

# **Public Sector Internal Auditors Body of Knowledge (BoK)**

T&C workshop  
October 18-19, 2010



# INTERNAL AUDIT

- 1.) TRAINING NEEDS ASSESSMENT (QUESTIONNAIRE)
- 2.) TRAINING, CURRICULUM PROGRAM (MODULES + MIN. KNOWLEDGE LEVEL) (STANDARDS, FMC, ETHICS, RISK, PERFORMANCE, ETC.)
  - a) INTRODUCTION
  - b) ADVANCED
  - c) CERTIFICATION (FRAMEWORK, - MINIMAL CRITERIA)
- 3.) LINK - ANALYSIS CGAP  $\leftrightarrow$  CIA  $\leftrightarrow$  ~~IS~~ THIS CERTIFICATION
- 4.) LOGISTICS { TRAINERS PREMISES BUDGET - SPONSORS - DONORS
- 5.) TRAINERS
- 6.) BUDGET (SPONSORS, DONORS, ETC)
- 7.) ASSESSMENT OF TRAINING PROVIDERS IN DIFFERENT COUNTRIES

14/12/2006

## 1) BACK + STR. EXAM CERTIFICATION

СЕРТИФИЦИРОВАНИЕ ВН. АУДИТОРОВ

(28)

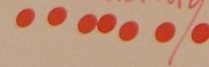
## Обучение Внутренних Аудиторов Training of IA

- opportunities
- synergies, alliances
- internship
- ВОЗМОЖНОСТИ
- ОБЪЕДИНЕНИЕ НАЯ, ОБЩНОСТЬ ВОПРОСОВ
- СТАЖИРОВКИ

Importance:



Actionability:



# Yalta conclusion

- Members want more information and data about the **content of the modules** for public sector internal audit training and certification.
- The objective of the workshop
  - to develop **Body of knowledge (or content of internal auditors knowledge)** based on work already done (and new tool from IIA), experience and ideas of the members.



# Contents

- Concept overview
- Integration
  - Konrad Knedler report (2008)
  - Frederic Report (2008)
  - IIA BoK
  - Internal Audit Capability Model
  - ...
- Next steps
  - discussion, comments, ideas for improving a tool



