# PEM🌐PAL
# FACT SHEET

# INTERNAL AUDIT COMMUNITY OF PRACTICE (IACOP)

## WHAT IS PEMPAL AND IACOP?

**Public Expenditure Management Peer Assisted Learning (PEMPAL) is a network to facilitate exchange of professional experience and knowledge transfer among public financial management (PFM) practitioners across the Europe and Central Asia (ECA) countries.** The network, launched in 2006, aims to contribute to strengthening PFM practices in the member countries through developing and disseminating information on good PFM practices and their application.

The network is organized around three thematic communities of practice:

- Budget Community of Practice (BCOP),

- Treasury Community of Practice (TCOP), and

- Internal Audit Community of Practice (IACOP).

The main overall **objective of the IACOP is to support its member countries in establishing modern and effective Internal Audit (IA) system that meets international standards and good practices and is a key for good governance and accountability in the public sector.**

## WHO LEADS IACOP AND PEMPAL?

IACOP is led by the **IACOP Executive Committee** consisting of the representatives from the Ministries of Finance of nine member countries, who elect Chair on an annual basis. Technical expertise, coordination and support is provided by the World Bank IACOP Resource Team, and the administrative support is provided by the PEMPAL Secretariat. At the network level, PEMPAL is led by the **Steering Committee** comprising of COP Chairs, Deputy Chairs, World Bank and donor representatives.

## WHO ARE IACOP MEMBERS?

IACOP members represent **23 ECA countries**. **Members are typically mid to high-level officials in the central harmonisation units (CHU) for Public Internal Financial Control or Internal Audit in the Ministries of Finance.**

Non - member country representatives from the National Academy for Finance and Economics of the Ministry of Finance of the Netherlands, the European Commission Internal Audit Service, as well as from France, South Africa, Poland, Brazil, and Austria actively participate in the IACOP events to share knowledge and practical experience.

## WHAT LEARNING MECHANISMS ARE USED?

**Peer-to-peer learning is the main instrument used.** Participants work together face-to-face and online to share knowledge and develop approaches to addressing common PFM challenges. In contrast with traditional training approaches, participants formulate their own activity plans, which include sharing and creation of knowledge through face-to-face events (plenary and working/thematic group), virtual meetings, and study visits, and through development of knowledge products. IACOP activities are driven by member-led strategic action plans that address key priorities of member countries and helping them to solve challenges in the IACOP functional area. Hence, IACOP priority themes for 2019 to 2022 have been identified as

(i) Improved value and impact of internal audit (including during and after COVID-19 pandemic);

(ii) Practical implementation of audit cycle;

(iii) The role of CHU in public sector reform coordination and its challenge and functions at different stages of the reform;

(iv) Public Internal Control (the role of CHU and internal auditors);

(v) Synergy: public internal control with emphasis on integrity management and anti-corruption; and

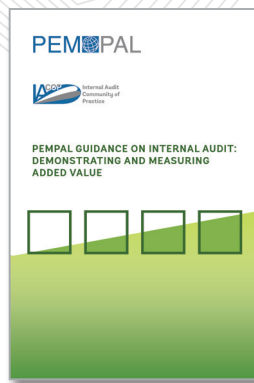(vi) Promotion of IACOP and dissemination of its knowledge products and experience.

## WHAT ARE THE IACOP PRIORITY THEMATIC AREAS OF INTERST?

During IACOP regular meetings, participants share experience and identify solutions to priority challenges related to the implementation of internal audit reforms in the public sector. In line with the thematic priorities of the members, the IACOP operates working/thematic groups, which offer additional opportunities for member countries to address the issues of their priority interest, and to fill the gap where there is no clear international best practice established for public sector internal audit. Several working groups have been organized and finalized the discussion on respective topics including Internal Audit Manual Development, Quality Assurance, Training and Certification, Relationship of Internal Audit with Financial Inspection and External Audit (RIFIX). Currently IACOP operates Internal Control Working Group (ICWG) and Audit in Practice Working Group (AiPWG).

## WHAT ARE THE ACTIVITES OF IACOP'S AiPWG?

Established in 2015, AiPWG addresses the practical implementation of the audit cycle and different types and models of audits. AiPWG also builds on the progress achieved by the group focused on learning from advanced internal audit and financial management control practices and activities of CHUs, as well as application of the

practical auditing tools reflecting the progress of the internal audit function reforms in the region. The most recent knowledge product developed by the AiPWG include **PEMPAL Guidance on Internal Audit: Demonstrating and Measuring Added Value**. Currently the AiPWG is working on finalizing and publishing **Internal Audit Engagement Planning**, and **case studies on IT, human resources, and hospital audit**.

## WHAT ARE THE ACTIVITES OF IACOP'S ICWG?

Launched in 2016, ICWG focuses on the role of internal audit and the CHU in the assessment and development of public internal control, (Committee of Sponsoring Organizations of the Treadway Commission) COSO Framework principles of effective internal control and its application in the public sector, and accountability and challenges in internal control implementation. The topic of accountability and responsibility, identified as a topic of interest for all three PEMPAL COPs, remains an umbrella theme for the group's activities. Currently the ICWG is working on its two knowledge products: "PEMPAL Guidance for Internal Auditors on Assessing the Effectiveness of Internal Control" and "PEMPAL Glossary of Terms Relating to Internal Control ".
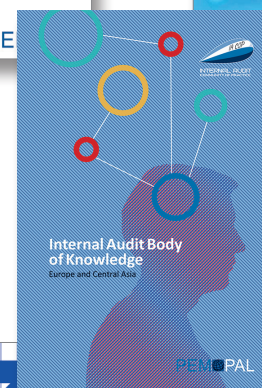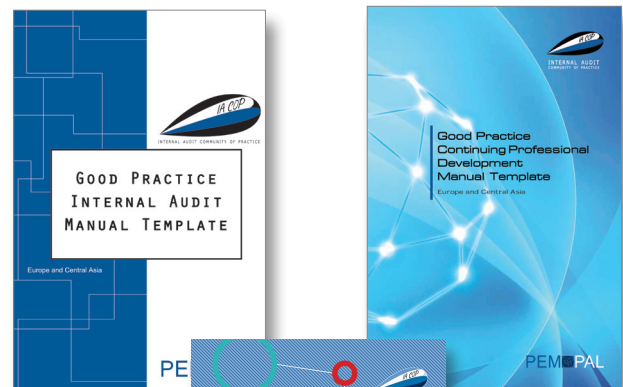
## PEMPAL IACOP KNOWLEDGE PRODUCTS

IACOP's unique Good Practice knowledge products developed by the IACOP represent a reference of good practice globally. Those completed and under development are as follows:

• **Good Practice IA Manual Template** (completed)

• **Good Practice CPD Manual Template** (completed)

• **Internal Audit Body of Knowledge** (completed)

• **Risk Assessment in Audit Planning** (completed)

• **Concept Paper on RIFIX** (completed)

• **Quality Assessment Guide** (completed)

• **Quality Assessment App** (available in AppStore)

• **PEMPAL Guidance on Internal Audit: Demonstrating and Measuring Added Value** (completed)

• **Guidance for Internal Auditors on Assessing the Effectiveness of Internal Control** (in progress)

• **Glossary of Terms Relating to Internal Control** (in progress)

The IACOP also produces it's Newspaper, which is a reflection and an update on a reform progress, emerging matters and challenges of the IACOP member-countries related to the main themes of our current knowledge sharing. The articles in the newspaper are written and shared by the IACOP members.

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