

# Organisation of Internal Audit

**Different models, one objective:  
adding value**

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# Internal audit in PIFC

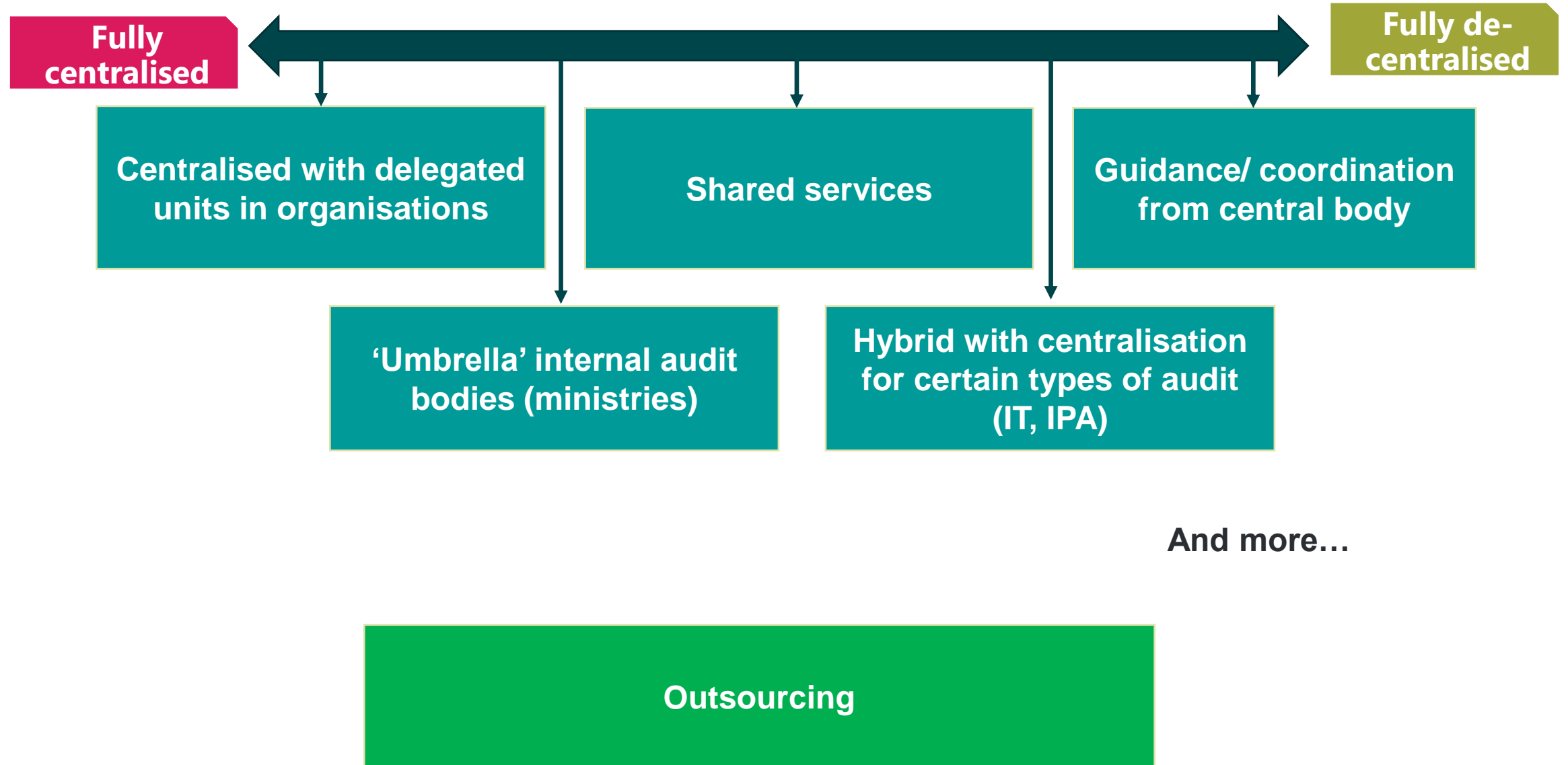
## IA part of PIFC

- **Adoption of internationally recognised frameworks and standards**
- **One of the three pillars of PIFC:**
  - **functionally independent internal audit (IA systems)**
  - managerial accountability
  - central harmonisation function (methodology, standards)





# Organisation of internal audit





## Some requirements of all organisational models

- **De-centralised delivery** - reporting to head of organisation/audit committee
- **Objective and independent** - free from undue influence
- Appropriately positioned and adequately resourced
- Standards, ethics, ... not deriving from managerial instructions
- When outsourcing, the organization has the responsibility for maintaining an effective internal audit activity



# Centralised vs. Decentralised

To be completed during the discussion

How to optimise the functioning and impact of internal audit in the public sector?

Issues	Centralised	De-centralised
<b>Organisational capacity (meeting standards)</b>	Flexibility to implement different settings	Can be an issue in small countries
<b>Knowledge of the organisation</b>	Specialisation by sector Delegated IA units	Presence in the organisation
<b>Proximity to head of the organisation</b>	Ensure decentralised delivery	Closed and direct
<b>Thematic specialisation</b>	Capacity to organise thematic teams	Difficult to cover all types of audit
<b>Independence:</b>	Could it be an issue?	Find solutions for cases of interference
<b>Implementing recommendations</b>	Horizontal, legislative, etc.	Direct relation
<b>Other issues:</b> tone at the top, consistency in training, uniformity, alignment with strategies and objectives of the organisation, relation with relevant FMC bodies...		





# SIGMA's work related to IA and its organisation

## 1. Principles of public administration

### Principles of Public Administration 2014

- Principle 9: Each public organisation implements IA in line with the overall IA policy documents, as appropriate to the organisation
  - 9.1. The head of the organisation has established an IA function that fits the size and complexity of the organisation and is in line with national legal requirements

### Principles of Public Administration 2023

- Principle 27: Internal audit improves the management of public administration bodies
  - 27.c. The structure and organisation of the internal audit function can be adapted to the type, size and complexity of the institution. This includes the possibility of shared internal audit services.

## 2. Refocusing PIFC: flexibility in organisation of internal audit



**And now let's discuss!**