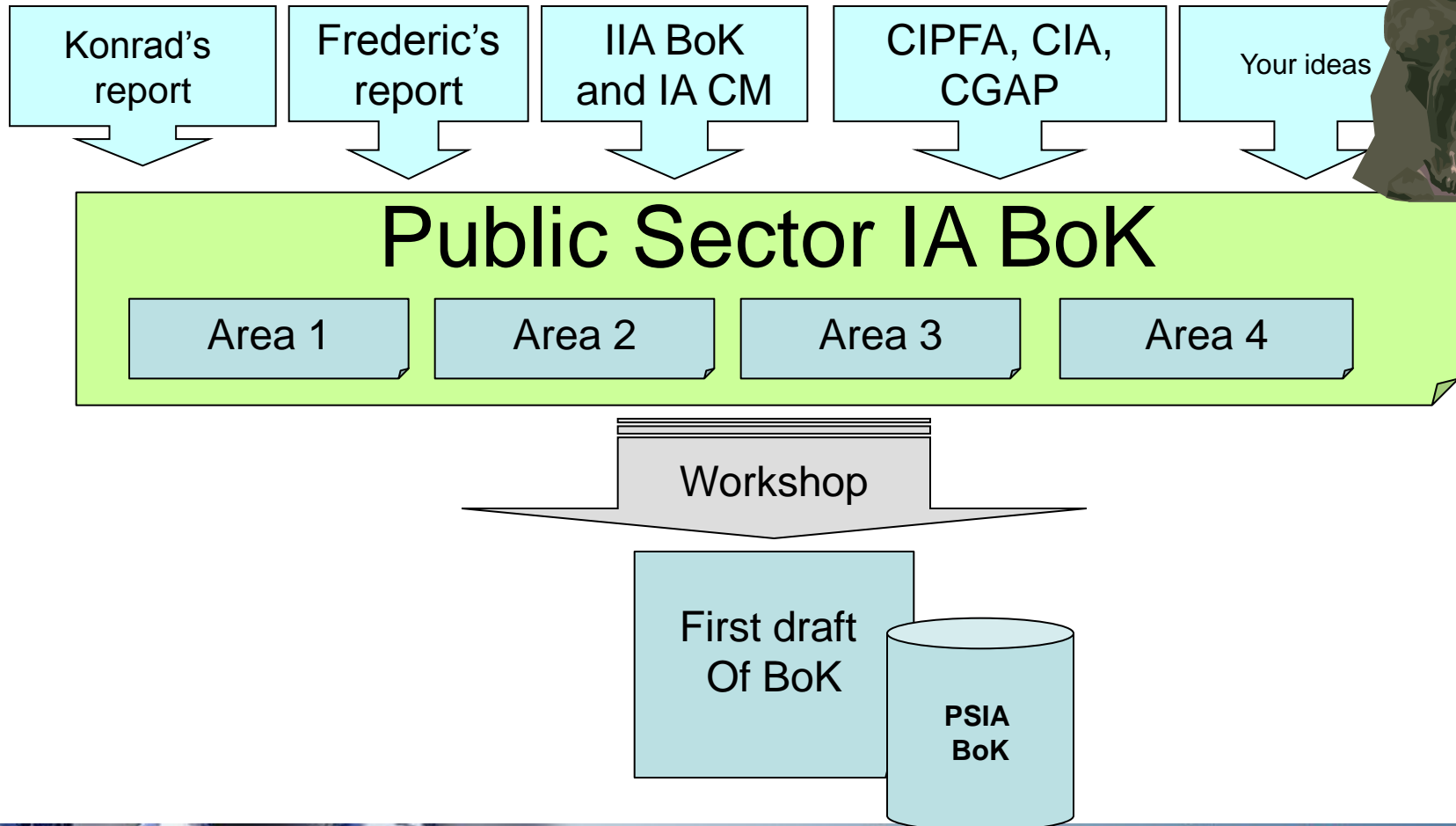


# Body of Knowledge?

- **Body of Knowledge (BOK)**
  - represent the complete set of concepts, terms and activities
  - make up a professional domain
  - defined by the relevant professional association
- **Examples:**
  - **Project Management Body of Knowledge**
  - **Body of Knowledge in Quality**



# Our inputs and process...



# Konrad report 2008.

## Training content

- **1. International practice perspective**
  - It is highly recommended to place particular emphasis on international dimension. The elementary set of standards for internal audit community has been developed at international level. Development of local regulatory framework without a reference to the international practice could put in danger the idea of IA.
- **2. Performance management and auditing**
  - The origin of auditing is of regularity verification nature. It is still the greatest area of interest for many external audit organizations. Internal auditing however due to its specific placement in the organization has a great potential to improve the organization's performance. Therefore a special focus should be placed on both performance management and auditing.
- **3. Information Systems**
  - Information technology is becoming part of our day-to-day's life. Internal control systems are in their great parts computerized. This is the basic reason why internal auditors should cover IT issues in their professional training.



# Konrad report 2008.

## Training content

- **4. EU perspective**
  - The European Union is the most important political organization in the continent. Its policies have substantial impact not only on the member states but also on many other countries. Moreover practices present in the EU have a tendency to spill over on numerous organizations. Many countries have aspirations to join the Union in the near or further future. That is why elements of the European Union's perspective should be included in the TCP.
- **5. Public sector focus**
  - Some internationally recognized certifications were initially designed for the private sector. The elementary difference in public and private sectors is asymmetry of their objectives. The first one's goal is to provide services for the public while in the case of the latter one profit maximizing is above any other goals. Public accountability is another issue which should be recognized. And this focus should be reflected in the TCP content.
  - For individuals holding these kind international certifications and not having enough experience in public sector there should be additional training provided.





# Konrad report 2008.

## Training content

- **6. Management techniques**
  - Since modern auditing is becoming more and more management oriented profession it is indispensable for the practitioners to get knowledge and skills in management sciences and techniques.
- **7. Accounting**
  - From the very beginning internal auditing have had much in common with accounting. Controls over financial reporting being one of the primary focuses of auditing constitute important part of internal control systems. Modern accounting goes far beyond its traditional bookkeeping role and is basis for decision making process. Therefore it is crucial to include it into the training syllabus.



