

WORKING TOGETHER FORUM

BRUSSELS | 6TH OCTOBER



WELCOME





- **THE AGENDA & SPEAKERS**
- **THE PARTICIPANTS' LIST**
- **SLIDO (Q&A AND POLLS)**
- **THE JOINT PAPER**



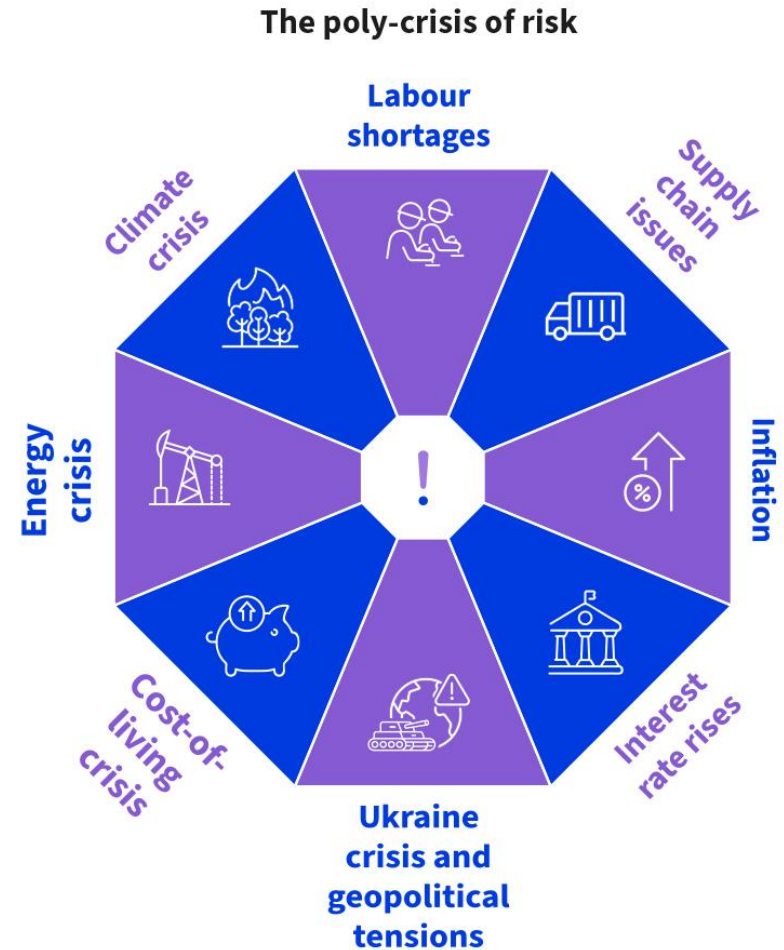
European Confederation of
**Institutes of
Internal Auditing**

Risk in Focus 2024

Hot topics for internal auditors

CONTEXT – NAVIGATING THE POLY-CRISIS

- Economic uncertainty has driven the perfect storm of interlocking risks described in last year's Risk in Focus in new directions in 2023. Organisations are now grappling with an ensuing poly-crisis – with multiple catastrophic events occurring simultaneously.
- With Europe's biggest economy Germany slipping into recession following last year's energy price shock, some organisations are facing declining cash balances and higher net debt.
- Organisations must successfully steer through the ongoing poly-crisis if they are to thrive when conditions improve.



Risk in Focus 2024 - Methodology

17

European countries

799

Responses from CAEs covering all sectors and industries

11

Involved in in-depth interviews

- In the first half of 2023, a quantitative survey was distributed among chief audit executives (CAEs) by 16 European Institutes of Internal Auditors, spanning 17 countries including Austria, Belgium, Bulgaria, France, Germany, Greece, Hungary, Italy, Luxembourg, The Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and the UK & Ireland. The survey was also conducted in partnership with the European Confederation of Institutes of Internal Auditing. The survey elicited 799 completed responses.
- The topics in this report were determined by the quantitative survey results and the qualitative feedback from the roundtable events and one-to-one interviews.



Risk in Focus 2024 - this year's hot topics



Macroeconomic and geopolitical uncertainty



Cybersecurity and data security



Human capital, diversity, talent management and retention



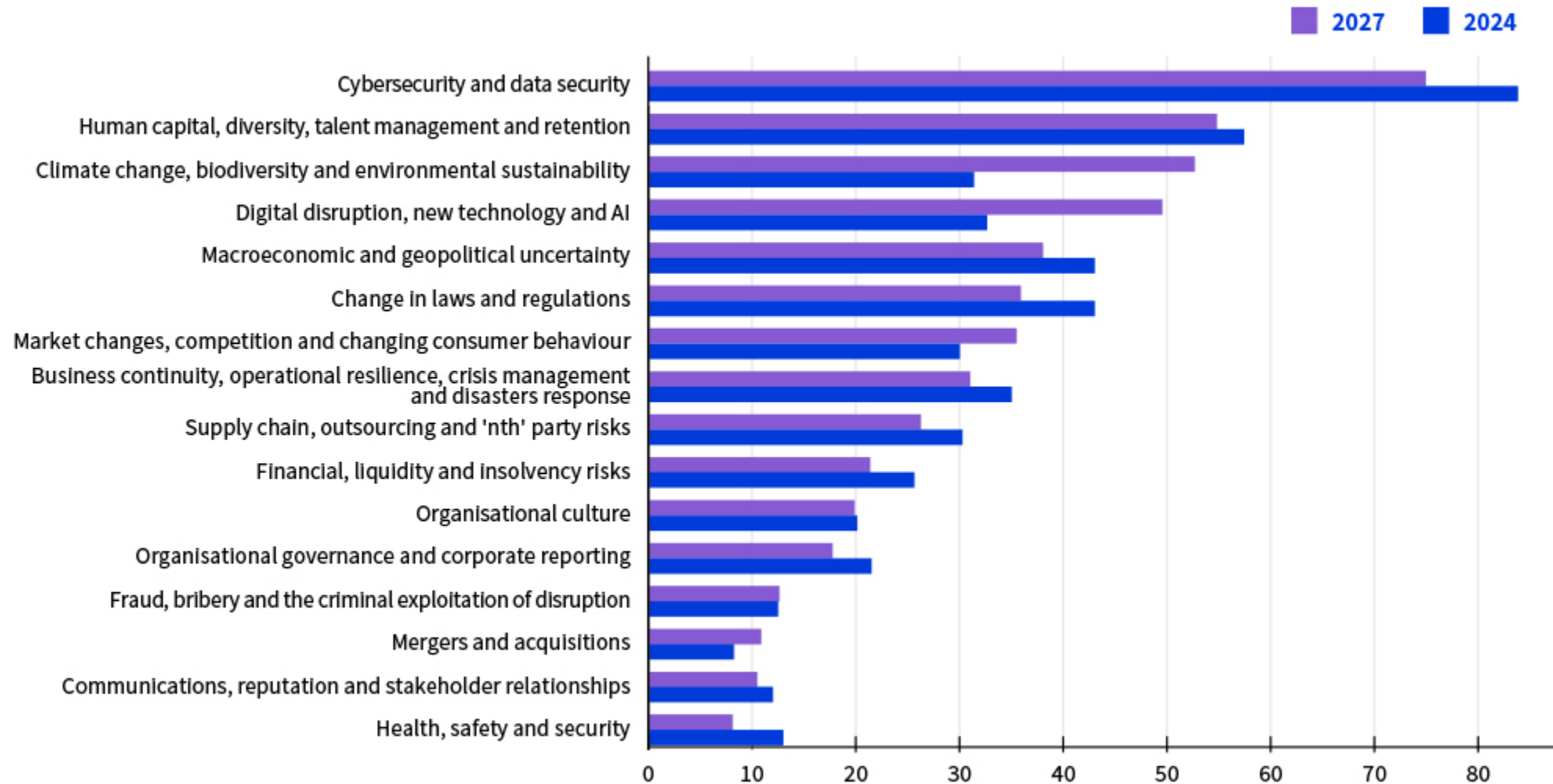
Climate change, biodiversity and environmental sustainability



Supply chain, outsourcing and third-party risk



Looking Ahead – Risk today ‘v’ risk tomorrow... focus changing over time



KEY CHALLENGES FOR AUDITORS IN THE PUBLIC SECTOR



ACCELERATING PACE OF CHANGE

Advancing technologies related to data, advanced analytics, robotic process automation, cognitive and emerging innovations

Macroeconomic and geopolitical uncertainty

Human capital, diversity, talent management



COMMUNICATION

Broad opportunities in terms of types of media and forms of communication

Oversaturation of messages and information – how to get our message across?

SAI focus on the benefit of citizens

Communicating with auditees



INTERNAL AUDIT AS DRIVER OF EVIDENCE-BASED GOVERNANCE AND INTEGRITY

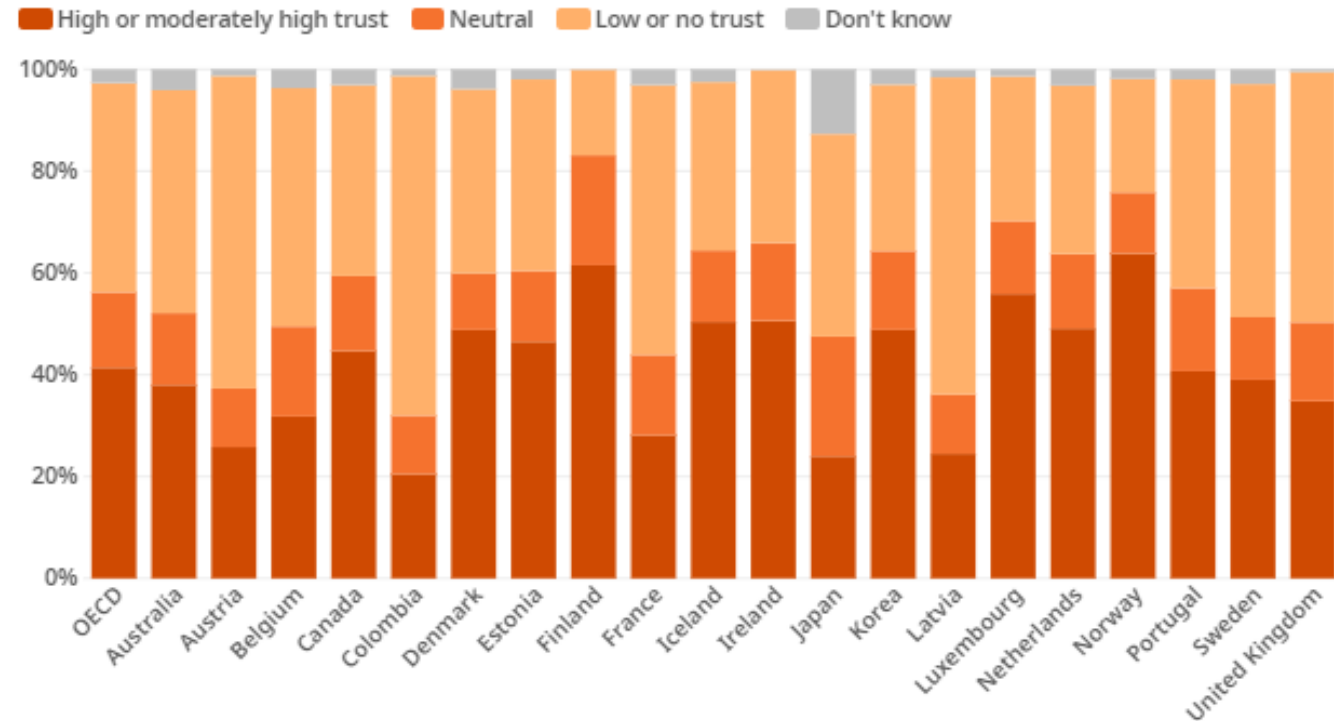
Darius MATUSEVICIUS, PhD CIA
Public Sector Integrity Division
GOV/OECD



Building Public Trust - Government at a Glance 2023

Trust is the foundation for the legitimacy of public institutions and a functioning democratic system

Trust in national government, 2021



41.4%

of people had high or moderately high trust in their national government

Note: OECD: unweighted average across countries.
Source: OECD (2023), *OECD Government at a Glance 2023*.

