

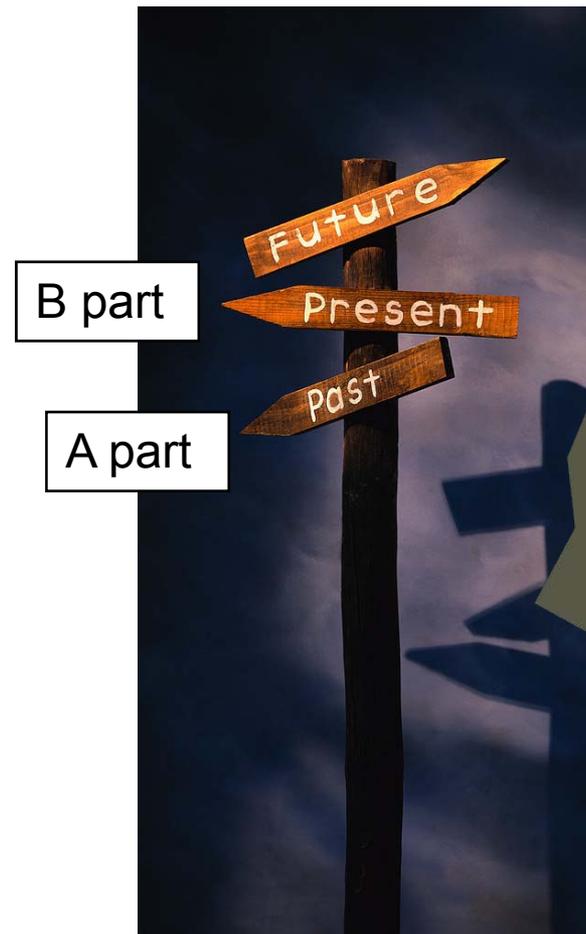
# **PEM-PAL - IA COP -**



## **Part A. Group 1. Internal Audit Training and Certification activities**

Tomislav Mičetić, Croatia  
PEM-PAL plenary Armenia  
October 22, 2009

“If you do not think about your future,  
you cannot have one.” [Galsworthy, John](#)



Auguste Rodin  
- Thinker

# Content – A part

- Vision and mission (from 2nd plenary)
- Short history of T&C – 2006-2009



# We all know what is training, but what is certification?

- “Certification” is a process aiming at verifying that a applicant has acquired the requested level of skills, know-how and professional capacity in order to exercise a certain function or power.
- Part of a quality control process performed by a body entrusted in its scope of competency.
- As part of a quality process, it usually implies:
  - conditions requested for the entrustment as a certifying authority and body,
  - conditions of validity of this certification that needs to be maintained up to date.



# Group 1: Training and Certification

## Overall Vision

Internal auditor as partner of public sector manager.

## Overall mission

Develop and implement harmonized a generic curriculum for training and certification for internal auditors in the public sector (in all PEM-PAL countries and worldwide).



