



- R E P O R T -

PEM PAL IA COP 18th, 19th, and 20th meetings on Risk Assessment, Training and Certification, and Quality Assurance – Lvov, Ukraine (October 8-12 2012)

Members of the Internal Audit Community of Practice (IA COP) met in Lvov, Ukraine in October for working sessions on Risk Assessment, Training and Certification, and Quality Assurance. The working session brought together 39 participants from 13 countries including PEM PAL members (Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Moldova, Montenegro, Romania, Russia, Ukraine and Uzbekistan,) as well as Netherlands, and Portugal (resource members invited for experience sharing). OECD SIGMA experts Jean-Pierre Garitte and Joop Vrolijk, World Bank representative Arman Vatyán, translators and representatives of PEM PAL Secretariat also attended the event.

At Lvov workshops participants examined existing good practices in participating countries and worked on preparation of IA COP's own knowledge resources. They continued with the preparation of Risk assessment methodology template. In addition, participants developed Good practice guidance for continuing professional development of the public sector internal auditors and finalized and endorsed the documents that were previously developed by Training and Certification working group and which will be published in the future: PEM PAL IA COP Training program for operational internal auditors, Mentoring guidance template and Glossary of terms used in internal audit. Participants also elaborated the On-going quality control guidelines.

1) Workshop on Risk Assessment (RA) in Annual and Strategic Planning (October 8-9 2012)

Objectives of the workshop:

- Update the knowledge of participants about existing good practices on RA
- Review the RA draft template and come to an agreed structure of good practice RA methodology
- Elaborate specific topics of good practice RA methodology template

Expected outputs:

By the end of the 2-nd day of workshop, participants are expected to have:

- An agreed structure of the good practice risk assessment methodology
- First draft of RA template elaborated reflecting main/key topics

Workshop Outcomes and Take-Away/s:

This workshop intended helping participants to:

- Apply the International professional practices framework and International standards for the professional practice of internal auditing (standards) on risk assessment
- Develop a solid understanding of the process used to conduct a risk assessment of an internal audit activity
- Explore the recommended risk assessment approaches and identify the approach that best fit their respective organization

Albana Gjinopulli, leader of RA working group and Stanislav Bychkov, co-leader of the working group reported on the progress in RA working group. They presented overview of past achievements and plan for future work. Working group is in the process of preparing RA methodology template. Until the workshop in Lvov table of contents was prepared. Preparation of the template continued in Lvov. Work was conducted in the form of group work. Group work was facilitated by Jean Pierre Garitte, OECD SIGMA expert. Participants worked on chapter of *types of risks (categories)* and subchapter of *risk criteria* that will be included in the template.

The objective of RA working group was to present final RA methodology template in the plenary meeting in Tbilisi in spring 2013. In the process of the preparation it has turned out that the progress is slower than expected. This is due to the fact that the subject is quite difficult and one and a half day is not sufficient time to address the topic. In the discussion about the option to postpone the publishing of the document members agreed that it is important to learn in the process of preparation of template and that the final product must be of good quality and understandable to everyone. At the Executive Committee it was agreed that two and half day workshop only on risk assessment will be organized in Tirana. OECD SIGMA will involve an expert with practical experience in risk assessment during preparation of the next RA WG meeting. After the progress achieved in Tirana it will be decided what will be further developments regarding the publishing of the final document.

In the framework of the RA workshop two country presentations were delivered. Grigor Aramyan from Ministry of Finance, Armenia presented Armenian experience in risk assessment in strategic and annual planning of internal audit. José Viegas Ribeiro, IGF, Portugal, SIGMA presented risk assessment experience in Portugal.

2) Workshop on Training and Certification (T&C) (October 9-10, 2012)

Objectives and expected outputs:

- Develop a good practice guidance for continuing professional development of the public sector internal auditors
- Finalize and endorse the documents developed by T&C working group which will be published, including:
 - PEM-PAL IA COP Training program for operational internal auditors
 - Mentoring Guidance Template
 - Glossary of terms used in internal audit
 - Guidance for continuing professional development of the public sector internal auditors
- Transformation of T&C Working Group into the Relationship between internal audit, financial inspection and external audit Working group, and planning the subsequent activities of the new WG

Cristina Scutelnic, leader of the T&C working group presented objectives of the workshop and what was done so far in relation to T&C. Participants endorsed the documents that were previously developed by T&C working group and which will be published in the future: PEM PAL IA COP Training program for operational internal auditors, Mentoring guidance template and Glossary of terms used in internal audit.

The workshop was devoted to development of Good practice guidance for continuing professional development (CPD) of the public sector internal auditors. Arman Vatyan, World Bank resource staff made an introduction to the CPD. He presented standards, principles, and practices in CPD. Work on Good practice guidance for CPD was conducted in groups and participants successfully concluded it. Final document will be edited and then endorsed by participants at the plenary meeting in Tbilisi.

Edith Nemeth, Ministry for national economy Hungary presented Hungarian experience in relation to CPD program for internal auditors and Marija Matek from Croatian Ministry of finance presented their experience regarding the CPD for internal auditors. Grigor Aramyan, Ministry of finance, Armenia presented evaluation of internal auditors' knowledge and continuous development in Armenia. After the presentations debate about open questions and general exchange of information about T&C systems in different countries followed. To learn about internal audit system of the hosting country Sergeii Chornutsky from State financial inspection Ukraine presented change of the system of coordination of State financial inspection of Ukraine activity.

3) Workshop on Quality Assurance (QA) Workshop (October 11-12, 2012)

Objectives:

- Learn from host country and other countries experience on QA methodology;
- Review and agree the structure of the draft QA template;
- Elaborate the methodology for on ongoing supervision;
- Plan further steps of the QA WG

Expected outputs:

- An agreed structure of QA methodology template, with emphasis on the ongoing supervision;
- An elaborated first draft of ongoing supervision QA Methodology Template.

Workshop Outcomes:

- Apply the International professional practices framework and International standards for the professional practice of internal auditing (standards) on quality assurance

Ljerka Crnković, leader of QA working group presented work done on Budapest QA workshop so that building up on the previous work could be continued. Objectives of the QA WG were clarified. Participants worked on finalization of the draft QA methodology template. They discussed elaborated draft content of ongoing quality control guidelines (on-going supervision) during the audit assignment and almost finished with the preparation of the final document. They elaborated a long list of the guidelines. A shorter list will be prepared by working group leaders and provided to participants before the meeting in Tbilisi.

To identify good practices in QA methodology several country experiences were delivered. José Viegas Ribeiro, IGF, Portugal, SIGMA presented Portuguese experience with quality assurance in internal audit. Maksym Tymokhin from State financial inspection of Ukraine presented internal and external quality evaluation of internal audit in public sector in Ukraine. Grygor Aramyan, Ministry of finance, Armenia presented audit quality assessment in Armenia. Doroteya Manolova Dimitrova, Ministry of finance, Bulgaria presented Bulgarian experience of assessment of the quality of the internal audit. Country presentations were followed by group discussion about the open questions.

Prepared by: Polona Sirnik