Trust factors: *responsiveness, reliability, integrity, openness and fairness.*



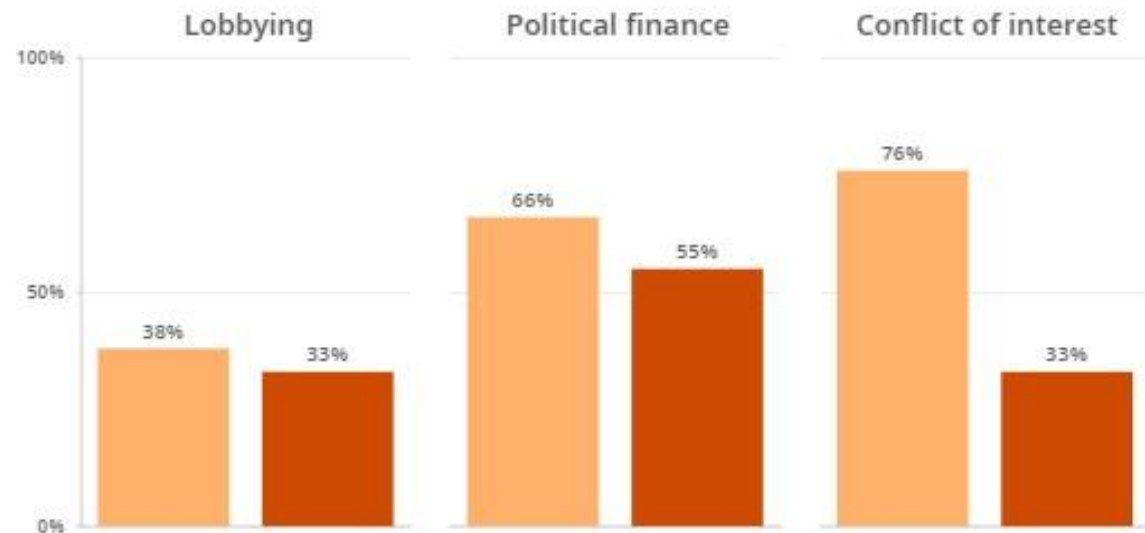
Public integrity standards need to be better implemented in practice

55%

standards on political finance implemented in practice across OECD countries

OECD standards fulfilled in regulations and in practice

Average score of compliance across 28 OECD countries, 2022



Source: OECD (2023), [OECD Government at a Glance 2023](#).



The OECD Recommendation on Public Integrity

Public integrity refers to the consistent alignment of, and adherence to, shared ethical values, principles and norms for upholding and prioritising the **public interest over private interests** in the public sector

The perspective shifts the focus from ad hoc integrity policies to a **context** dependent, **behavioural, risk-based** approach with an emphasis on cultivating a **culture** of integrity across the **whole of society**



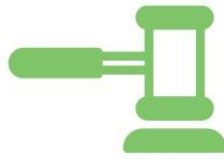


Effective ACCOUNTABILITY



Risk management

An effective integrity risk management and control system exists in public sector organisations.



Enforcement

Corruption and other violations to integrity are detected, investigated and sanctioned.



Oversight

Oversight bodies, regulatory enforcement agencies and administrative courts perform external control.



Participation

A transparent and open government allows for the meaningful participation of all stakeholders in the development and implementation of public policies.



OECD average for “Effectiveness of Internal Control and Risk Management”

Preliminary findings based on data from 28 OECD countries

INDICATOR	%
Regulatory framework for internal control	70
Regulatory framework for internal audit	48
Risk management framework	65
Coverage of central functions to implement IC and IA	43
Central reporting on IC and IA	22
Internal audit & risk-based approaches in practice	19
Use of integrity risk management in budget organisations in practice	12
National budget organisations covered by internal audit	78
National budget organisations audited in the past five years	65
Adoption rate for internal audit recommendations	93
Implementation rate for internal audit recommendations	73



OECD Auditors Alliance Network

Overview

- A unique forum for public sector internal and external auditors
- Launched in 2018, Online platform in 2020
- Over 750 members from countries all around the world

Previous meetings

- Launch meeting (in 2018)
- Auditing in an age of digital disruption (in 2019)
- Audit innovation in times of crises (in 2020, online)
- Ideas lab meeting (in 2021, online)
- Cooperation, performance and fraud prevention (in 2023)



Key takeaways from the internal audit and internal control perspective

- Clarifying roles and responsibilities
- Focus on systemic risks and control vulnerabilities across government or institutions
- Robust feedback loops between the system of key actors responsible



Thank you!

www.oecd.org/gov/ethics/public-sector-accountability

darius.matusevicius@oecd.org

May we invite you to register to our “Anti-corruption and Integrity” newsletter via this [link](#)?

**THE NEW ESG
CHALLENGES IN THE
PUBLIC SECTOR**

**ANDREW BLAZEY
(ONLINE PARTICIPATION)**

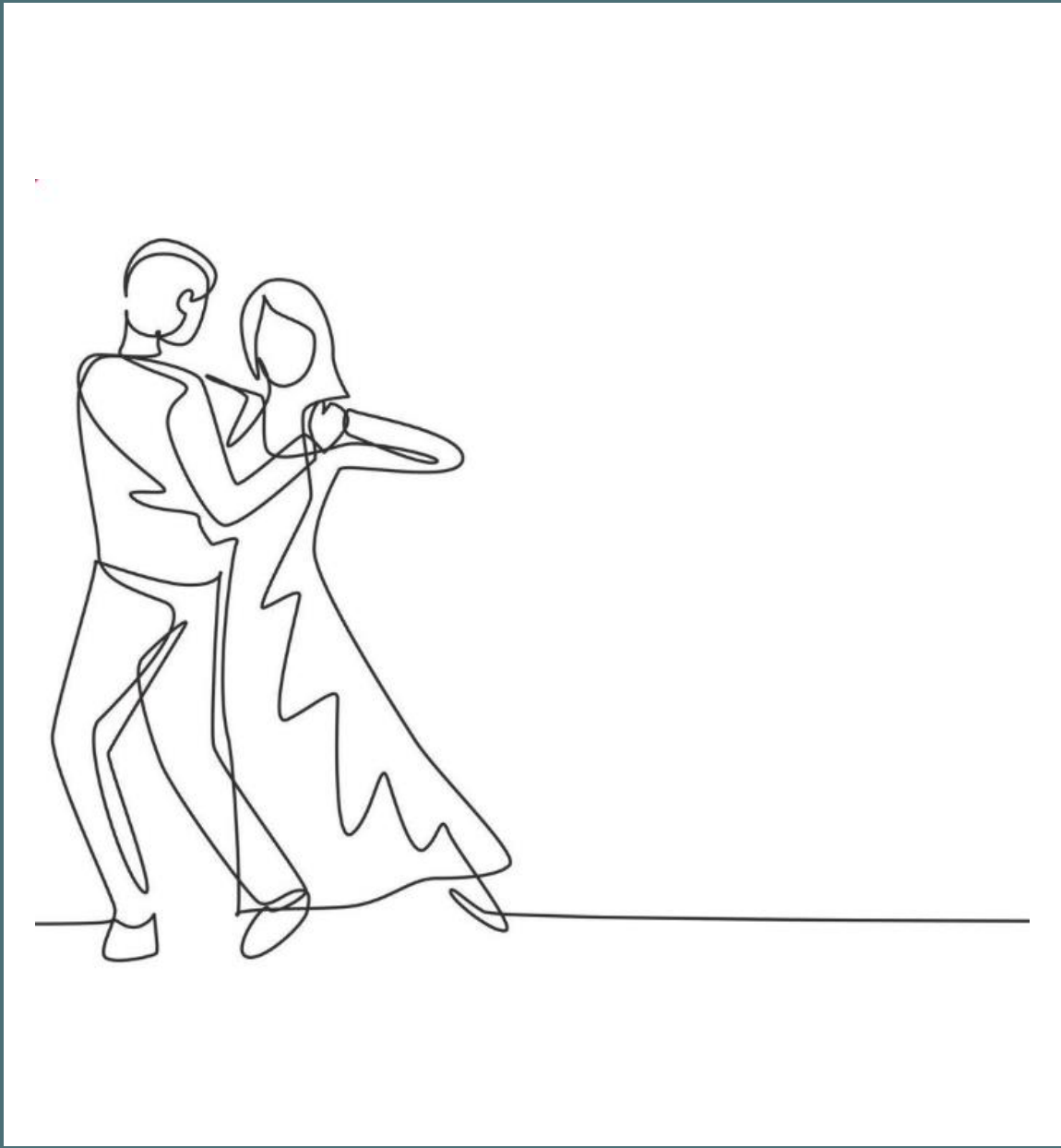
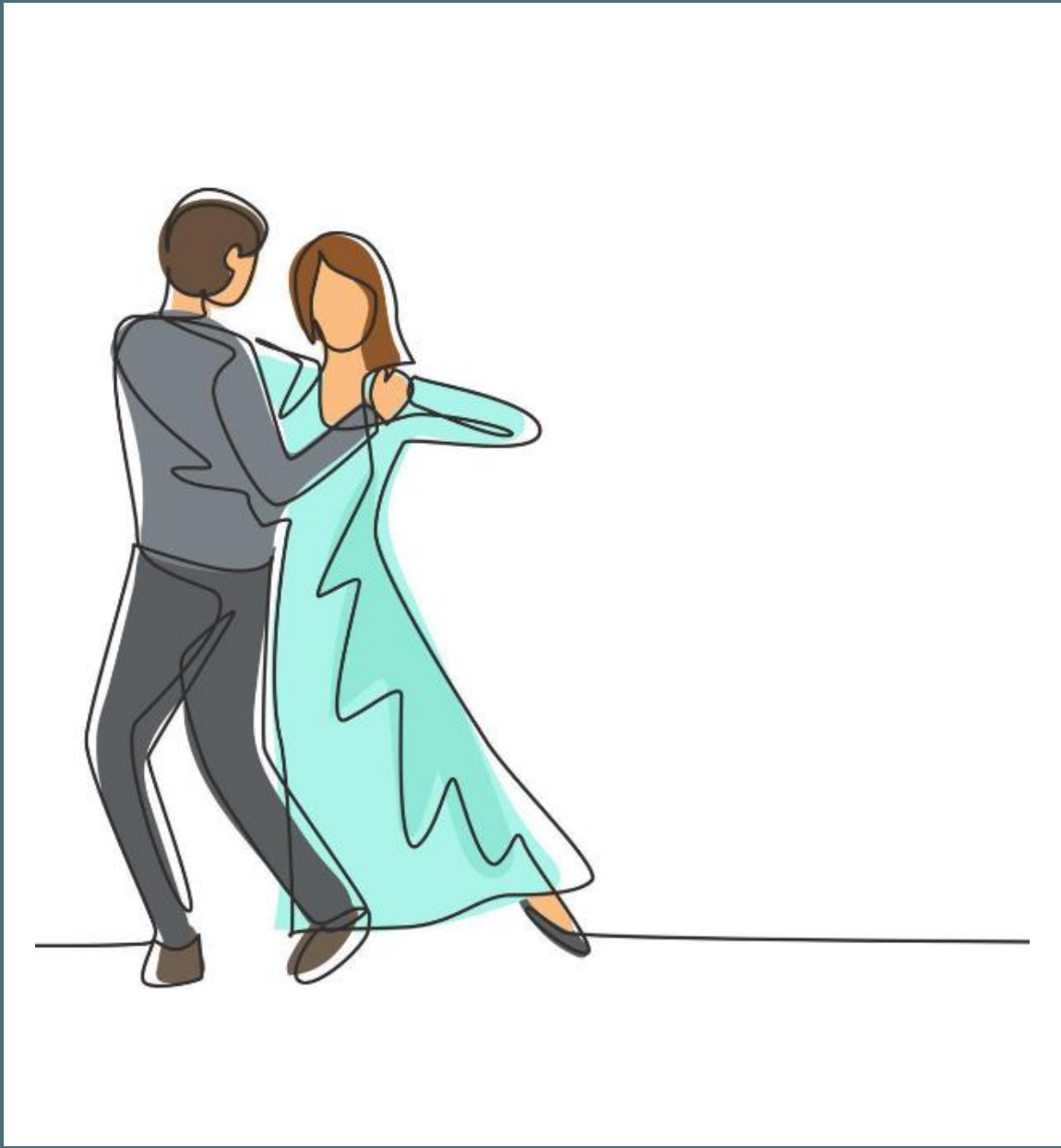
COFFEE BREAK





COOPERATION BETWEEN INTERNAL AND EXTERNAL AUDITORS

TWO ROLES, ONE DANCE





EUROSAI-ECIIA COMMON PROJECTS





Goals

- ✓ A common language.
- ✓ Understand and promote the common roles and appropriate use of standards.
- ✓ Share knowledge.

