



**- R E P O R T -**  
**PEM PAL IA COP 21<sup>st</sup> meeting on Risk Assessment – Tirana, Albania**  
**(January 28-30, 2013)**

Members of the Internal Audit Community of Practice (IA COP) met in Tirana, Albania in January for working session on Risk Assessment. The working group brought together 40 participants from 12 countries including PEM PAL members (Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kosovo, Moldova, Montenegro, Romania, and Russia), as well as Netherlands, and Ukraine (resource members invited for experience sharing). OECD SIGMA experts Joop Vrolijk and Arjen Lok (from European court of auditors), World Bank representative Arman Vatyán, recourse team from the Ministry of Finance of the Netherlands (Dutch Academy of Finance), translators and representatives of PEM PAL Secretariat also attended the event.

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.

**1) Workshop on Risk Assessment (RA):**

**Objectives of the workshop:**

- to discuss a second draft of a "Template on Risk Assessment activities during Strategic and Annual Planning phases of Internal Audit", which will have to give guidance on how to use the Risk Assessment when auditors plan their annual activities by describing the process of Risk Assessment, what the risk is, what are the most frequently risk categories, what are the risk criteria, and what is the risk scoring;
- to lead participants of the workshop step-by-step through the development of an individual risk assessment methodology that can be executed in their own organization by means of practical, case-based work sessions;
- to provide participants with practical insights relating to contemporary good practices of risk assessment activities, which will allow them to apply risk assessment activities at their organization

**Workshop Outcomes and Take-Away/s:**

This workshop intended helping participants to:

- Participants of the workshop understand the Risk Assessment process as described in the "Template on Risk Assessment activities during Strategic and Annual Planning phases of Internal Audit", and how it can be used when internal auditors plan their annual auditing activities;
- A for suggestions of participants amended second draft of the "Template on Risk Assessment activities during Strategic and Annual Planning phases of Internal Audit" is approved by participants of the workshop.

- Next steps for finalizing the draft "Template on Risk Assessment activities during Strategic and Annual Planning phases of Internal Audit" are defined

Albana Gjinopulli, leader of RA working group and Joop Vrolijk, OECD Sigma expert reported on the progress in RA working group. They presented overview of past achievements and plan for the future work. Working group is in the process of preparing RA methodology template.

The objective of RA working group was to present final RA methodology template in the plenary meeting in Tbilisi in April 2013. In the process of the preparation it has turned out that the progress is slower than expected.

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.

OECD SIGMA involved an expert with practical experience in risk assessment Arjen Lok from the European Court of Auditors.

In the framework of the RA workshop two presentations were delivered, both by Dutch experts Arjen Lok and Manfred van Kesteren with substantial contribution of Joop Vrolijk.

As a result of previous discussions, members worked on a case study based on risk assessment in planning of internal audit activity, having the example of the Ministry of Transport.

Participants were given a set of documents on the organization, budget, general information on activity of the Ministry, and some newspapers showing the risks affecting the work of the Ministry.

Then, participants were divided into two groups: DG's (roads, human resource, finance, ports, airways, etc.) and internal auditors. The following steps were necessary to perform the case study:

- The first step:
  - ✓ Participants were expected to set objectives of the Ministry of Transport (based on available information, as well as through interviews among internal auditors and DG's);
  - ✓ Experts offered solutions for setting objectives;
- The second step:
  - ✓ Participants identified business processes within the Ministry of Transport;
  - ✓ Experts offered solutions on the identification of the processes;
- Third step:
  - ✓ Participants were supposed to identify risk categories;
  - ✓ Experts offered solutions for risk categories;
- The fourth stage:
  - ✓ Participants identified risks affecting the activity of the Ministry of Transport;
  - ✓ Experts gave examples of risks;
- The fifth step:
  - ✓ Participants identified the causes and the effects of the risks and that may follow as a result of its manifestation;

The case study was very useful tool, so that participants practiced the idea of "learning by doing". Also this example may serve as a good training tool that can be applied by PEM PAL countries in their training systems.