



Internal Audit Community of Practice

**Report on results of**  
**Questionnaire for the preparation**  
**of plenary session in Ukraine, Yalta**  
**May 25-28, 2010**

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Public Expenditure Management  
Peer Assisted Learning

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## I. INTRODUCTION

The questionnaire was sent to the members to request member's comments/information/current status on the topics that will be discussed in the next plenary session scheduled in Ukraine, May 25-28, 2010 as well as request further information and details. Feedback from members is very important also for the continuation of the work IA COP and Training and Certification.

The objective of this questionnaire was to prepare presenters/speakers on the current situation of the internal audit in the PEM-PAL constituting countries (Part A.), the current and current overview of the existing training and certification programs for public sector internal auditors (Part B.), plenary workshop issues preparation (Part C.) and the a need assessment for the future activities of the PEM-PAL initiative and gaining the sponsors interest (Part D.)

**The questionnaire was answered by national representatives (CHU directors or equivalent) of the PEM-PAL CoP for Internal Audit.** There are 50 questions and the survey took only 30-40 minutes to complete. The questionnaire asked also opinion about the running of the COP, as well as your experience of events like the meetings at Yerevan, Ljubljana and of the website and other materials.

Most questions were required to select an option you want by clicking a box (in the most cases only one). Members who send back the questionnaire were **given priority when considering sponsorship** for the IA COP plenary meeting in Ukraine.

## **II. GENERAL INFORMATION**

The questionnaire was send to all 21 PEM-PAL constituting countries and 10 were received back, what is 47%. The **countries** (this term would be used further in analysis) answered were:

- **CROATIA**
- **KYRGYZ**
- **KOSOVO**
- **MOLDAVA**
- **MONTENEGRO**
- **ROMANIA**
- **TAJIKISTAN**
- **TURKEY**
- **UKRAINE**
- **RUSSIA**

Special thanks to all above mentioned countries and to the Ljerka Crnković, coordinator in the Croatian CHU and new member of COP who assisted in the consolidated table preparation.

### III. HIGHLIGHTS, FINDINGS,...

The highlights are following the questionnaire outline and are presented in four parts.

#### ***A. Country Internal Audit information***

Most of the countries have **Policy Paper** or Strategy Paper, describing the present situation of internal audit (and PIFC), analyzing the adequacy of these systems and planning next steps for further development as well **law/regulation for internal audit**. These documents are also available on internet, but now always in PEM-PAL languages (English, Russian and Bosnian).

The CHUs in counties have between 4 – 30 persons, and the internal audit units in the **line ministries** in the countries are established.

Most of the countries have no **special salary coefficient** for internal auditors (except Croatia and Turkey) what could affect the retention of the IA professionals as well is difficult under the present salary regime to find suitable staff for these functions.

There is no obligatory training (or certification) for your **public managers** on role of internal audit what could lead to non proper understanding about IA added value as new tool of the managers.

#### ***B. Training and certification of internal auditors***

In the most of the countries **CHU is held responsible for T&C** of IA and there are requirements on Professional Experience prior training. Duration is varying from country to country and half of the countries have training materials in local language.

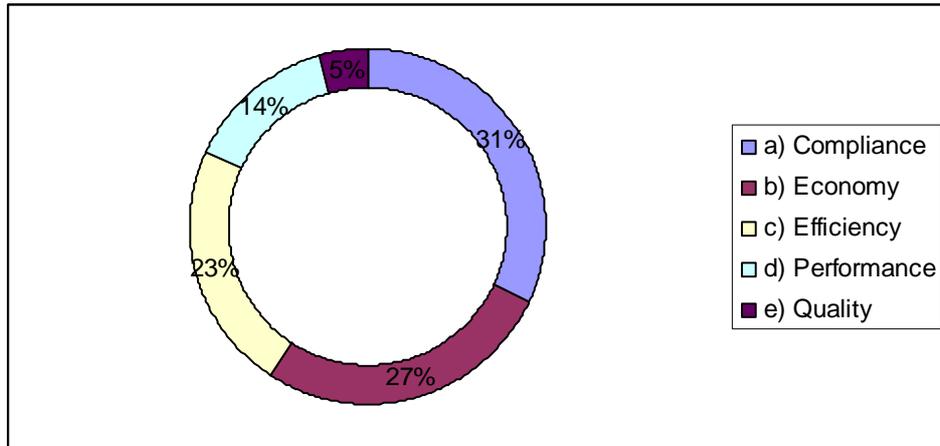
The majority of countries are **not recognizing of international qualifications** (from IIA, CIPFA or local national certificate).