1. Belgium

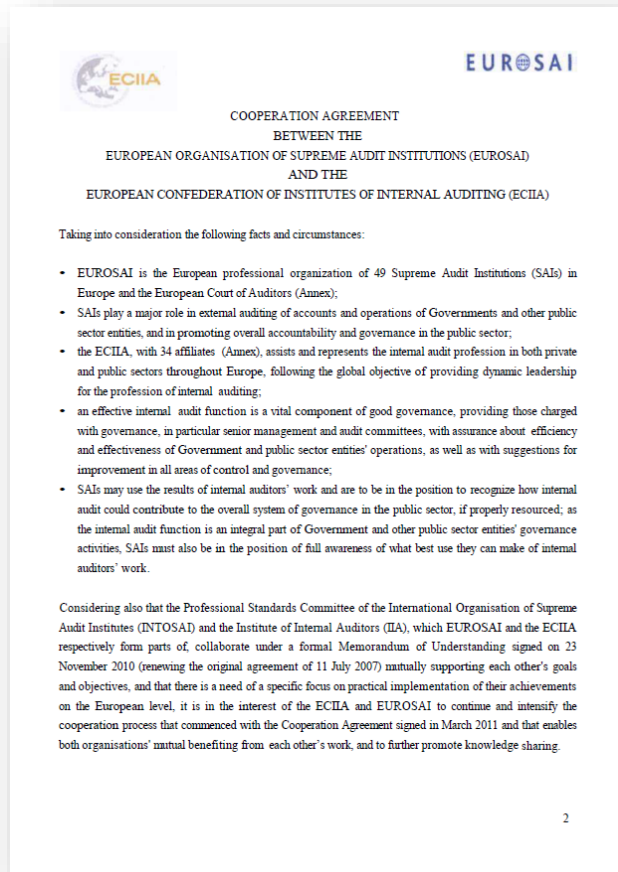
2. The Netherlands

3. Latvia

The Hague 2014

Official meeting between presidents

MoU. Memorandum of understanding



COMMON PUBLICATIONS

- COORDINATION AND COOPERATION BETWEEN SAIs AND INTERNAL AUDITORS
- COMPARISON OF SAIs and IA ORGANISATIONS
- AUDIT COMMITTEES IN THE EUROPEAN PS

1. Belgium

Common seminar



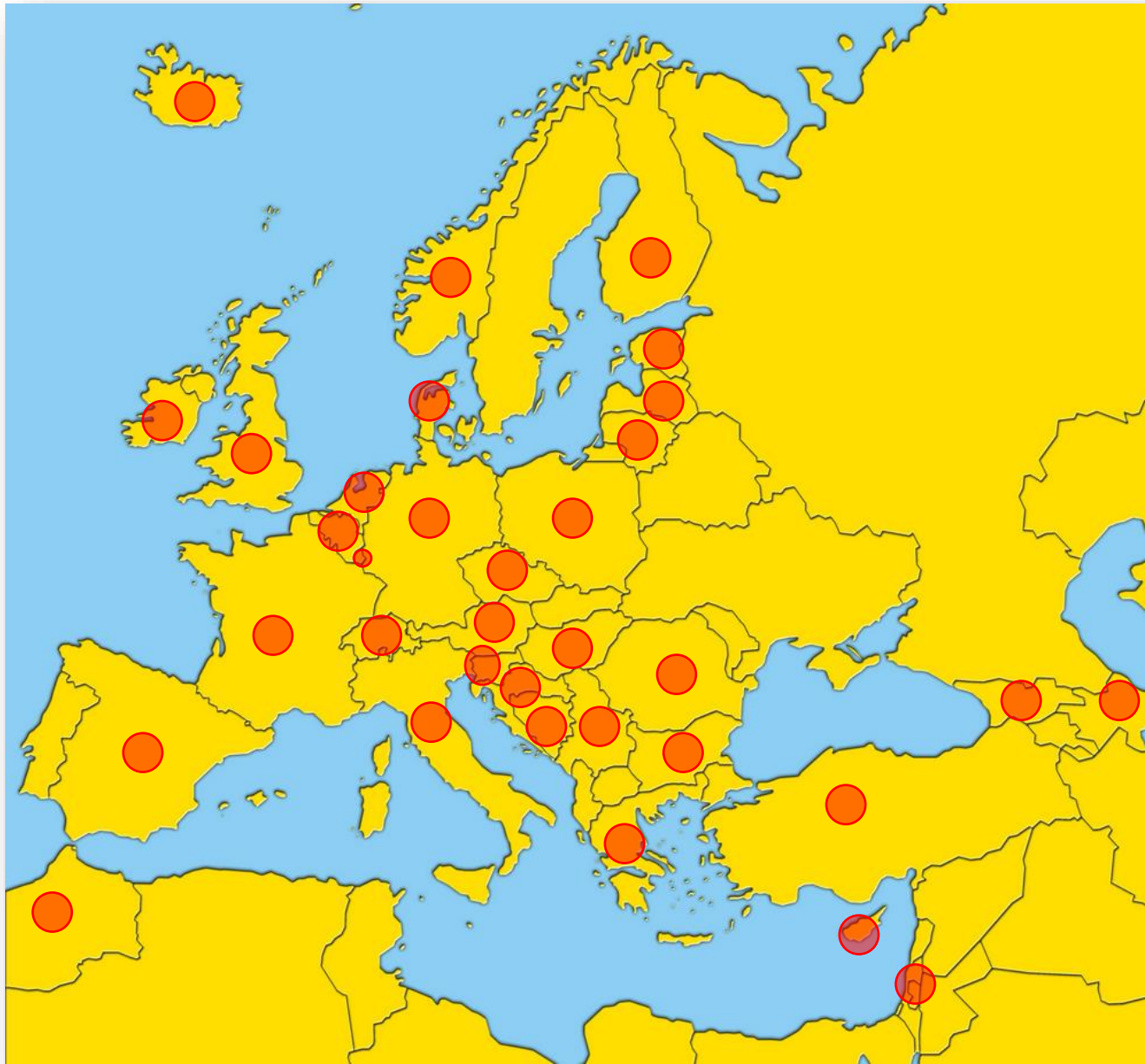
*COMPARISON OF
SUPREME AUDIT INSTITUTION
ORGANISATIONS
and
INTERNAL AUDIT INSTITUTION
ORGANISATIONS*

April 2015

EUROSAI-ECIIA COOPERATION

AUDIT COMMITTEES IN THE
EUROPEAN PUBLIC SECTOR –
EUROSAI-ECIIA COOPERATION
COMMITTEE PAPER (19/05/2017)

EUROSAI 



Contact people

- | | |
|-------------------------------|--------------------|
| Austria | Israel |
| Azerbaijan | Italy |
| Belgium | Latvia |
| Bosnia and Herzegovina | Lithuania |
| Bulgaria | Luxembourg |
| Croatia | Morocco |
| Cyprus | Netherlands |
| Czech Republic | Norway |
| Denmark | Poland |
| Estonia | Romania |
| Finland | Serbia |
| France | Slovenia |
| Georgia | Switzerland |
| Germany | Turkey |
| Greece | Spain |
| Hungary | |
| Iceland | |
| Ireland & UK | |

Topic:

Non financial and Integrated Reporting in the Public Sector in Europe

2. The Netherlands



COMMON PUBLICATION



Assurance coordination: role of IA and EA

3. Latvia

- ✓ Different approaches/forms of cooperation between IA and EA
- ✓ Role of internal audit in providing assurance and how this may form an evidence base for EA and vice-versa.
- ✓ Collaborative mechanisms in developing capacities of IA and EA
- ✓ Use of different models/approaches for assurance collaboration





ECIIA SURVEY RESULTS



What are we going to analyze?

Project and Objective.

The objective of this survey is to analyze the cooperative and relationship between Internal Audit departments and Supreme Audit Institutions in each country.

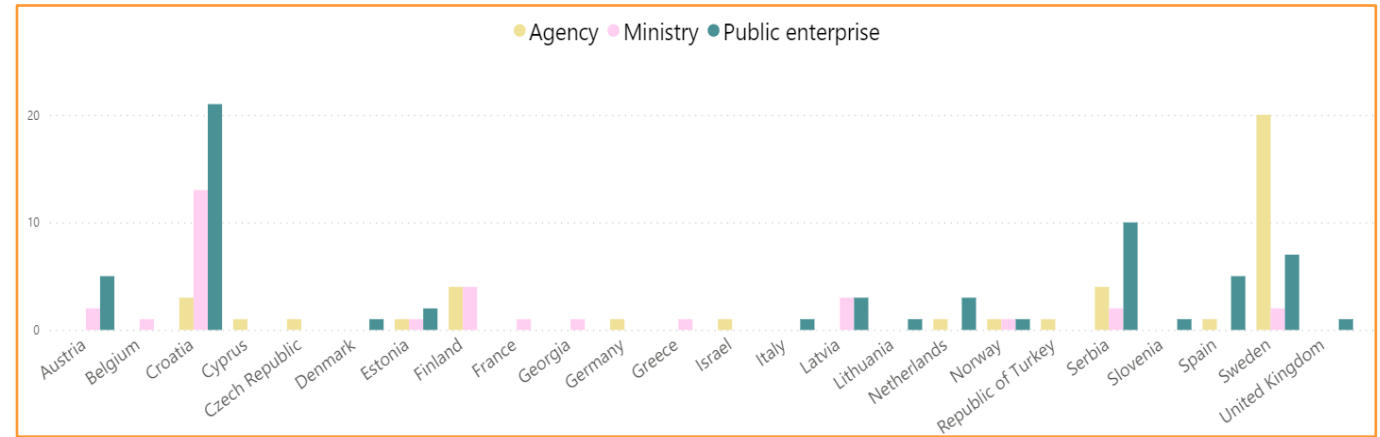
To do this, the survey has been carried out to various public entities such as agencies, public enterprises or ministries and answered by **130 participants and 24 countries.**

How many members of ECIA have participated?

