of training program and certification for the Internal Auditor.

In this way, the partnership between CONACI and World Bank to improve the internal audit in Brazil, according to the international parameters of IIA – International Internal Audit Association and INTOSAI, COSO methodology, PIC model, IA-CM and others relevant standards of best practices, is an strategic agenda for the immediate future, looking for the challenge to grow up the level of quality and results of the Brazilian internal audit, clearly defining the concepts, well organizing the activities of audit, inspection, harmonization and financial control.

Because of that, just occurred, 2 years ago, a study visit to Croatia and Bulgaria, and a participation in the Pempal-Iacop Plenary Meeting in Prague, Moscow and Budapest, giving the opportunity for a productive international cooperation.

Our huge tropical country is a young democracy fighting systemic corruption with legal weapons, and the President just lose her mandate, convicted by violation of the fiscal rules in a impeachment process conducted by the National Congress, as stipulated by the democratic Constitution, under the Supreme Court supervision.

The crisis is giant, so the opportunity for change cultures and procedures; in CONACI we believe that is possible to prevent corruption and making a better public management with an effective internal control. The moment for reform the internal audit in Brazil is now, and the basis is solid: budget and financial control systems, as well as fiscal responsibility, since 90 decade;

good laws on transparency, access to information, antitrust, anticorruption, public morality and other factors, including the international cooperation, can do the difference. The use of internet to access public information, by the transparency sites, and sending e-mails asking for public data, is a reality for majority of the population, and a effective mode to prevent corruption and to assert citizenship. The hope usually wins.

Together, with the best efforts, certainly is possible to go ahead in the way of transparency, ethics and a fairer world for all.

Ms. Diana Grosu-Axenti, Editor-in -Chief, would like to express her gratitude to all the authors for their efforts and willingness to share their experience and knowledge with colleagues, and encourages all IA COP members to try their hand as contributors!