#### ***C. Plenary workshop issues and topics***

There is **good cooperation between External and Internal audit** in the countries mostly done via seminars and meetings on join issues but the internal audit functioning is **not always part of external audit report**.

The countries reported that they **don't have always clear legal definition of inspection**. Input for work of inspection is **combination** of detailed annual plan for their work and if there is notification from other source.

Picture 1. Objective of budget inspection (see C.7.)



Inspectors **doesn't have obligatory training** but in most countries detailed **guidance (rulebook or manual)** for their work. Budget inspectors in the countries are mostly dealing with irregularities and fraud. **Cooperation** between budget inspection and internal audit is not found in most of the countries, but there is strict separation between the internal audit and inspector tasks. Cooperation between budget inspection and internal audit cooperation is done on meetings. Budget inspection work is presented in **annual report** in majority of countries.

Table 1. Topics that members see as common to be discussed with Budget and Treasury COP

Cross cutting topics	Result
Performance budgeting	9
Program Budgeting: Monitoring and Evaluation	7
Risk management	6
Accounting and Reporting	6
PEFA	3
Single Treasury Account management	3
Cash management	2
Medium term budgeting	2
The impact of political change on the budget	2
Budget Classification and Chart of Accounts	2
Public Debt	1
Government Finance Statistics	0

#### D. Activities of members in the COP in 2009 and 2010

The members are using the **website of PEM-PAL** ([www.pempal.org](http://www.pempal.org)) (or Wikispaces) and having informal contact with other members of COP. Members have provided inputs to COP discussions, for the website, events and/or material development.

Table 2. Activities in the COP

What helped to make the best event	Result
a) participating in the activities	8
d) meeting people and building relationships	8
b) sharing in the design of future events	4
c) identifying and articulating common	3

challenges	
f) discovering opportunities	3
h) logistics	2
i) social events (including city tour)	1

The members have used the experiences of your fellow COP members or other learning in the COP to design, recommend or implement internal audit reforms in their area of practice in 2009 and/or 2010.

#### **IV. POSSIBLE RECOMMENDATIONS**

Looking on the results received the possible next activities could be:

- translation of legal documents related to internal audit to all PEM-PAL languages
- to open discussion/session about the salary levels regime for internal auditors in countries
- to continue discussion/session about the training and certification as well continuous professional development for internal auditors
- cooperation of external and internal audit – exploration of good practices
- to present to the members the international qualifications contents and systems

The further activities should be given priority as it stated in the Table 1. as well ways of delivering the sessions as presented in the Table 2.

New tools and ways of communication between members should be further explored.

#### **V. EXAMPLES OF HOW PARTICIPATION IN IA COP HAS INFLUENCED COUNTRIES PRACTICE**

##### ***MONTENEGRO***

“I take a good practice for internal audit of the countries that have already established this system.”

##### ***KYRGYZ***

„Изучение полезного опыта и методов,, обмен ценными идеями, решение возникающих проблем, способствует размышлению о правильности практики в Стране и совершенствовать в соответствии с лучшей практикой успешных Стран“

„Study of useful experience and practices, exchange of valuable ideas, solving problems, promotes reflection on good practice in the country and improved in accordance with best practices of successful countries”

##### ***MOLDOVA***

“We began to make seminars for internal auditors with many practical examples.”