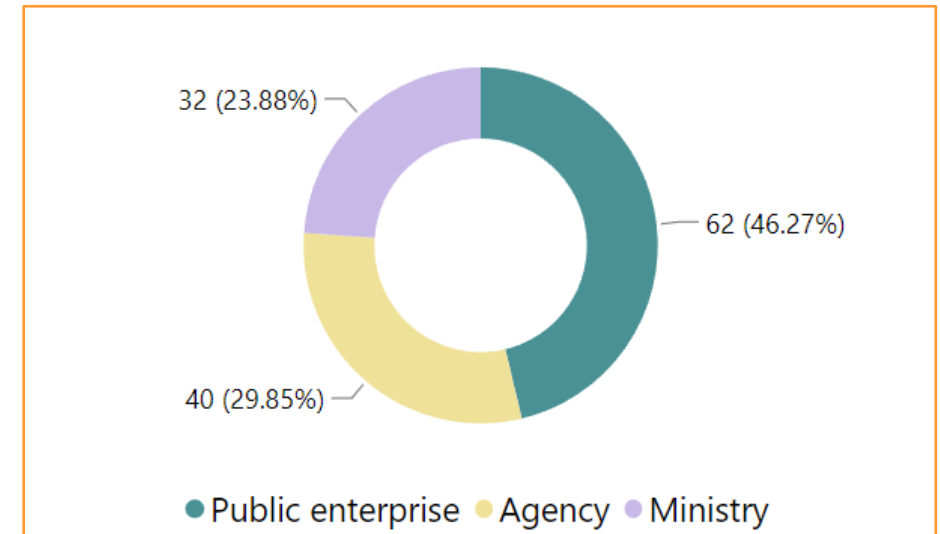
PARTICIPANTS



24 COUNTRIES HAVE PARTICIPATED

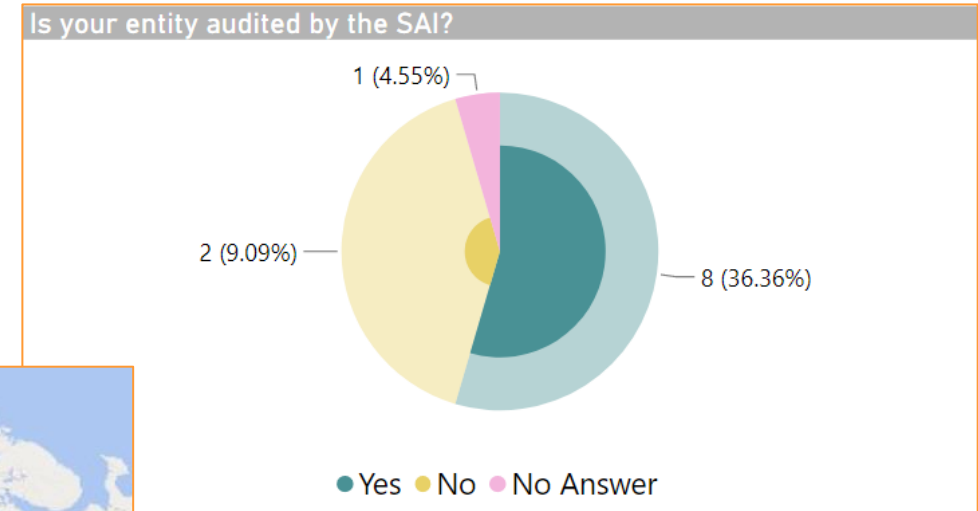
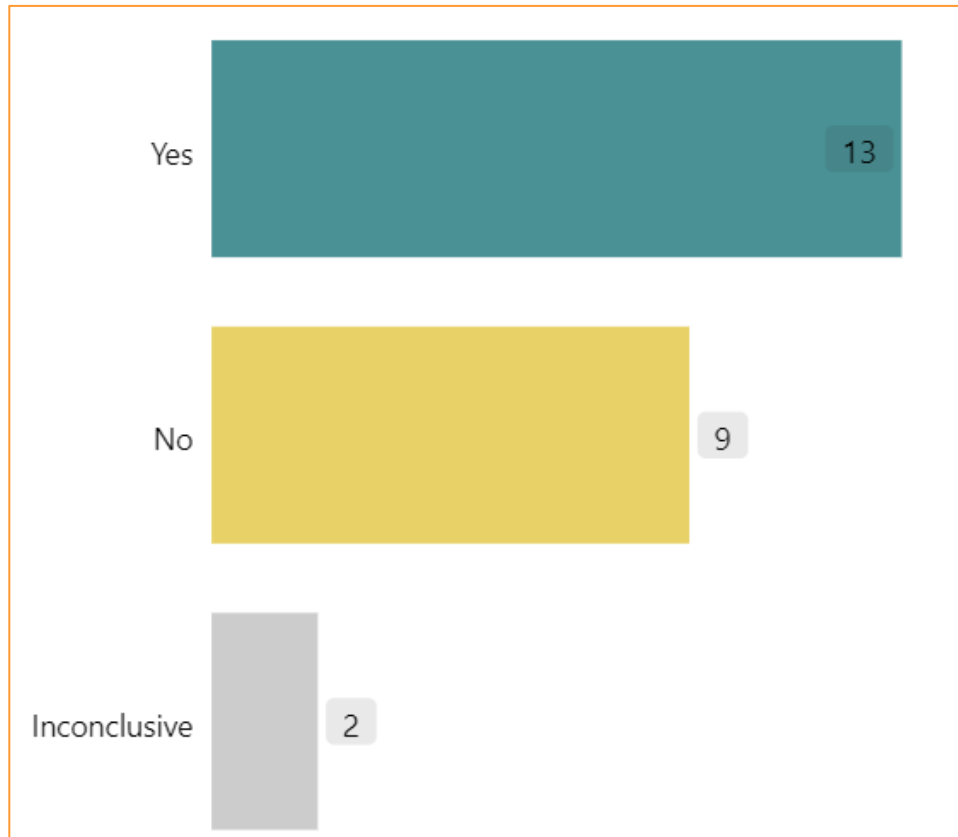


134 ANSWERS

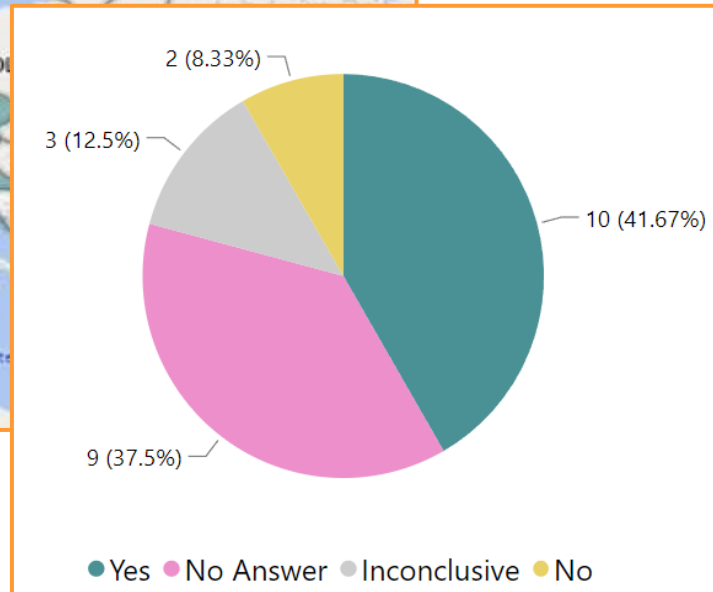
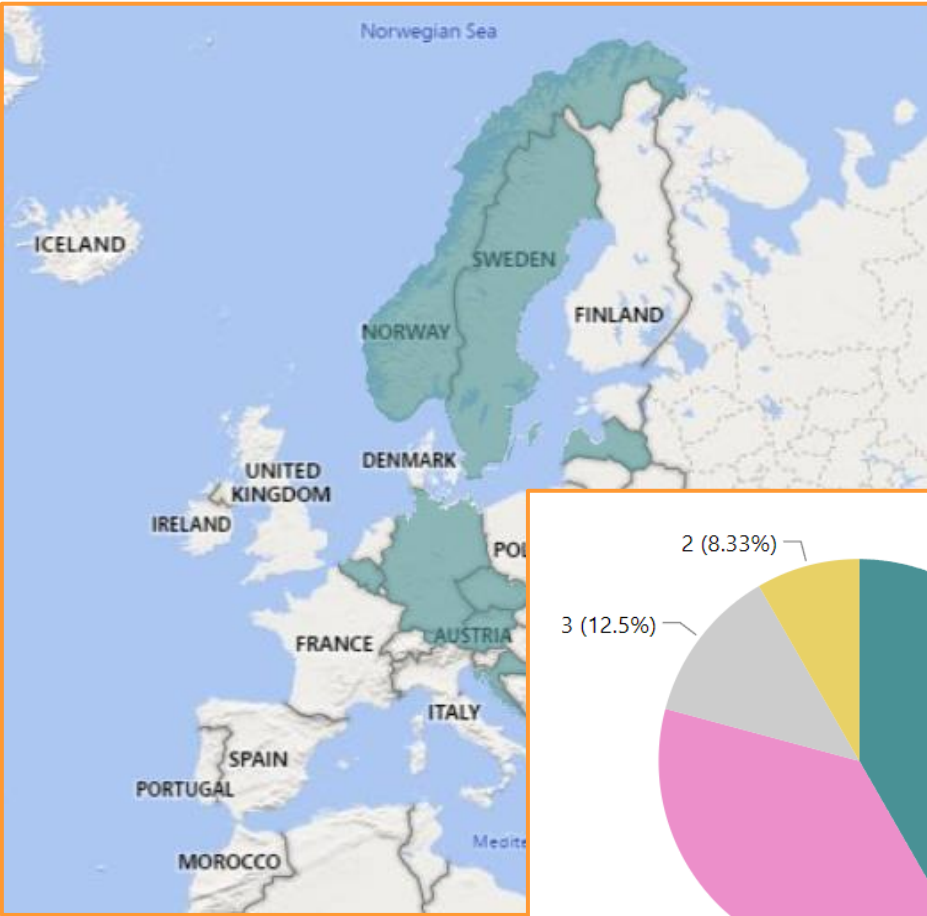


Does your entity have any contact with the national SAI?

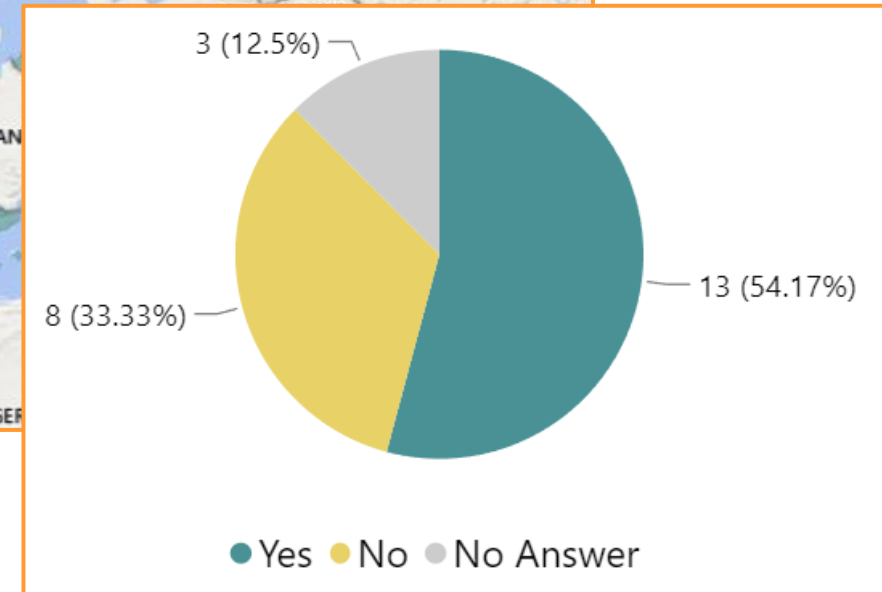
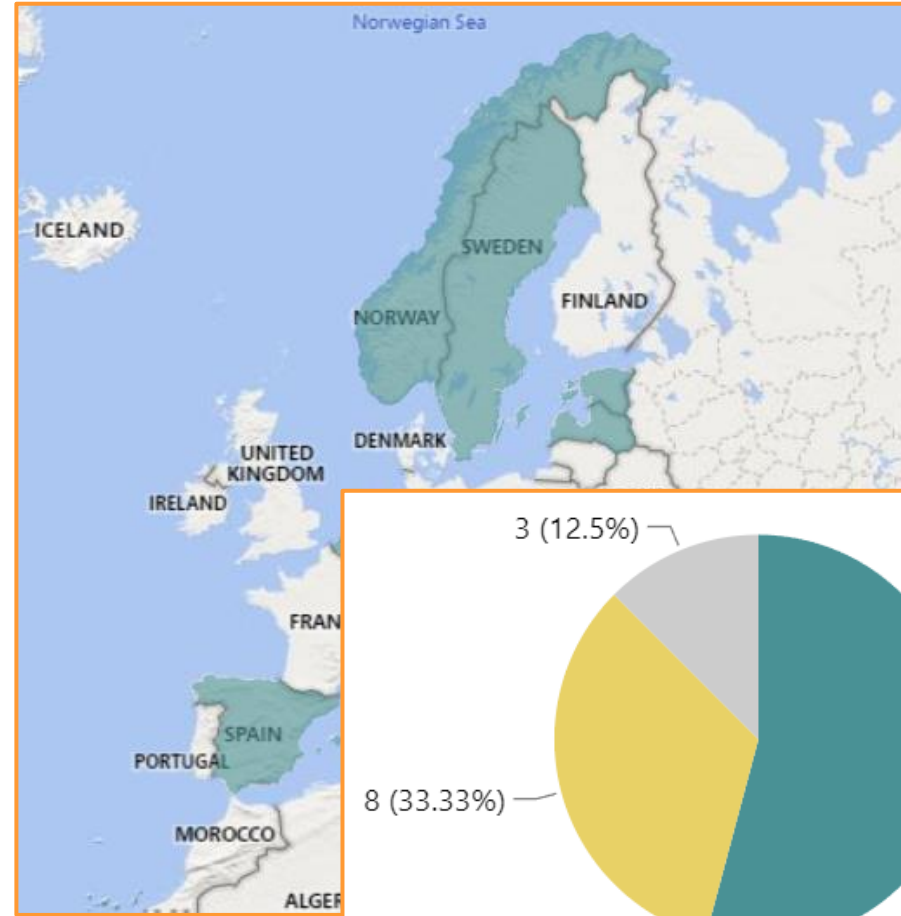
Is audited by the SAI?



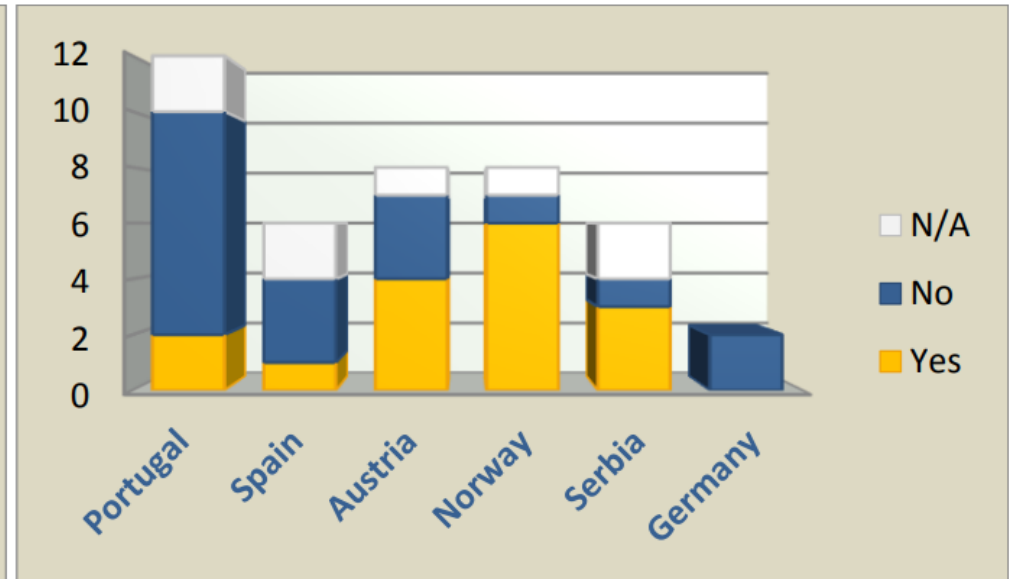
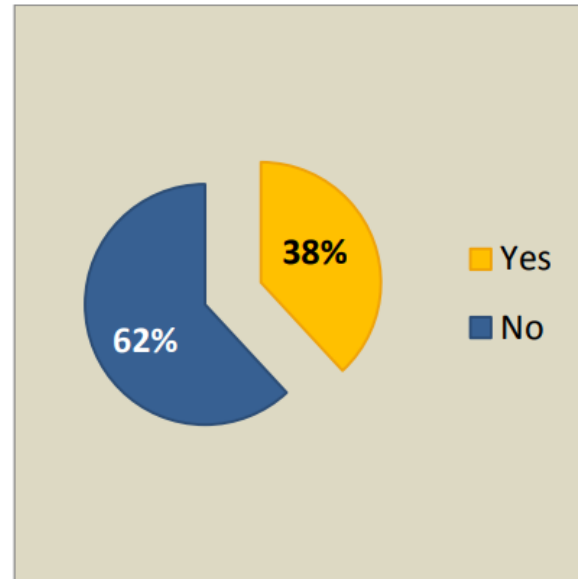
Does the SAI use the work of your internal audit department for their audits?