# Internal Audit - IIA definition (CBOOK)

- Living reference that represents the collective knowledge of a profession.
- The key elements described within are referred to as
  - **Areas of Knowledge**, which reflect generally accepted practices within the profession.
    - associated activities,
    - tasks and skills necessary to be effective in their execution,
    - professional standards and guidance
      - The IIA's International Professional Practices Framework (IPPF),
        - » mandatory and
        - » strongly recommended guidance.



# IIA's competency framework (our workshop input)

- **Minimum level of knowledge and skills needed to effectively operating and maintain an internal audit function**
- **Breakdown of**
  - staffing areas found in the standard audit shop,
  - appropriate level of competency for each discipline.
- **When reviewing the framework keep the following in mind:**
  - each ranking are being developed to further explain the associated competency.
  - not the final format for the framework
  - competencies and their ranking represent the ideal
  - competencies and rankings were developed by a global task force.
  - Do not assume that every internal auditor will progress up the ranks.
  - There are no "industry-specific" groupings or behaviors. This is intentional at this time. We will be adding industry knowledge as it becomes available.
  - As IT is considered a core area of knowledge for all internal auditors, it is interspersed throughout.



# IIA CIA

- Part I - The Internal Audit Activity's Role in Governance, Risk, and Control
- Part II - Conducting the Internal Audit Engagement
- Part III - Business Analysis and Information Technology
- Part IV - Business Management Skills



# IIA - CGAP

- Domain I: Standards, Governance, and Risk/Control Frameworks
- Domain II: Government Auditing Practice
- Domain III: Government Auditing Skills and Techniques
- Domain IV: Government Auditing Environment





# CIPFA - Diploma in Public Audit

- ***LEVEL 1***
  - Audit in Context
  - Core Audit Skills
  - Financial Accounting Systems
- ***LEVEL 2***
  - Managing the Audit Cycle
  - Innovation and Assurance
  - Financial Reporting



# Internal Audit - Capability Model Matrix

	Services and Role of IA	People Management	Professional Practices	Performance Management and Accountability	Organizational Relationships and Culture	Governance Structures
Level 5 – Optimizing	IA Recognized as Key Agent of Change	Leadership Involvement with Professional Bodies  Workforce Projection	Continuous Improvement in Professional Practices  Strategic IA Planning	Public Reporting of IA Effectiveness	Effective and Ongoing Relationships	Independence, Power, and Authority of the IA Activity
Level 4 – Managed	Overall Assurance on Governance, Risk Management, and Control	IA Contributes to Management Development  IA Activity Supports Professional Bodies  Workforce Planning	Audit Strategy Leverages Organization's Management of Risk	Integration of Qualitative and Quantitative Performance Measures	CAE Advises and Influences Top-level Management	Independent Oversight of the IA Activity  CAE Reports to Top-level Authority
Level 3 – Integrated	Advisory Services  Performance/Value-for-Money Audits	Team Building and Competency  Professionally Qualified Staff  Workforce Coordination	Quality Management Framework  Risk-based Audit Plans	Performance Measures  Cost Information  IA Management Reports	Coordination with Other Review Groups  Integral Component of Management Team	Management Oversight of the IA Activity  Funding Mechanisms
Level 2 – Infrastructure	Compliance Auditing	Individual Professional Development  Skilled People Identified and Recruited	Professional Practices and Processes Framework  Audit Plan Based on Management/ Stakeholder Priorities	IA Operating Budget  IA Business Plan	Managing within the IA Activity	Full Access to the Organization's Information, Assets, and People  Reporting Relationship Established
Level 1 – Initial	Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the position; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; auditors likely part of a larger organizational unit; no established capabilities; therefore, no specific key process areas					

# EU internal control standards

## Standard 3: Staff competence (recruitment, training and mobility)

- Each Directorate General shall ensure on a permanent basis the adequacy between staff competence and their tasks by means of:
  - **defining the knowledge and skills** required by each job;
  - conducting recruitment interviews on the basis of an evaluation sheet defined by the Human Resources Unit;
  - keeping a record of all interviews to identify potential future candidates;
  - identifying during the recruitment process the basic immediate training plan to be followed by the new official;
  - **reviewing training needs** in the context of the annual staff appraisal;
  - ensuring that identified training needs are met as soon as possible;
  - **developing an internal training capacity** in order to respond to specific needs not covered by Commission-wide training courses;
  - defining a training and mobility policy aiming at enriching staff background and experience.