**ROMANIA**

„I understand the specific risks to different cultures in terms of implementation of internal audit.”

**TAJKISTAN**

„Preparation of an internal audit, development of laws on internal audit, etc., etc.“

**TURKEY**

Brought Bulgaria’s “FMC-Inspection-Internal Audit Laws” and translated them into Turkish, they helped us to draft new policy for inspection in Turkey, but we still couldn’t solve the problem. We are also benefiting from Training and Certifying syllabus came out in PEMPAL seminars.

**UKRAINE**

„Помогло в реализации реформ ГВФК“

„It helped in the implementation of reforms PFIC“

**CROATIA**

„The PEM-PAL T&C work is influencing our T&C system via newly established Program Committee in the CHU for the training and certification system in Croatia.“

## VI. DETAILED RESULTS IN TABLE

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
<b>A. Country Internal Audit information</b>												
A.1. Which ministry (and which organization within the ministry) has the responsibility to develop, harmonize, co-ordinate internal audit?		MoF	MoF	Ministry of Economy and Finance	MoF, PIFCHD	MoF, CHU	Ministry of Public Finance	MF	MF, Internal Audit Coordination Bord		MF	
A.2. Is there a Policy Paper or Strategy Paper, describing the present situation of internal audit (and PIFC), analyzing the adequacy of these systems and planning next steps for further development?	a) Yes b) No	1 1	1 1	1 1	1 1	1 1	1 1	1 1	1 1	1 1		9 1
A.3. Is there a law/regulation for internal audit?	a) Yes b) No	1 1	1 1	1 1	1 1	1 1	1 1	1 1	1 1		1 1	8 1
A.4. Are the legal documents for internal audit available on internet (in English/Serbo-Croatian/Russian)?	Nothing is published on the Internet Local language only, link: http:// English, link: http:// Serbo-Croatian, link: http:// Russian, link: http://							1				1
		1		1	1					1	1	5
				1		1	1		1	1		5
				1		1						2
			1		1						1	3
A.5. How many staff works in your CHU?		13	4	7	5	6	30	12	18	11	10	
A.6. Are internal audit units established in line ministries?	a) Yes b) No	1 1	1 1	1 1	1 1		1 1	1 1	1 1		1 1	8 1
A.7. Are there special	a) Yes	1							1			2

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
salary levels for the internal audit staff?	b) No		1	1	1	1	1	1		1	1	8
A.8. Is it difficult under the present salary regime to find suitable staff for these functions?	a) Yes	1	1	1	1	1	1	1		1	1	9
	b) No								1			1
B.9. Is there <b>obligatory</b> training (or certification) for your public managers on role of internal audit?	a) Yes, it is organized by: and last: days						1					1
	b) No	1	1	1	1	1		1	1	1	1	9
<b>B. Training and certification of internal auditors</b>												
B.1. Are there requirements for internal auditors on Professional Experience?	a) Yes, the requirements are years of experience		1	1		1	1	1	1			6
	b) No	1			1					1	1	4
B.2. Who is responsible for organization of training and certification of public sector internal auditors?	a) There is nobody responsible							1			1	2
	b) CHU	1	1	1	1	1	1		1			7
	c) Local IIA Chapter											0
	d) Other:											0
B.3. What is duration of the (obligatory) training?	days	25	?	many days			15		90			130
B.4. Are the training program and learning materials provided in local language?	a) Yes	1		1			1		1			4
	b) Mostly											0
	c) No		1					1			1	3
B.5. Is there a recognition of international qualifications (from IIA, CIPFA or local national certificate)	a) Yes, recognition with:						1		1			2
	b) No	1	1	1	1			1			1	6
B.6. Financing of training and certification:	a) state budget without obligation to stay	1	1						1			3
	b) state budget with obligation to stay			1								1
	c) trainee is paying						1					1
	d) external projects, please indicate source:			1				1				2