Does the Internal Audit department cooperate with the SAI?



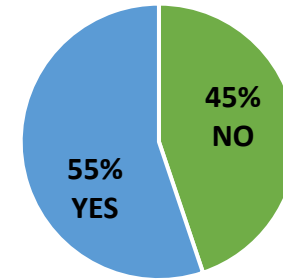
Does the SAI use the Internal Audit work? (2014)



EUROSAI SURVEY RESULTS



EUROSAI – Participation



Of 51 members
29 participated in the
survey

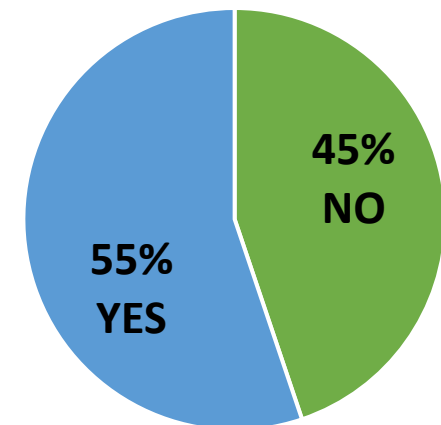
Albania, Austria, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Court of Auditors, Finland, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Ukraine, United Kingdom

What to find in the publication?

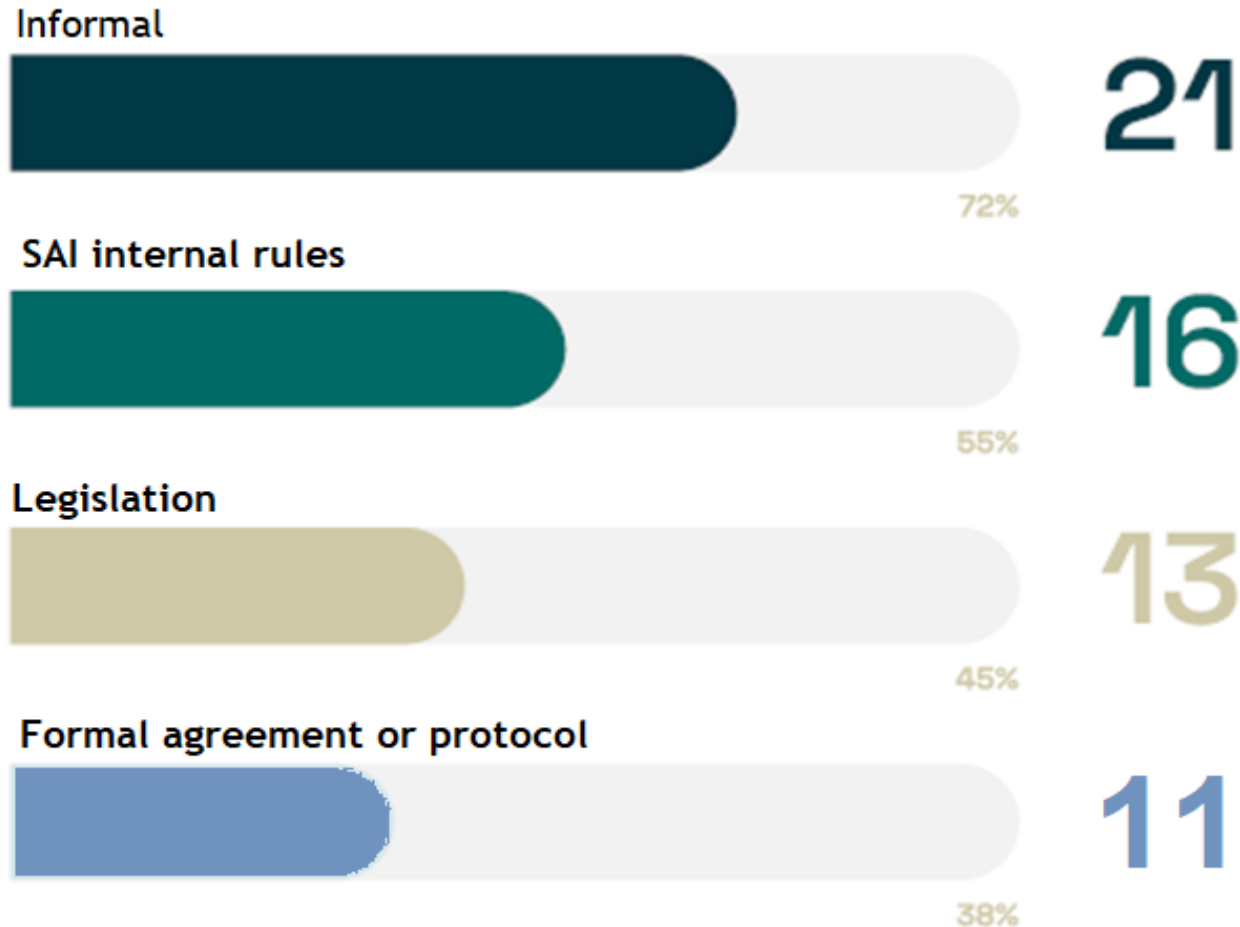
- ✓ Information on the number of SAIs that collaborate with internal auditors
- ✓ Different approaches/forms of cooperation from SAIs perspective.
- ✓ Different collaborative mechanisms developed/used by SAIs in cooperating with IAs.

Annex 1 provides examples of the approaches/mechanisms developed and used by SAIs in collaborating with internal auditors.

Publication has extracted examples from **13 of 29 survey participants**



Basis for mode of coordination and cooperation



- ✓ Diverse number of modes based upon which coordination and cooperation is agreed.
- ✓ Some SAIs use a combination of modes.
- ✓ In 2014 survey, only 8 used formal agreements or protocols.

Basis for coordination and cooperation

Does your SAI comply with ISSAI 1610/ ISA 610 using the work of internal auditors?



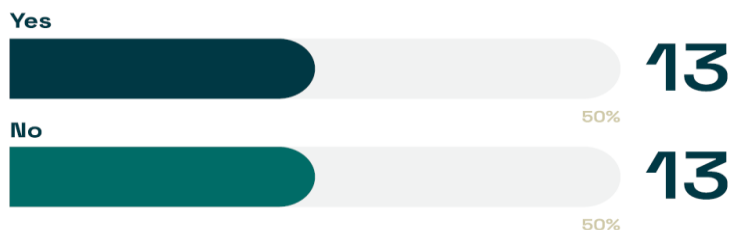
SAMPLE SIZE: 27

Are there any national auditing standards regarding coordination and cooperation?



SAMPLE SIZE: 26

Are there any explicit SAI internal rules (auditing manuals, standards, guidance, procedures, checklists, etc.) regarding coordination and cooperation?



SAMPLE SIZE: 26

- ✓ SAIs are established by law and thus possess legal mandates and autonomous authority and ensure independence and objectivity.
- ✓ SAIs should align with international standards and procedures issued by International Organisation of Supreme Audit Institutions (INTOSAI).

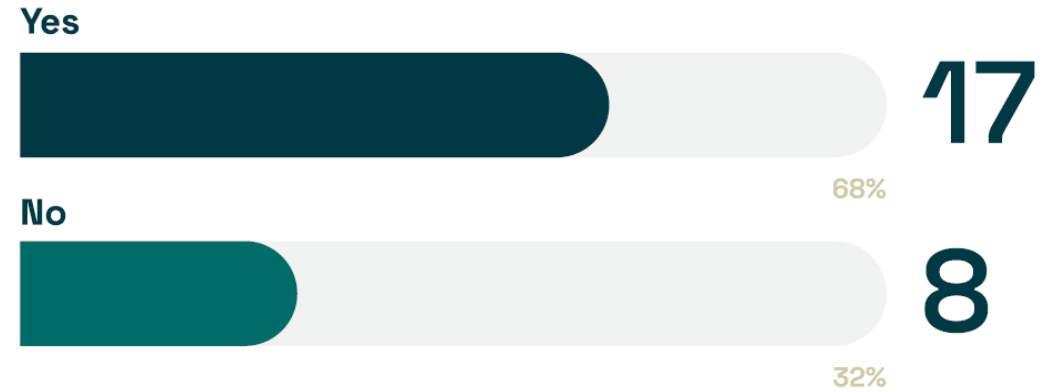
Areas of coordination and cooperation

Evaluating the audit entity's: Internal Control framework



SAMPLE SIZE: 27

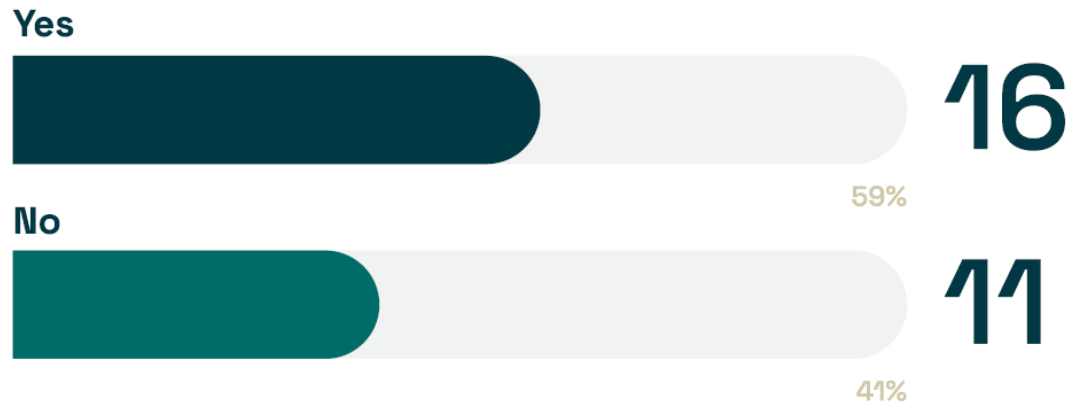
Evaluating the audit entity's: Public Governance



SAMPLE SIZE: 25

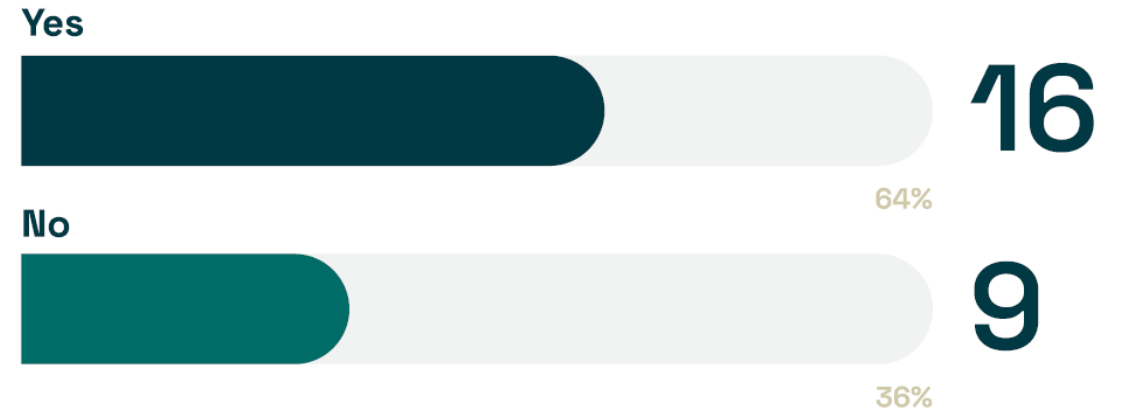
Areas of coordination and cooperation

Evaluating the audit entity's: Financial statements' Compliance with Laws and Regulations



SAMPLE SIZE: 27

Evaluating the audit entity's: Risk management



SAMPLE SIZE: 25

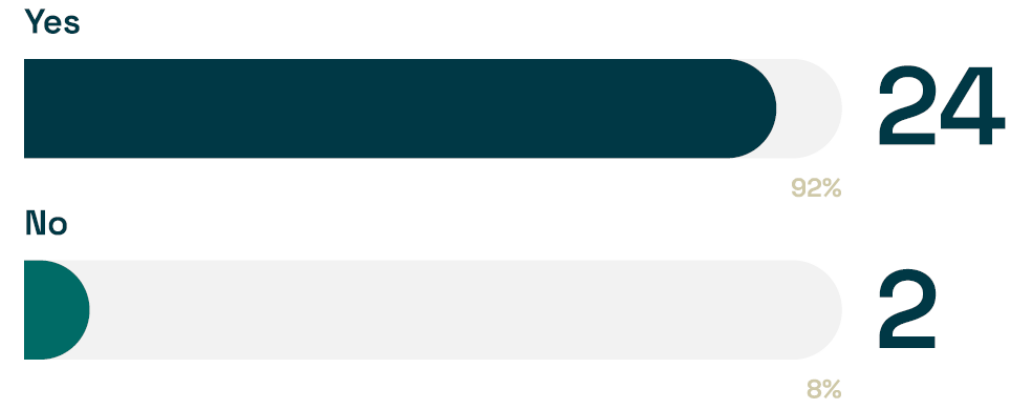
Cooperation is beneficial

Does coordination or cooperation (formal or informal) between your SAI and Internal Auditors exist?