# 1st plenary

## Ljubljana, 12-14 December 2006.

- Start of the T&C Group idea
- Action plan developed



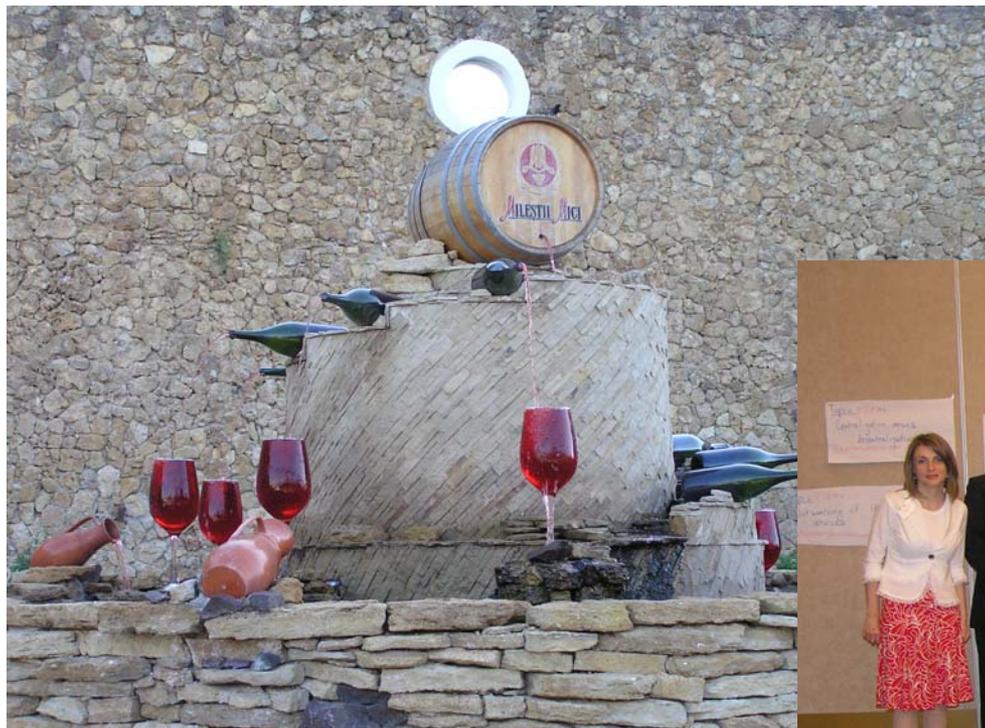
# 1st plenary

## T&C Action plan (extract)

- **1. Program for next 12 months:**
  - Prepare questionnaire for training needs assessment (1. *was done*)
  - Analyze the results to prepare training program
  - Produce modules to address different needs by different audiences: level 1: standards, charter, all other documents needed to understand IA; level 2: more specific products, e.g. risk assessment, level 3: certification stage, e.g. training courses for certification.
- **2. Longer term issues:**
  - 1. Certification issues
    - need for a different certificate than IIA, since IIA certification process expensive and difficult.
    - need to organize a certification program for public sector in region, taking into account different legislation in countries, and providing a framework for different programs
  - 2. Logistics and Funding
    - There is a need to identify location
    - Trainers: need funds to train trainers (sponsors, donors...)



# 2nd plenary Chisinau in June 2007



# 2nd plenary

## Chisinau in June 2007

Group 1 agreed on an action plan with 5 milestones to achieve the mission:

1. review existing arrangements for training and certification, identification of themes to be included in a generic T&C program, development of an outline for a generic regional and public sector-based curriculum (*done; 1. consultancy*)
2. dissemination and follow-up finalization of output of the first step (*done; Istanbul plenary meeting in 2008*)
3. flesh out the generic curriculum for a training and certification,
4. develop a methodology of delivery of T&C program,
5. develop network of trainers.

# 3rd plenary session Istanbul - February 2008



## Achivement of milestones 1 and 2:

1. Preparation of a outline for a generic regional “best practice” curriculum TCP tailored for public sector internal auditors (1. Consultancy: Konrad Knedler Report, financed by InWEnt)
2. Discussion of draft report at Istanbul Plenary Meeting, but little feedback on final report from members

# 1. Konrad' report – Summary of existing TCPs

1. Background information
  - 1.1 Number of internal auditors
  - 1.2 Number of internal auditors with formal certificates
  - 1.3 Percentage of certified auditors
2. Requirements for internal auditors
  - 2.1 Education
  - 2.2 Professional Experience
  - 2.3 Others
3. Assessment arrangements
  - 3.1 Evaluators
  - 3.2 Oral exam
  - 3.3 Multiple choice questions
  - 3.4 Essay based exam
  - 3.5 Mentoring
  - 3.6 Recognition of international qualifications
4. Training arrangements
  - 4.1 Financing
  - 4.2 Quality assurance
  - 4.3 Satisfaction level
  - 4.4 Professional body involvement (e.g.. IIA Chapter)
  - 4.5 Duration (in months)
  - 4.6 Training providers
5. Training syllabus
  - 5.1 International practice perspective (e.g.. IIA standards)
  - 5.2 Performance management and auditing
  - 5.3 IT
  - 5.4 EU perspective
  - 5.5 Management techniques
  - 5.6 Accounting
  - 5.7 Public sector focus
6. After training activity
  - 6.1 Continuous professional development
  - 6.2 Future development