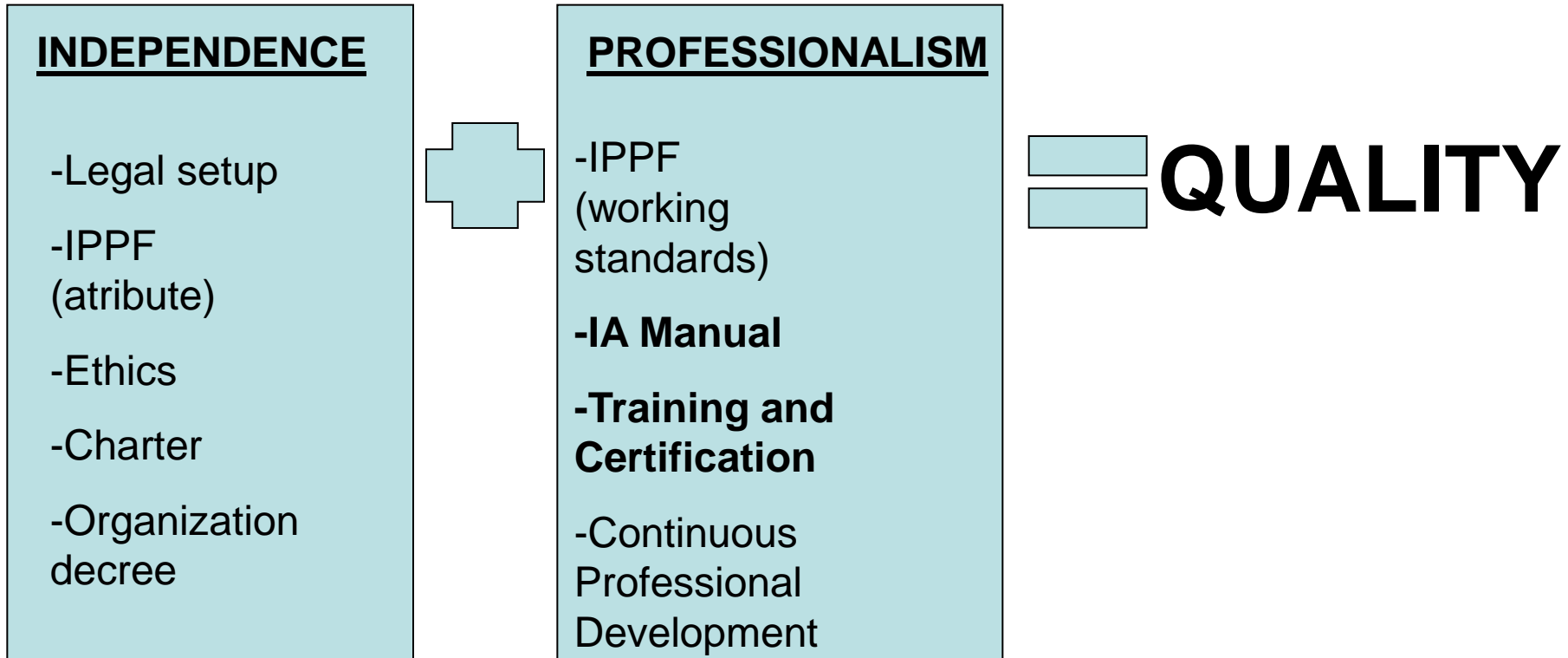


"Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for."