SAMPLE SIZE: 29

Has your SAI experienced benefits from coordination and cooperation?



SAMPLE SIZE: 26

A very large majority of responding SAIs, i.e. 26 of 29 SAIs which noted that they cooperate with internal auditors, also noted that they have experienced benefits from this interaction.

How is it beneficial?

INTOSAI P-12 «Value and benefits of Supreme Audit Institutions»

“Principle 6: Communicating effectively with stakeholders; and

Principle 8: Capacity building through promoting learning and knowledge sharing.”

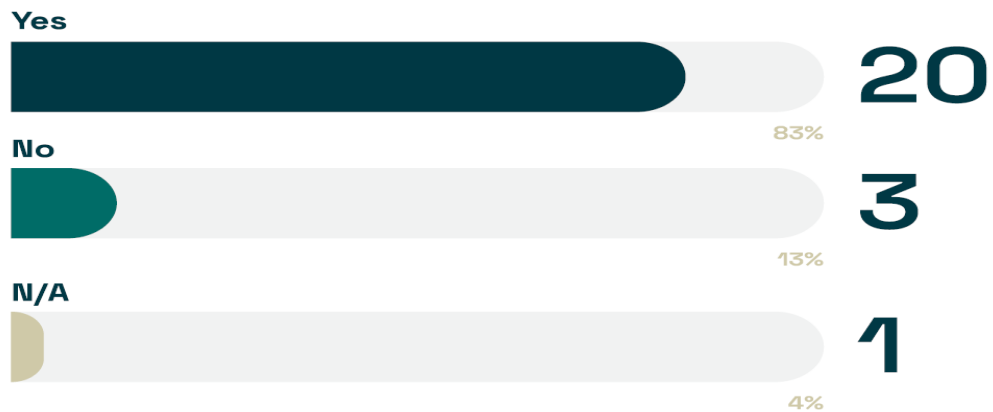
How is it beneficial? (examples)

Strengthening their mutual ability to promote good governance and accountability practices, and enhancing management understanding of the importance of internal control



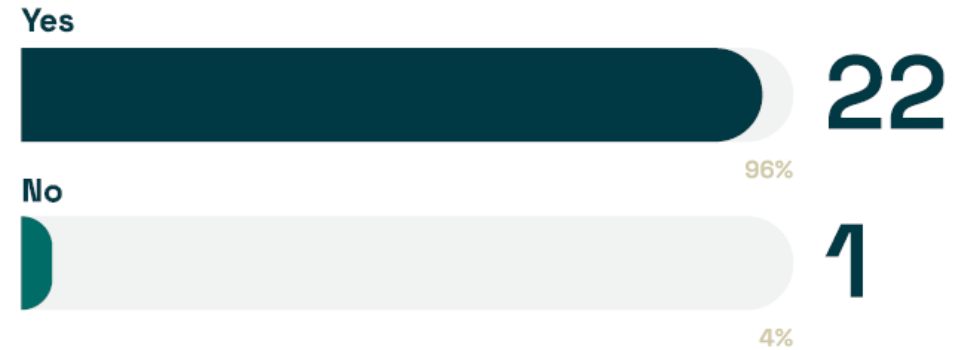
SAMPLE SIZE: 23

Reducing the likelihood of unnecessary duplication of audit work (economy)



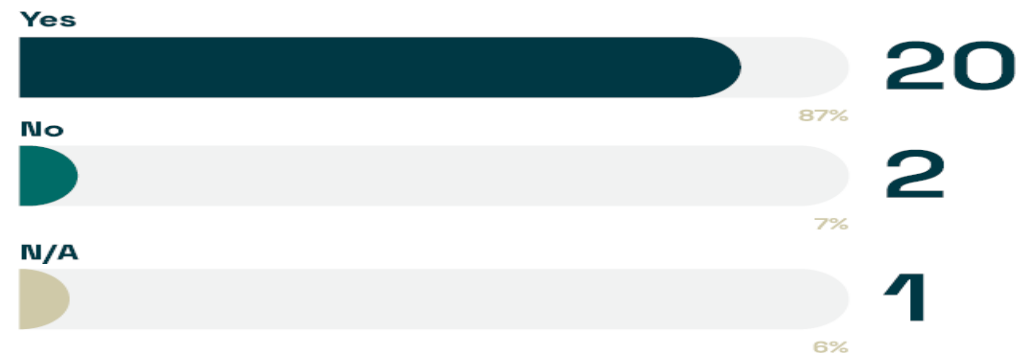
SAMPLE SIZE: 24

An exchange of ideas and knowledge



SAMPLE SIZE: 23

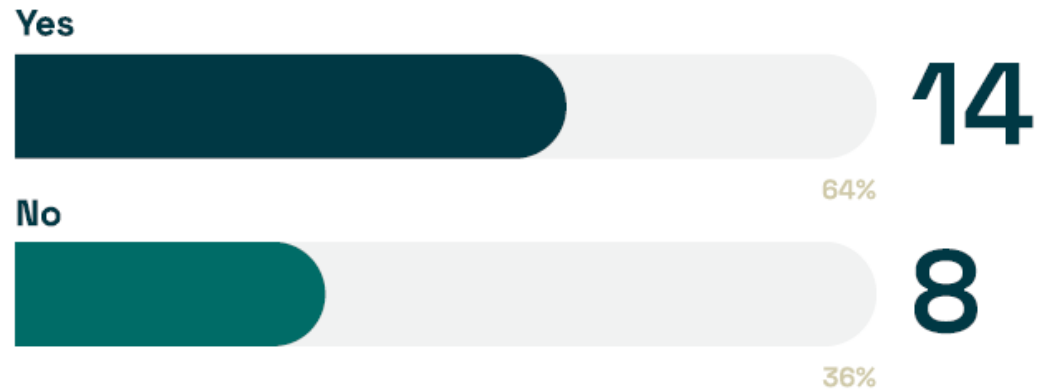
More effective audits based on: Better understanding by both parties of the results arising from each other's work which may have an impact on their respective future work plans and programmes



SAMPLE SIZE: 23

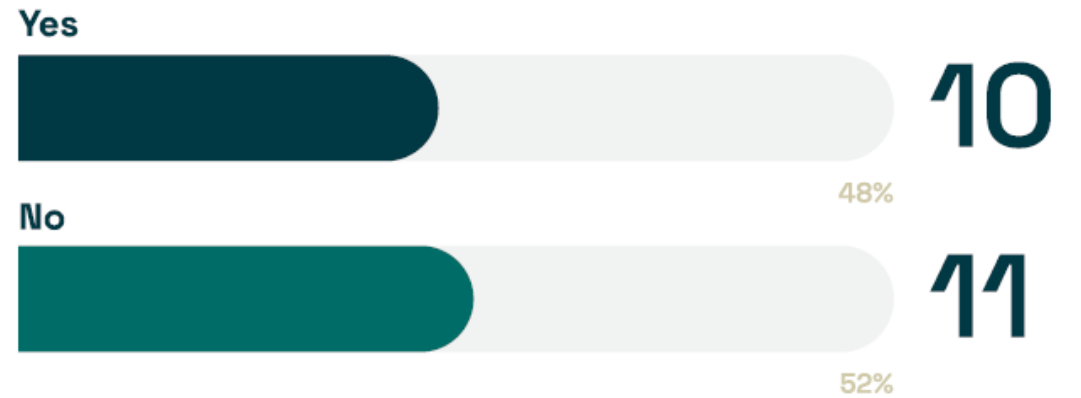
Potential risks

Possible difference of conclusions or opinions on the subject matter



SAMPLE SIZE: 22

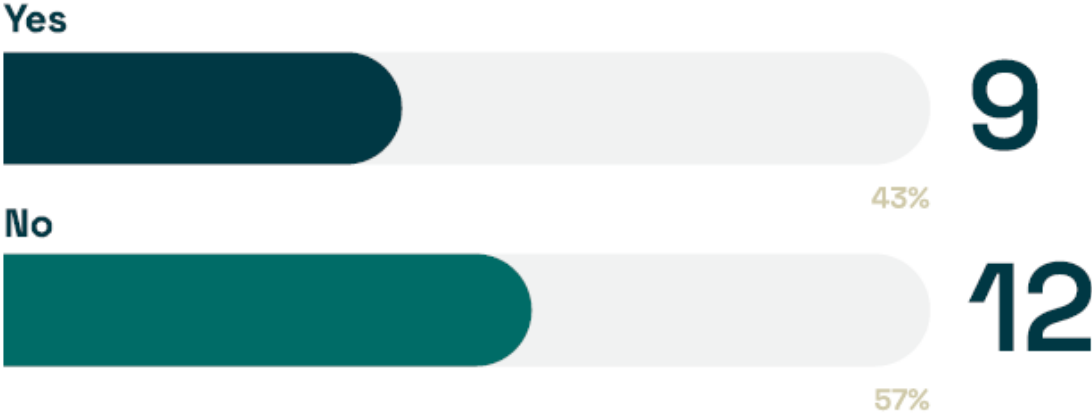
Any compromise of confidentiality, independence, and objectivity



SAMPLE SIZE: 21

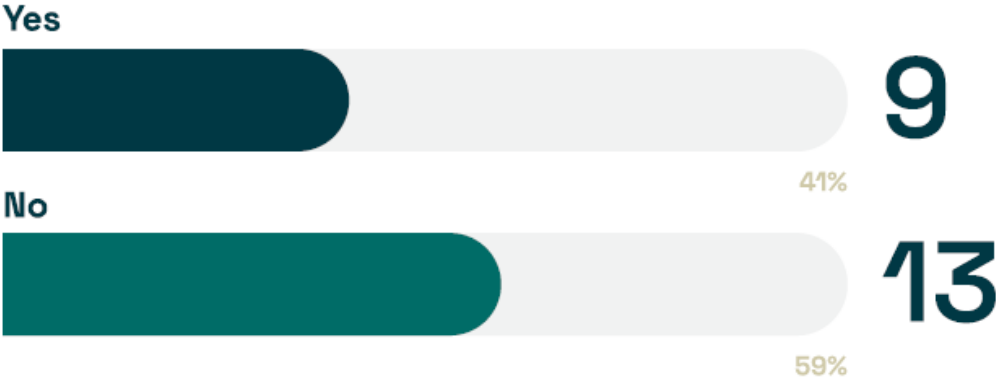
Potential risks

Possible conflicts of interest



SAMPLE SIZE: 21

Use of different professional standards relating to independence or audit



SAMPLE SIZE: 22

Conclusions

- ✓ As shown in the publication, there are different perceptions on whether we use IA work.
 - Are there different approaches depending on the audits? On the type of SAI?

- ✓ There is a large variety of modes of collaboration – even combinations of formal and informal.
 - What are the considerations in terms of the formalisation of cooperation between EA and IA?