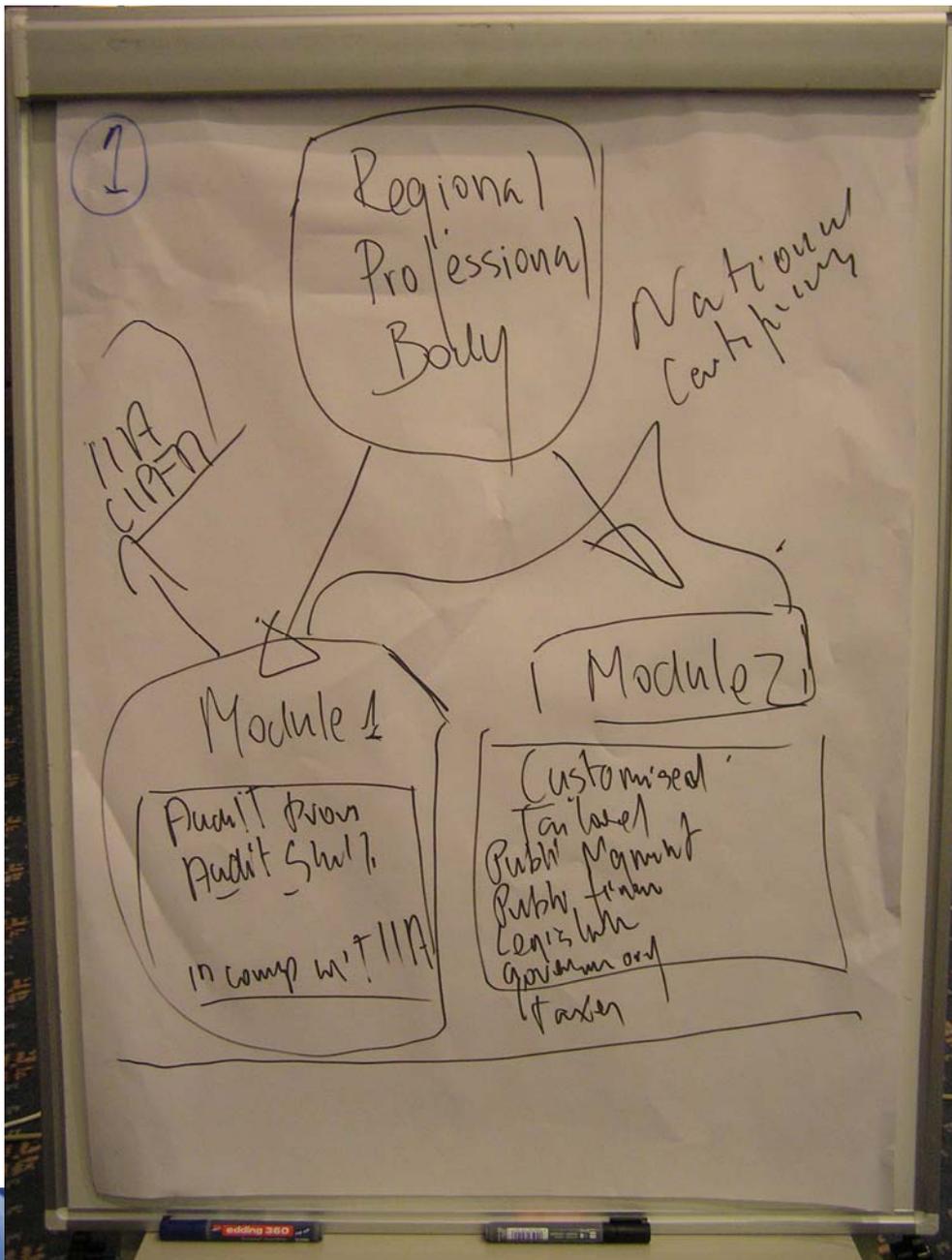
## 2. Discussion at the meeting (1/2)

- Duration of TCP – 12 months
- Good level of agreement
  - Legal requirements for IA
  - TCP should cover public sector
  - University decree
  - International perspective



