



**COMMUNIQUE OF THE
17th IACOP PEM PAL PLENARY MEETING
18-20 June 2012 , Budapest, Hungary**

Primary information

On 18-20 June 2012 the representatives of the countries of Europe and Central Asia (ECA region): Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Slovenia, Tadzhikistan, Turkey, Ukraine, Uzbekistan and Croatia had a Plenary meeting in Budapest to discuss the questions of efficient interaction between internal audit, financial inspection and external audit. The receiving party of this event was the Ministry of National Economy of Hungary.

Experts in the field of public financial control have told about the reforms in Hungary, Albania, Moldova, Armenia and Ukraine, they were discussed by the specialists, working in internal audit and financial inspection units in ECA region. Fruitful discussions of these reforms and the issue of how they were implemented or could be implemented in above mentioned countries were conducted. The clear conclusions were made about the need to coordinate the activity of financial inspection, State Audit institution and internal audit units. Taking into consideration the fact that the countries are at different stages of reforms implementation, the conclusions were developed and selected coming from opportunity of their wide application.

CONCLUSIONS

As countries–members of IA COP PEM PAL, we have come to the following conclusions:

1. Taking into consideration considerable progress of Hungary in implementation of reforms of public financial control, in particular internal audit units functioning in budget organizations, the participants of the Plenary meeting unanimously adopted decision about Hungary joining IA COP PEM PAL.

2. The results of the working groups were the following:
 - 2.1. The internal audit manual developed at high level. The Manual is a valuable contribution for the countries, where such a manual is not developed yet and it is useful for the countries in which they have a manual like that to compare for compliance.

2.2. The results of the working group activity on training and certification have been achieved, but the results of such kind of work should be published to be of greater use for member countries of PEM PAL.

2.3. The working group activity on risk assessment is considered to be in line with goals and tasks of creating such a group. The results of its work should be included into the Manual.

2.4. The working group activity on internal audit quality assessment is recognized as efficient but the final result of its activity should be more concrete.

3. Centralized financial inspection functioning in the public system is a necessary tool to detect considerable distortions and fraud. That is why there is a need to distribute authorities and obligations between internal audit, inspection and external audit to provide for efficient development of public financial control.

4. PEM PAL participants highly assessed risk oriented system of planning of inspection measures in Ukraine, its functionality, including in development and link with internal audit system. Such a system could be additionally studied by PEM PAL participants in the framework of study tours.

FURTHER PEM PAL ACTIONS

1. To continue development and cooperation in the framework of working group meetings and study tours to learn about the experience of member countries of IACOP.
2. To publish the results of working group activity on training and certification to be of greater use for the member countries of PEM PAL.
3. To create working documents (to record the results) of working group activity on risk assessment and to include these results into Manual on internal audit.
4. To organize and present the results of working group activity on internal audit quality assessment.
5. To create working group on development of interaction and distribution of authority and obligations between internal audit, inspection and external audit to provide for efficient development of public financial control.
6. With the aim of better informing PEM PAL members the leaders of working groups should use maximum efforts and all the available tools to strengthen communication among working groups and PEM PAL members, including attracting more participants to this work.
7. To recommend to PEM PAL members to place PEM PAL resolutions on official sites of Linier ministries and organizations to better inform them.
8. To continue study risk oriented system of planning inspection measures in Ukraine, its functionality, including in development and interaction with internal audit system in the framework of study tours.