Peter Drucker (1909-2005)

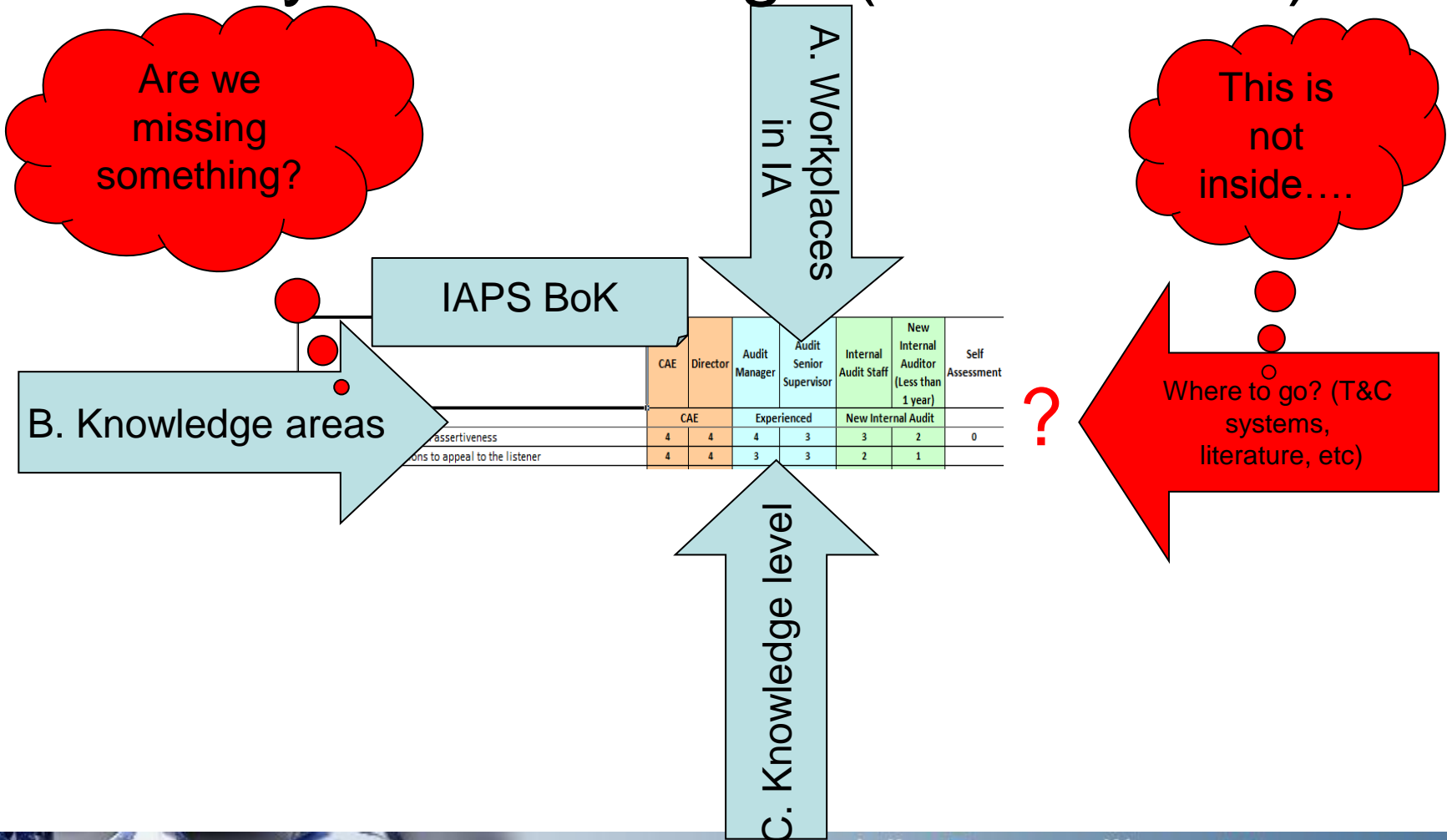


# IA Quality formula





# Public Sector Internal Auditors Body of Knowledge (draft format)



# A. Workplaces in IA

<b>CAE</b>	<b>Director</b>	<b>Audit Mana ger</b>	<b>Audit Senior Supervi sor</b>	<b>Internal Audit Staff</b>	<b>New Interna l Audito r (Less than 1 year)</b>
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# IIA's competency framework

## B. Knowledge areas



# B. Knowledge areas

- Place for improvement
  - Public sector specifics
  - Previous reports and work
  - Using our knowledge and experience
    - Next sessions



# C. Level of knowledge

4 = Independently competent in unique and complex situations	5 – Expert. I have an expert understanding of the capability. People come to me to seek advice and guidance.
3 = Independently competent in routine situations	4 – Strong Capability. I have sufficient mastery of the capability to be able to adapt my approach to the capability based upon the circumstances.
2 = Basic competence and knowledge with support from others	3 – Proficiency. I have proficiency in at least one approach to the capability, and am confident in that approach.
1 = Awareness only	2- Familiarity. I have an ability to perform the capability, although I need advice or to consult reference materials and documentation to provide guidance.
	1 – Novice. I am aware of the capability and have introductory abilities, but require regular guidance or support from reference materials and documentation.
0	0 – No ability. I have no skills in the capability. I would not know how to proceed.