## 2. Discussion at the meeting (2/2)

- No agreement:
  - IA experience
  - Cost borne by candidate
  - Government responsible for CPE
- Open questions:
  - No formal experience in public sector
  - Requirements – certification IA – subject of transitional period
  - Oral exam – NO
  - Essay exam – YES/NO (budget and others risks)
  - Mentoring – not a condition - elements of mentoring but not as part of certification - CPE could solve this issue
  - Cost of TCP are concern – **YES** – initial and mature stage
  - TCP responsibility – **shared** between government and professional body (government accept, delegates TCP, cannot intervene later)



Notes from  
Istanbul  
workshop

## -> Conclusion - Key problem areas:

- Funding/Efficiency
- Government support
- Language



# 2008 - activities

- Collection of comments: little response from group on the final report
- Receipt of proposals from IIA and CIPFA to support the T&C group to flesh out the generic outline
- Prepare recommendations as a basis for decision on the model to follow and how to shape regional T&C (2. Consultancy: Frederic Checuti, financed by InWEnt)

# Time for: Internal audit training and certification: the case of Armenia

*Ministry of Finance  
Armenia*

**STRATEGY  
FOR INTRODUCTION OF THE SYSTEM OF  
EDUCATION, CPD, AND QUALIFICATION OF  
PFM SPECIALISTS**

*by Karen Brutyan  
Head of the Procurement Process Regulation and Budget  
Execution Methodology Department*

Yerevan, October 21-23, 2009



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**Part B.**

**IA Training and Certification**

**Checuti report & Questionnaire results**

**answered from countries**



# Content B part

1. Issues raised by 2. report on "Regional Internal Audit Training and Certification"
2. Presentation of questionnaire results answered from countries
3. Questions for discussion
4. Next possible steps & commitment by members