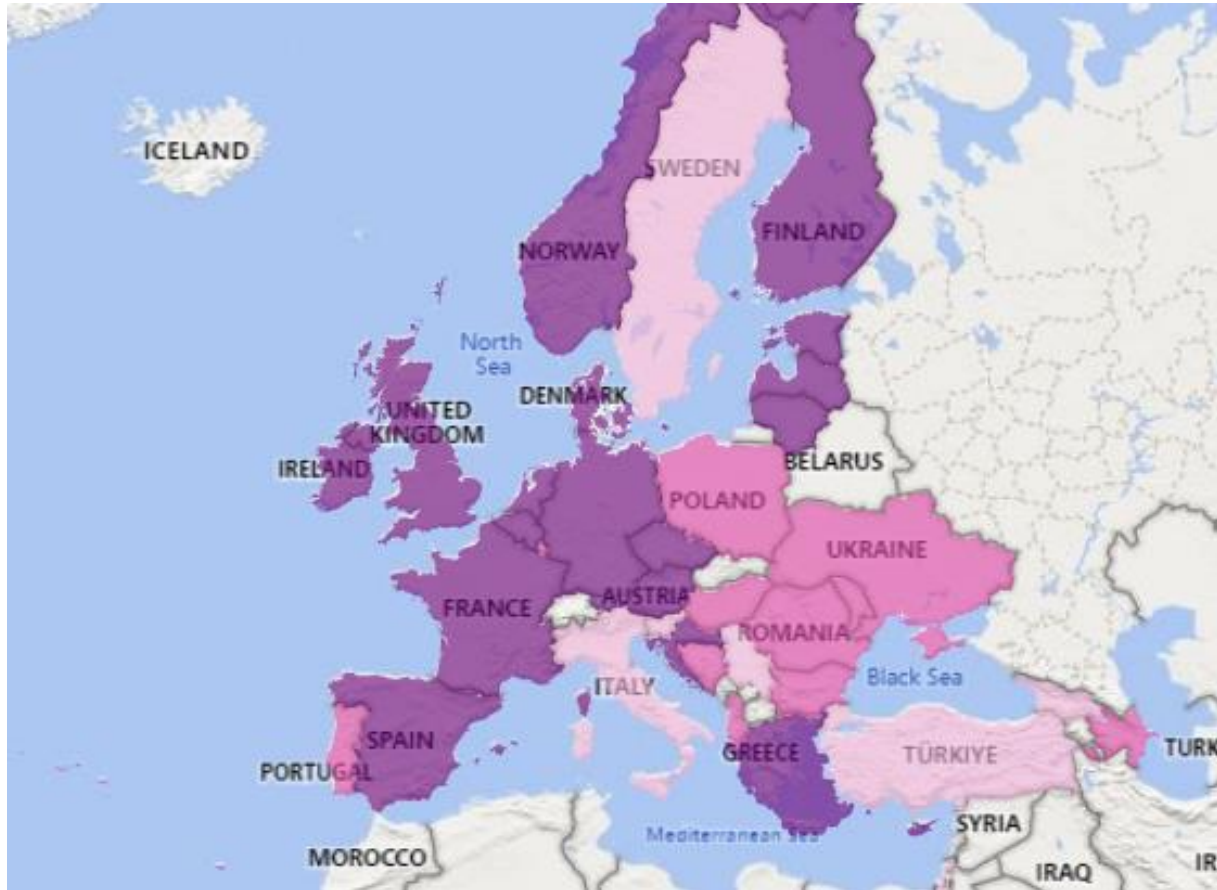
- ✓ SAIs shared many examples and each is very different based on country context in terms of legislation, established practises, stakeholder engagement approaches.



COMPARISON



ECIIA/EUROSAI Survey



Participation ● Both ● ECIIA ● EUROSAI

ECIIA/EUROSAI

Participants in both surveys:

Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Spain, United Kingdom

Questions

ECIIA.

- **Contacts with the national Supreme Audit Institution (SAI).
Legal regulation of these contacts.**
- **Auditing by the SAI. Coordination.**
- **Use of the work of internal audit department by the SAI.**
- **Cooperation with the SAI. Kind of cooperation.**
- **Good practices. Benefits and obstacles of cooperation.**



EUROSAI.

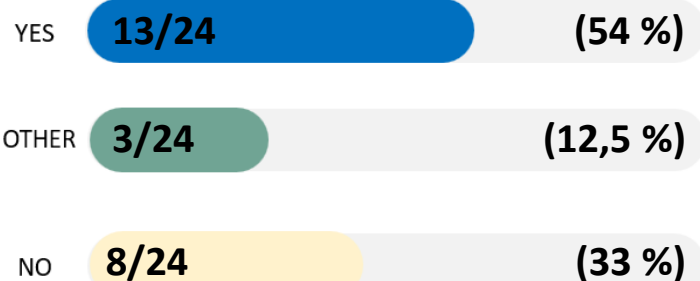
- **Existence of public sector Internal Audit (IA).**
- **Modes of coordination and cooperation between SAI and IA.**
- **Benefits and risks of coordination and cooperation between SAI and IA.**
- **Good practices in coordination and cooperation between SAIs and IA.**



Coordination and cooperation (formal or informal) between SAI and internal auditors

ECIIA

Does the Internal Audit department cooperate with the SAI?



EUROSAI

Does coordination or cooperation (formal or informal) between your SAI and internal auditors exist?




Coordination and cooperation between SAI and internal auditors. Use the work of IA.

ECIIA

Does the SAI use the work of Internal Auditors?

SAI uses the work of internal auditors

10/24 (42%)

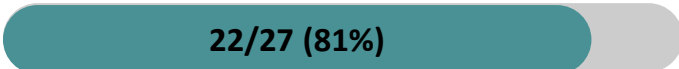


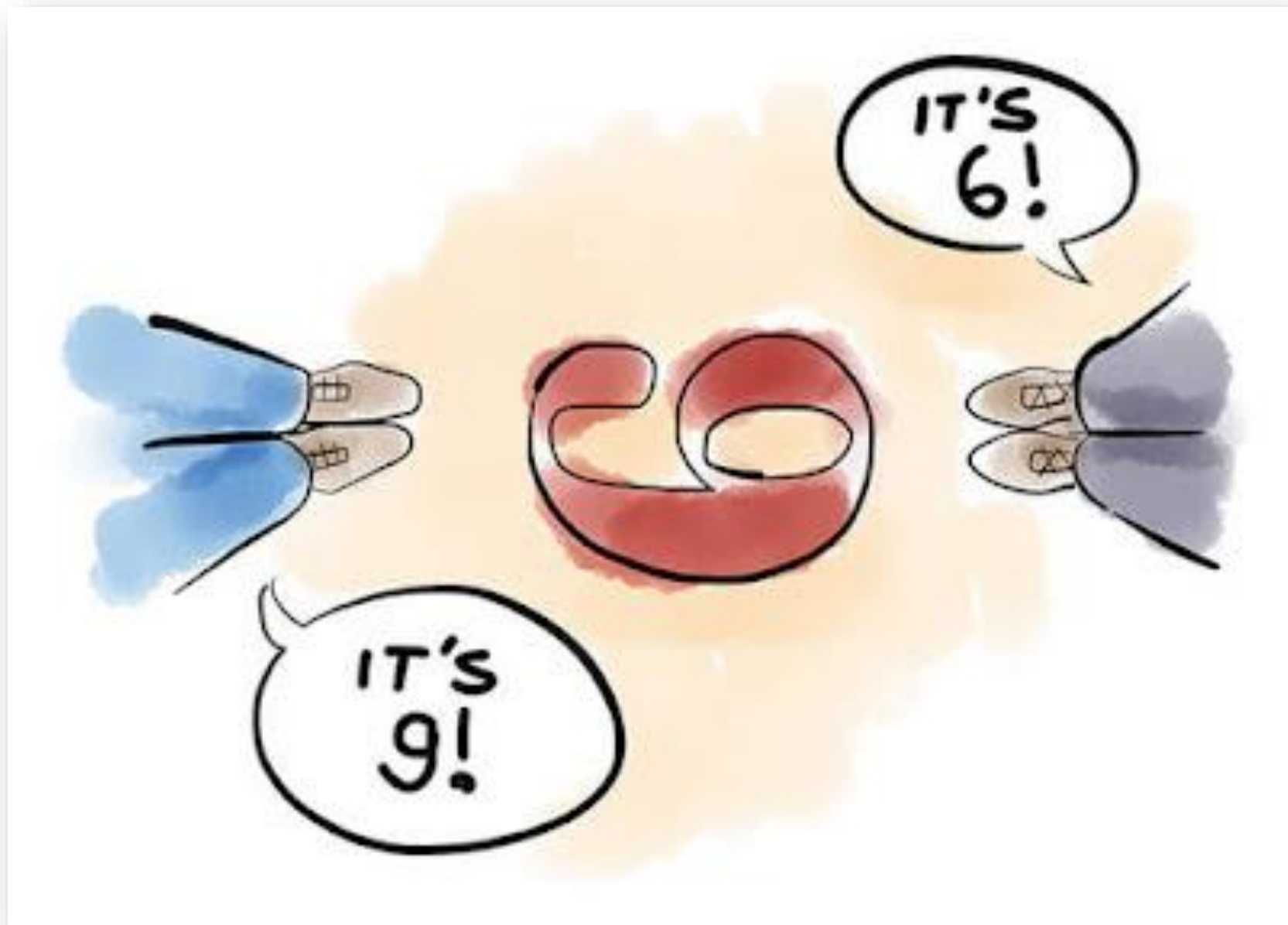
EUROSAI

Does the SAI use the work of Internal Auditors?

SAI comply with ISA 610 uses the work of internal auditors

22/27 (81%)





BENEFITS
MODES OF COOPERATION
RISKS



BENEFITS



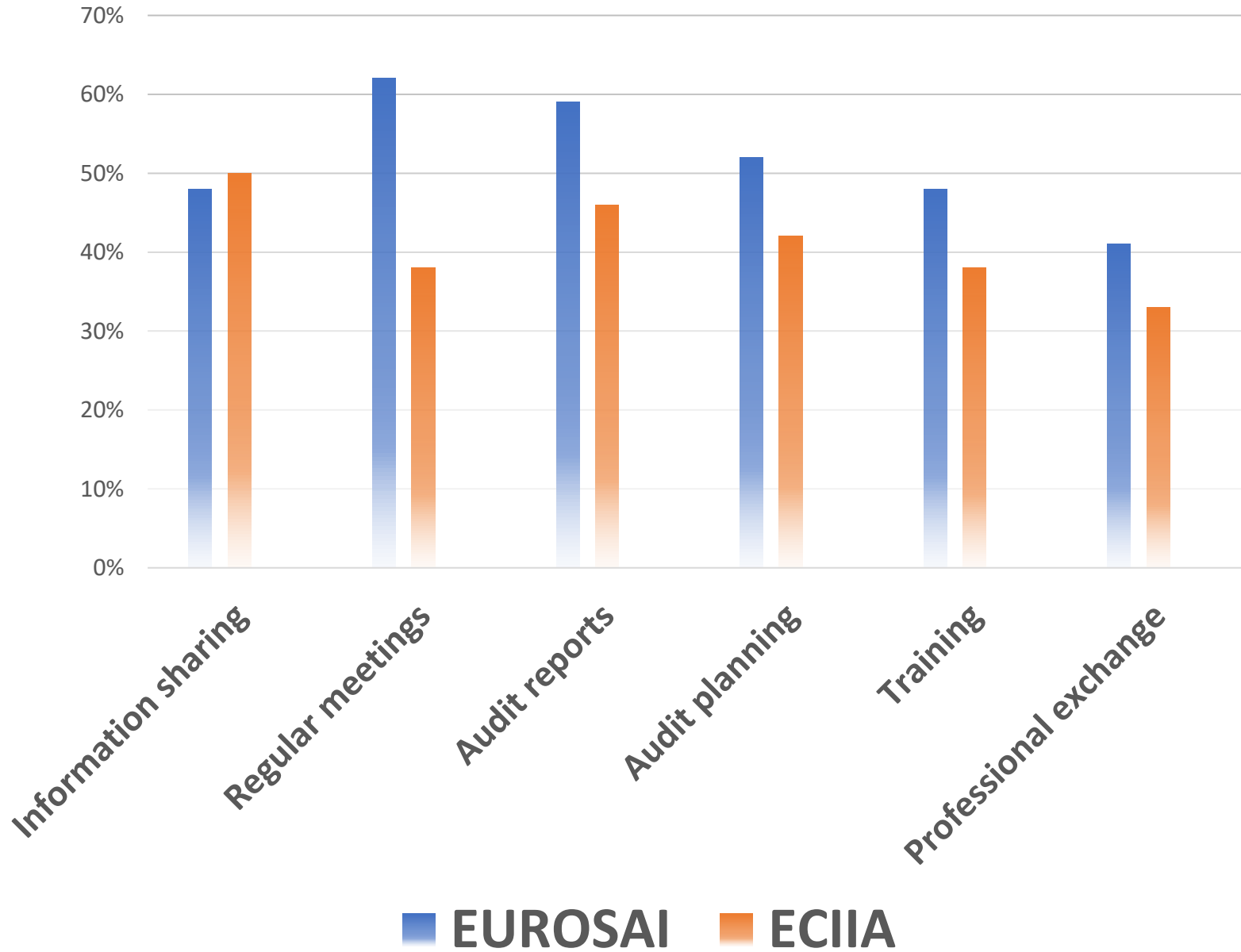
- ✓ **Improve efficiency and avoid unnecessary duplication. Synergies.**

- ✓ Avoiding double checks.