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
	e) other sources:											0
B.7. Is there a regulated continuous professional development obligation for internal auditors?	a) Yes, by the following way:	1		1			1		1			4
	b) No		1		1			1			1	4
B.8. Where there any audit/review/assessment of current program hold by your country?	a) Yes, by the: (indicate institution and year of assessment)	1										1
	b) No				1			1	1		1	4
B.9. Has any survey been undertaken in which managers and/or trainees was asked about their satisfaction with the quality of work of internal auditors?	a) Yes			1			1					2
	b) No, we are planning to perform it in next period	1							1			2
	c) No		1		1			1			1	4
<b>C. Plenary workshop issues</b>												
C.1. Is there cooperation between External and internal audit in your country?	a) Yes	1		1	1	1	1	1				6
	b) No, we are planning to perform it in next year								1		1	2
	c) No		1									1
C.2. How the cooperation between External and internal audit in your country is done?	a) Seminars on this topics:	1	1	1	1	1		1				6
	b) Meetings on this topics:	1		1			1					3
	c) Conferences on this topics:											0
	d) Join working group on audit methodology										1	1
	e) Other means:											0
C.3. Is the internal audit functioning part of external audit report?	a) Yes	1		1	1		1					4
	b) No		1			1		1	1		1	5
C.4. Is there clear legal definition of inspection in your country?	a) Yes, we have this legislation:	1		1			1					3
	b) No		1		1	1		1	1		1	6
C.5. What is the definition of the inspection?												0

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
C.6. What is the input for work of inspection?	a) They have detailed annual plan for their work										1	1
	b) They work only if there is notification from other source	1										1
	c) Combination of a) and b)			1	1		1		1	1		5
	d) (something else)							1				1
C.7. What is the objective of budget inspection in your country? (tick more than one)	a) Compliance	1	1		1			1	1	1	1	7
	b) Economy	1	1		1		1	1			1	6
	c) Efficiency		1		1		1	1			1	5
	d) Performance			1			1			1		3
	e) Quality			1								1
C.8. Does the inspection has detailed guidance (rulebook or manual) for their work?	a) Yes	1		1			1	1		1		5
	b) No				1				1		1	3
C.9. Does the inspectors have obligatory training?	a) Yes, days			1								1
	b) No	1			1			1	1	1	1	6
C.10. Number of budget inspectors in your country?	inspectors	8			150			89	3000	?	50000	
C.11. How the budget inspection is organized?	a) Centralized for all budget users	1			1					1	1	4
	b) Decentralized in each institution						1	1	1	1	1	5
	c)											0
C.12. Are the budget inspectors dealing with irregularities and fraud?	a) Yes	1			1				1	1	1	5
	b) Mostly						1	1				2
	c) No											0
C.13. Is there cooperation between budget inspection and internal audit in your country?	a) Yes	1					1	1				3
	b) No, we are planning to perform it in next year								1	1	1	3
	c) No		1		1							2
C.14. Do internal auditors have strict separation between the internal audit and inspector task?	a) Yes	1	1		1		1	1		1		6
	b) No								1		1	2
C.15. How cooperation between budget	a) Seminars on this topics:	1										1