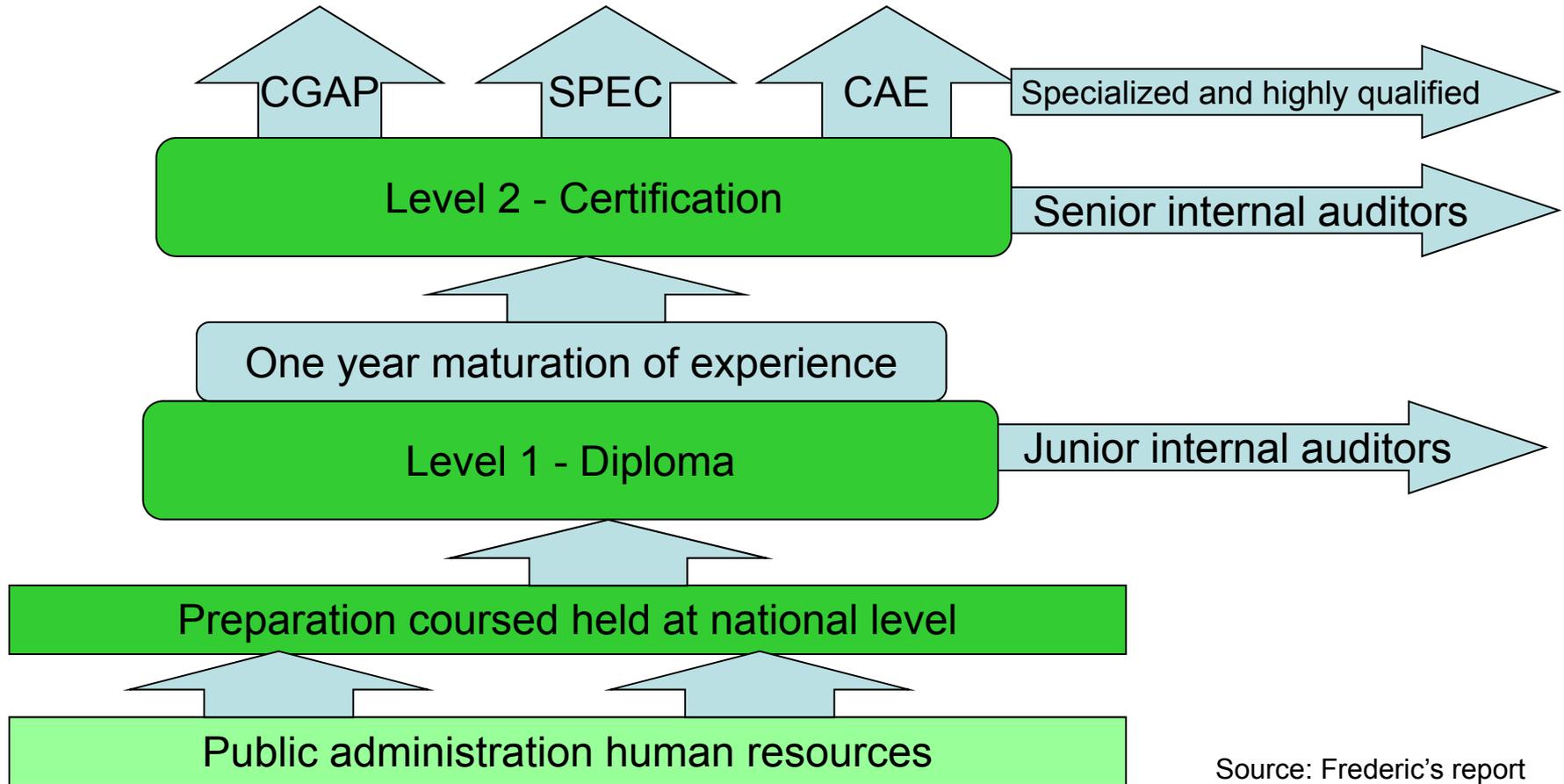


# 1. Report - Consultancy on Regional Internal Audit Training and Certification, by Frédéric Chetcuti, April 2009.

- The matching between solutions and needs
  - The needs
  - The solutions proposed by the IIA and the CIPFA
  - The gap that still needs to be filled
- An attempt of third way
  - The conceptual basics
  - The model proposed
  - The measures to avoid possible conflicts of interest



# 1. Possible solution: Training, certification and career perspective scheme



Source: Frederic's report  
01/04/2009

# 1. Open issues - need discussion

- The elements to be envisaged for the design of a T&C scheme:
  - the definition of the need, requiring deeper analysis
  - clear definition of IAs' missions and the scope of their activity
  - meaning of the certification to be defined
    - certifying authority?
    - certification validity?
    - location of the excellence?
  - ownership of the intellectual rights and programs
  - permanent quality control and the updating of the T&C scheme
  - interrelation with other curricula
- Matching solutions and needs:
  - IIA (CGAP) and CIPFA proposals not complete solution – no place for customization
  - contribution to the nationally provided training
  - Training and Career perspective scheme



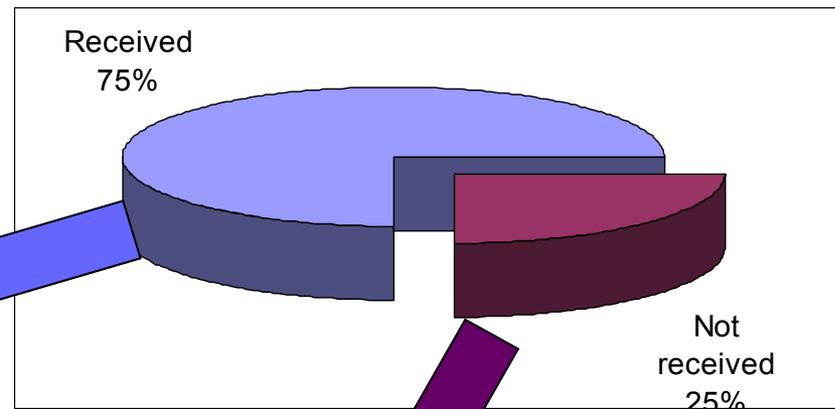
## 2. Country questionnaire objectives

- To assess:
  - the current situation of the internal audit in the PEM-PAL constituting countries (Part A. and B.)
  - the current status of training and certification systems (Part C)
  - answers/comments/opinions of PEM-PAL countries on the open issues raised in the Report - Consultancy on Regional Internal Audit Training and Certification, by Frédéric Chetcuti, April 2009 (Part D)



## 2. Countries answered

Albania  
Armenia  
Bulgaria  
Croatia  
Georgia  
Kazakhstan  
Kosovo  
Kyrgyz Republic  
Macedonia  
Moldova  
Montenegro  
Serbia  
Tajikistan  
Ukraine  
Uzbekistan