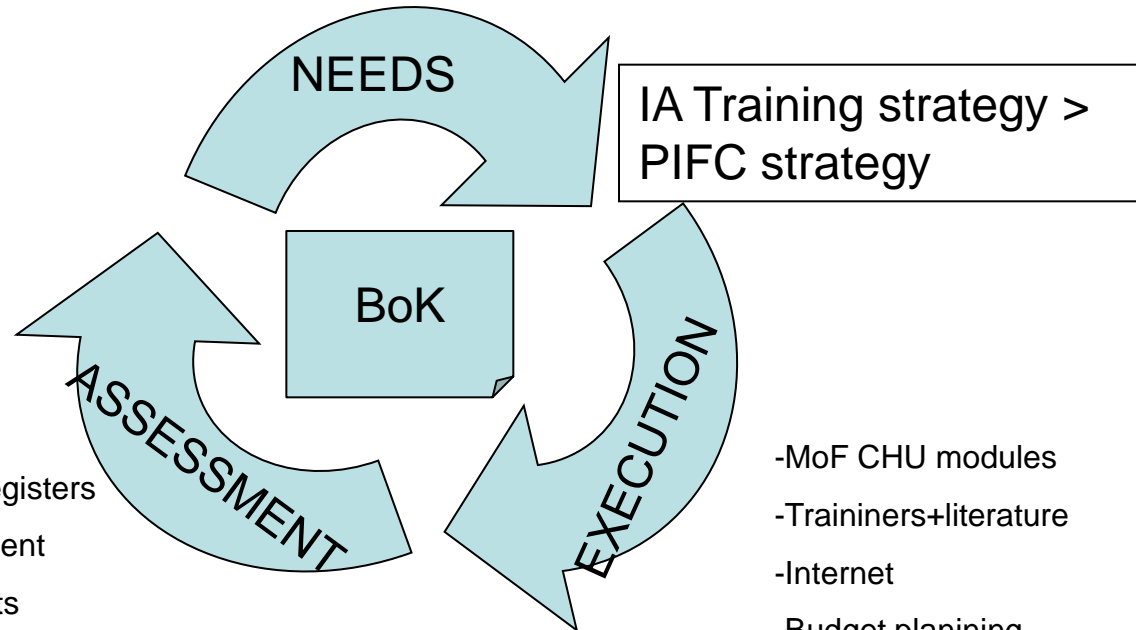


# D. Where to go/what to read?

- Not developed
- Place for improvement
  - Each country specific depending on the current T&C system
  - CEF proposal
  - ...



- Management and stakeholder needs
- Change in IA standards and practice
- Audit reports (internal+external)
- Work posts + Training plans
- Turnover of staff
- Lack of PM knowledge
- EC internal control standards+acreditation criteria



- Traning day in training registers
- Training quality assessment
- Participation/Exam results
- Audit reports
- Absorption of EU funds
- No. of irregularities
- ...

- MoF CHU modules
- Trainers+literature
- Internet
- Budget planining
- Projects (existing and new)
- Decree/legal framework



# Next step 1: Strategy for IA Training

- Albana proposal
  - How to develop a training strategy, then how to implement it?
  - Many of countries in Region don't have yet a or they are in the phase of developing it. Some time even they have assistance from projects , they should be the primary responsible for developing the Strategy, not just wait from the consultants, or they should know what to expect from the consultants.
  - So my idea is to include some discussions how we can develop a training strategy, where we should refer, where we can address our problems with training system ( i.e. to which institutions we can ask for support) and so on.



# Possible next steps...

- Creation of Training programme or part of the programme (one module)
- To develop and implement complete training programme