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
inspection and internal audit cooperation is done?	b) Meetings on this topics:	1					1	1				3
	c) Conferences on this topics:											0
	d) Join working group on audit methodology										1	1
	e) Other means:				1							1
C.16. Is there annual reporting on budget inspection work?	a) Yes	1					1	1	1	1	1	6
	b) No		1		1							2
C.17. Are there any topics that you see as common to be discussed with Budget and Treasury Community of practice? (tick three only)	PEFA		1						1	1		3
	Risk management		1	1	1	1		1	1			6
	Performance budgeting	1		1	1	1	1	1	1	1	1	9
	Cash management							1		1		2
	Accounting and Reporting	1	1	1		1		1		1		6
	Government Finance Statistics											0
	Medium term budgeting							1		1		2
	The impact of political change on the budget						1			1		2
	Single Treasury Account management			1			1			1		3
	Budget Classification and Chart of Accounts	1						1				2
	Public Debt							1				1
	Program Budgeting: Monitoring and Evaluation	1			1	1		1	1	1	1	7
	Parliament's Role in Public Finance Oversight										1	1
Something else:											0	
<b>D. How have you been active in the COP in 2009 and 2010? For each of the statements below please select an option which would best describe your level of activity.</b>												

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
D.1. I have participated COP events	a) Never										1	1
	b) Between one and three times	1				1		1	1			4
	c) Between four and six times		1		1		1			1		4
	d) More than six times											0
D.2. I have hosted or participated in country exchanges	a) Never				1	1					1	3
	b) Between one and three times	1					1	1	1			4
	c) Between four and six times		1							1		2
	d) More than six times											0
D.3. I have used the website of PEM-PAL (www.pempal.org) (or Wikispaces)	a) Never										1	1
	b) Between one and three times							1				1
	c) Between four and six times		1									1
	d) More than six times	1			1	1	1		1	1		6
D.4. I have been in informal contact with other members	a) Never										1	1
	b) Between one and three times	1	1				1	1	1	1		6
	c) Between four and six times					1	1					2
	d) More than six times				1							1
D.5. I have provided inputs to COP discussions, for the website, events and/or material development	a) Never										1	1
	b) Between one and three times		1		1	1	1	1	1			6
	c) Between four and six times											0
	d) More than six times	1										1
D.6. I have contributed to COP leadership and management tasks	a) Never					1			1		1	3
	b) Between one and three times				1		1			1		3
	c) Between four and six times											0
	d) More than six times	1										1
D.7. The best event for me was:	a) PEM PAL Workshop for Internal Audit Officials, CEF											
		1	1				1	1				4

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
	Slovenia, December 12 – 14, 2006											
	b) PEM-PAL 2 <sup>nd</sup> Internal auditors' COP Workshop Chisinau, Moldova, June 20-22 2007	1					1		1			3
	c) PEM-PAL Plenary and COP Workshops – 24-28 February 2008, Istanbul, Turkey	1	1				1	1	1			5
	d) PEM-PAL – T&C and Internal Audit Sampling, April 2009, Ljubljana	1		1			1					3
	e) 5 <sup>th</sup> PEM PAL Internal Audit Community of Practice Plenary Meeting, in Yerevan, Armenia from October 21-23, 2009	1	1		1	1				1		5
	f) 6 <sup>th</sup> PEMPAL Internal Audit Community of Practice T&C Group Meeting, in CEF – Ljubljana, Slovenia, from December 10-11, 2009	1	1									2
D.8. What helped to make this the best event for you? (tick three only)	a) participating in the activities	1		1	1	1	1	1	1	1		8
	b) sharing in the design of future events	1	1	1					1			4
	c) identifying and articulating common challenges		1			1			1			3
	d) meeting people and building relationships	1	1	1		1	1	1	1	1		8
	f) discovering											
					1	1		1				3

		CROATIA	KIRGIZ	KOSOVO	MOLDAVA	MONTENEGRO	ROMANIA	TAJIKISTAN	TURKEY	UKRAINE	RUSSIA	TOTAL RESULT
	opportunities											
	g) facilitation of the meeting											0
	h) logistics				1				1			2
	i) social events (including city tour)									1		1
	j)											0
D.10. Have you used the experiences of your fellow COP members or other learning in the COP to design, recommend or implement internal audit reforms in your area of practice in 2009 and/or 2010?	a) Yes	1	1	1	1	1	1	1	1	1		9
	b) No, but I am likely to in future										1	1
	c) No and I am unlikely to in future											0