Azerbaijan  
Belarus  
BiH Federation (for part 4. only)  
Romania  
Turkey

## 2. Questionnaire results (1/4)

|  |   |
|--|---|
| 39. Are you satisfied with the report, and how it is presented?  | 40% Yes<br>33% Mostly<br>27% No, my remarks on the report are:  |
| 40. Is there a clear definition of IAs' missions and the scope of their activity in your country (see chapter 3.1.1.)        | <b>73% Yes</b><br>27% No  |
| 41. What are your expectation of the future activities that would satisfy the needs of your country? (both answers possible) | 13% a) just create the roots of the new professional system by designing the scheme and providing training to domestic nucleuses which will disseminate the knowledge in second hand later on,<br><b>67% b) or to also maintain the community of practice beyond the startup</b><br>27% no answer         |
| 42. System that your country has set for the future in the policy paper/legal framework?                                     | 7% a) the certification by an internationally recognized system/institution,<br>13% b) the certification as the outcome of a training curriculum,<br><b>60% c) the certification by a certifying authority, such as the Central Harmonization Unit (CHU)</b><br>20% d) nothing is planned in this respect |

## 2. Questionnaire results (2/4)

|   |  |
|---|--|
| 43. Should, in your opinion, the certification be of a limited validity in terms of scope and duration? (read chapter 3.3.) | 67% Yes<br>33% No  |
| 44. The location of the excellence: which model would you consider as appropriate for your country? (read chapter 3.4)      | 27% The centralized model<br><b>33% The semi-decentralized model</b><br>20% The fully decentralized model<br>20% no answer |
| 45. Would your country be able to pay for the intellectual rights and programs? (read chapter 3.5)                          | 13% Yes<br><b>87% No</b>   |
| 46. Do you see any problems in interrelation with other curricula? (read chapter 3.7)                                       | 20% Yes in the area of:<br><b>80% No</b>   |
| 47. Do you think that there should be the examination prior to accessing a profession?                                      | <b>80% Yes</b><br>20% No   |

## 2. Questionnaire results (3/4)

|  |  |
|--|--|
| 48. Do you think that there should be the examination at the end of a level?                   | 67% Yes<br>33% No  |
| 49. Are you satisfied with the content of levels 1 and 2? (read chapter 4.1.3.2.)              | 60% Yes<br>40% No, there should be change in:  |
| 50. What, in your opinion, should countries share?   | 33% a) exactly the same vision and a fully harmonized set of tools from training in level 0 to certification and even further career perspectives<br>47% <b>b) share a general will to optimize their existing possibilities and just use what can be taken in the T&amp;C basket</b><br>20% no answer |
| 51. Are you (or some other institution in your country) able to provide Level 0 of the system? | 60% Yes<br>33% Partially, we could not provide following items:<br>7% No   |

## 2. Questionnaire results (4/4)

|  |   |
|--|---|
| <p>52. Are you able to influence the political and high-level managerial decisions for the further implementation of the PEMPAL-IA/CoP</p>                     | <p>33% Yes<br/>20% Partially, I would need assistance from:<br/><b>47% No, nothing could be done.</b></p> |
| <p>53. Do you have already trainers in the internal audit profession?</p>  | <p>47% Yes, we have trainers<br/><b>53% No</b></p>  |
| <p>54. Do you see your country in the proposed model (see Chapter 5.2.)?</p>  | <p><b>47% Yes</b><br/>33% Partially<br/>20% No</p>  |
| <p>55. Do you think that there should be segregation of duties between the two different tasks: training delivery and examination?</p>                         | <p><b>67% Yes</b><br/>33% No</p>  |

### 3. Discussion of contentious and open issues

- Do you see your country in the proposed model (see slide 21)?
- What, in your opinion, should countries share?
- Influence of the high-level managerial decisions for the further implementation of the PEMPAL-IA/CoP?
- The location of the excellence?



## 4. Next possible steps and member commitment

- What are your expectation of the future activities that would satisfy the needs of your country?
- Other:
  - issues
  - questions
  - solutions