- ✓ Reducing the likelihood of unnecessary duplication of audit work.

- ✓ **Know each other better.**

- ✓ Exchanging ideas, knowledge, and experiences.



Modes for coordination and cooperation between SAI and IA



RISKS

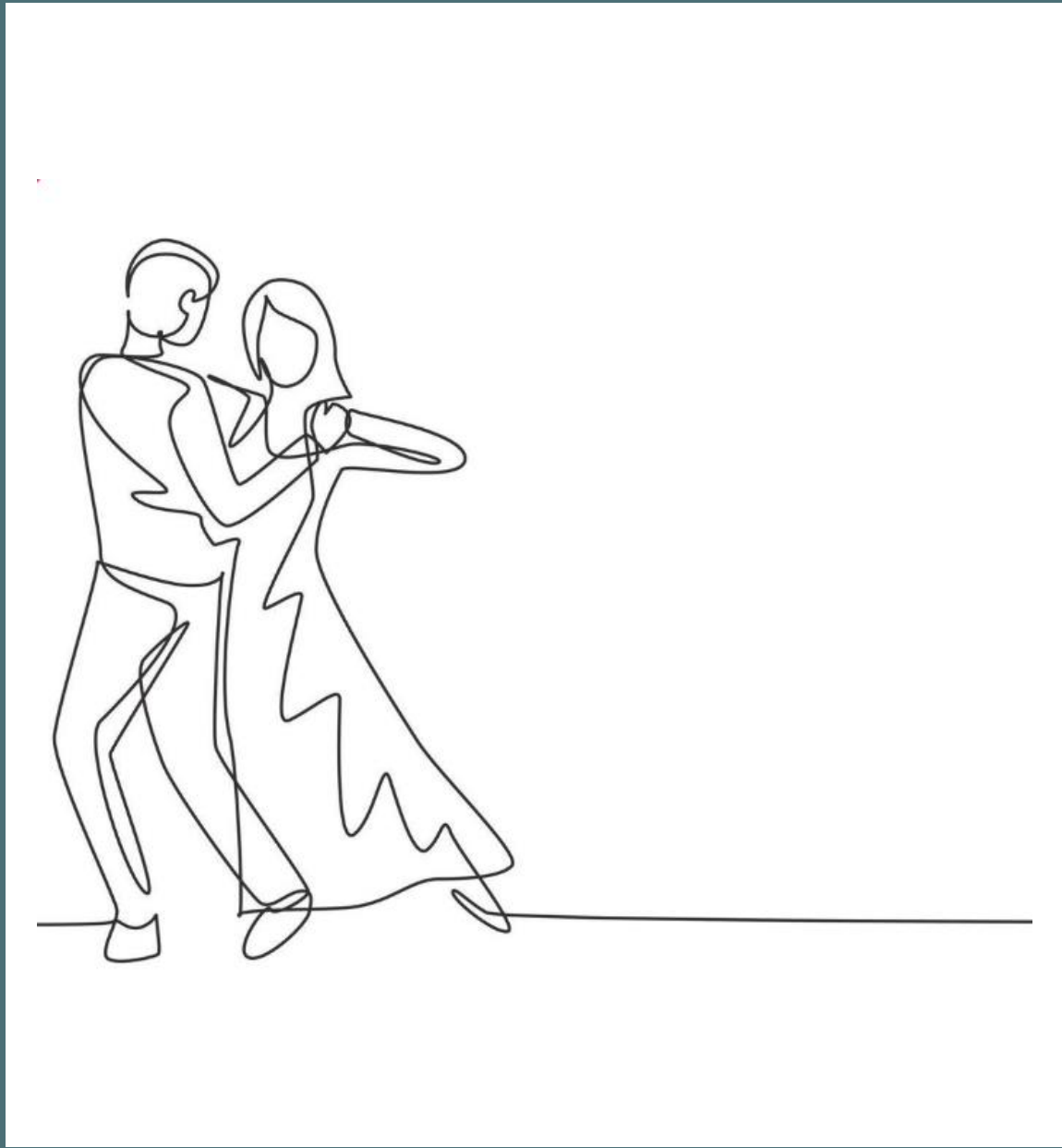
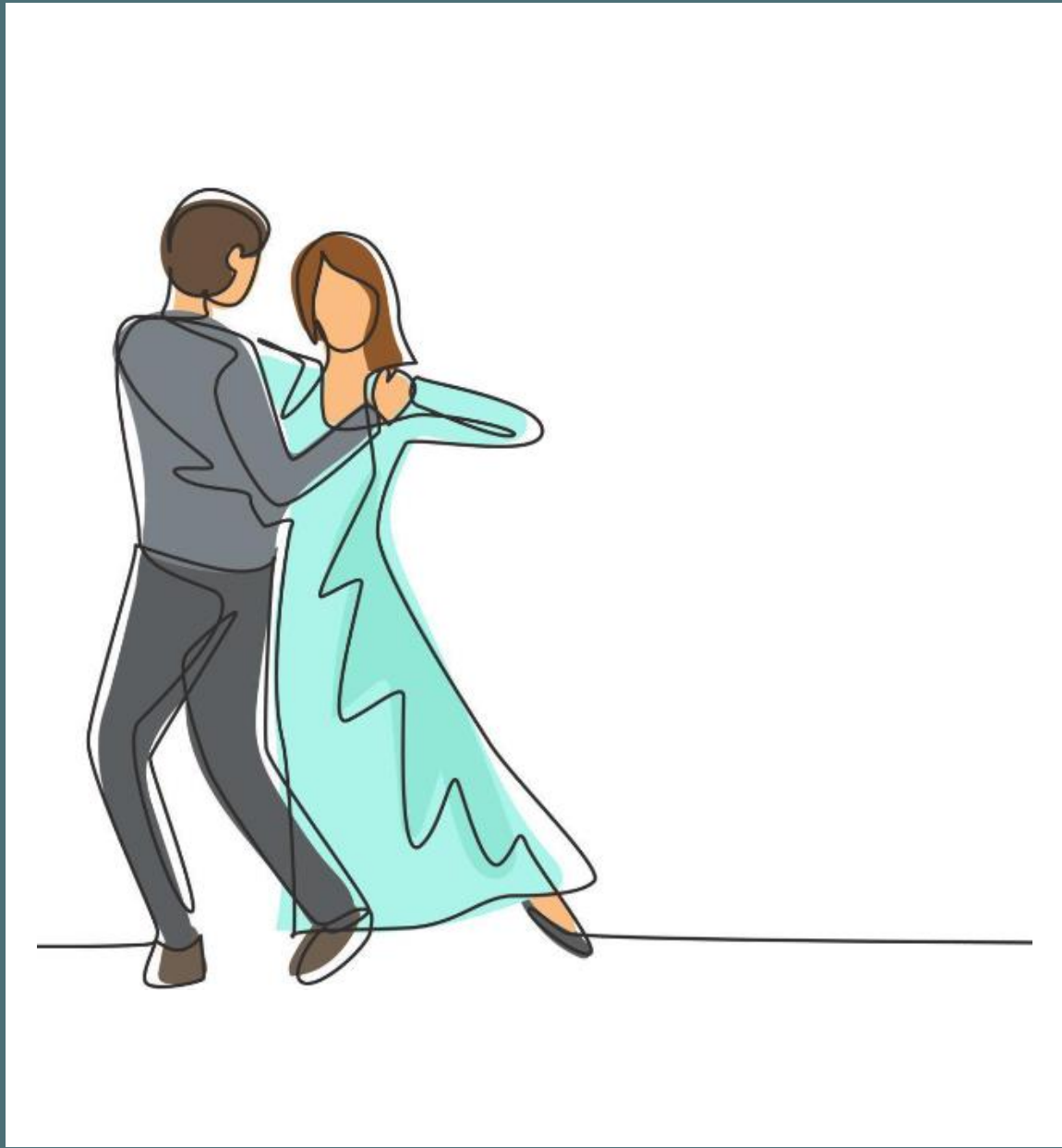


Potential risks

- ✓ Misinterpretation of conclusions when using each other's work.
- ✓ Use of different professional standards IIPF ISSAIs.

Manage the risks

- ✓ Cooperation and good communication during audit.
- ✓ Meetings and discussions, in order to avoid misinterpretation of conclusions.
- ✓ Common documents or focus in the Public Sector.



PANNEL DISCUSSION



LUNCH

**NEXT SESSION
STARTS AT 13:45**



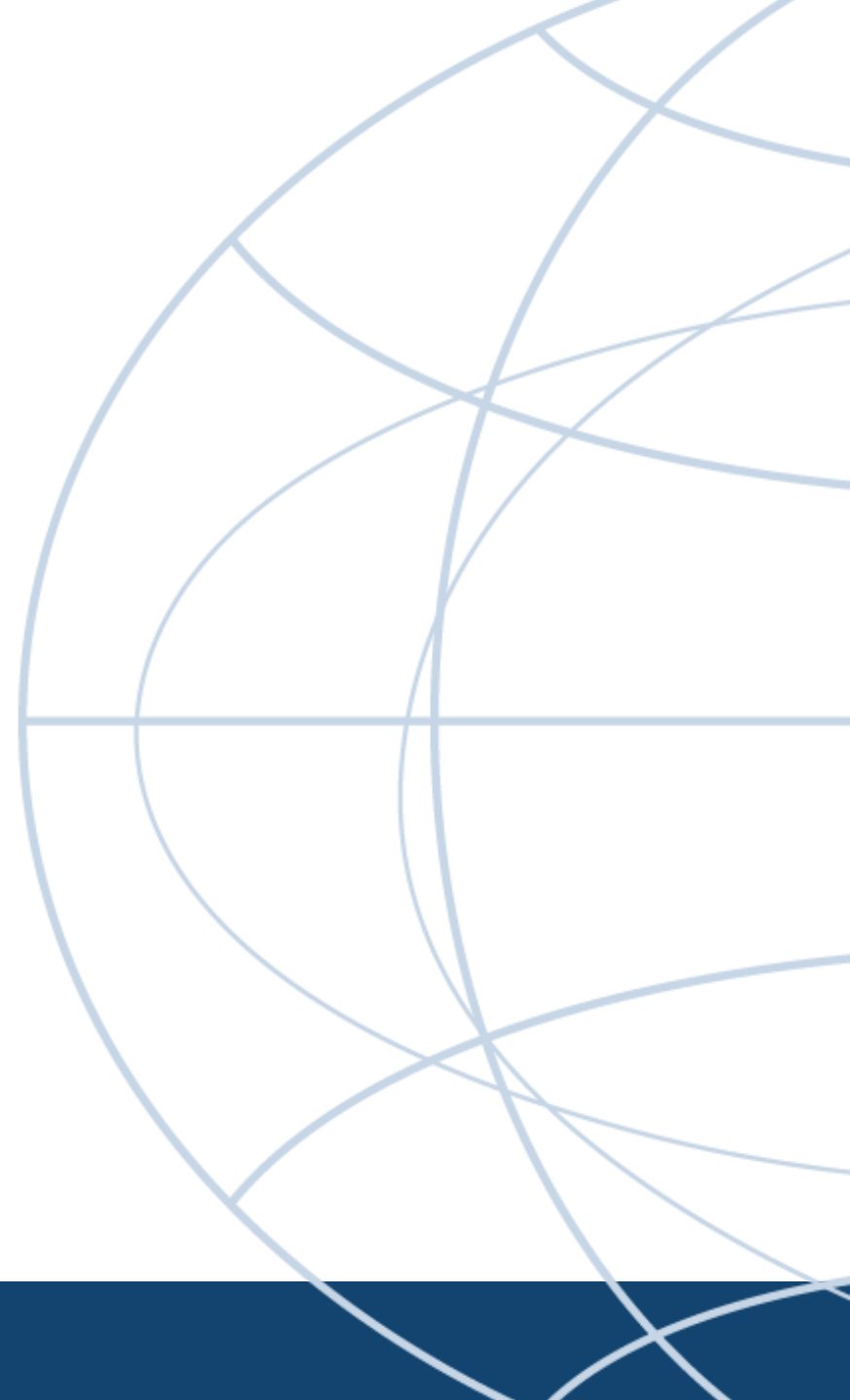
PUBLIC SECTOR AUDIT GLOBAL PERSPECTIVE

**ARIANE HOLEZEK
INTOSAI GENERAL SECRETARIAT
AUSTRIAN COURT OF AUDIT**

Global Perspective

Topics

1. INTOSAI overview
2. INTOSAI activities (IFPP, ICS, Standards Internal Control)
3. SAI Independence (Documents, Global Stocktacking)
4. Other global players (OECD, GAO COSO,...)



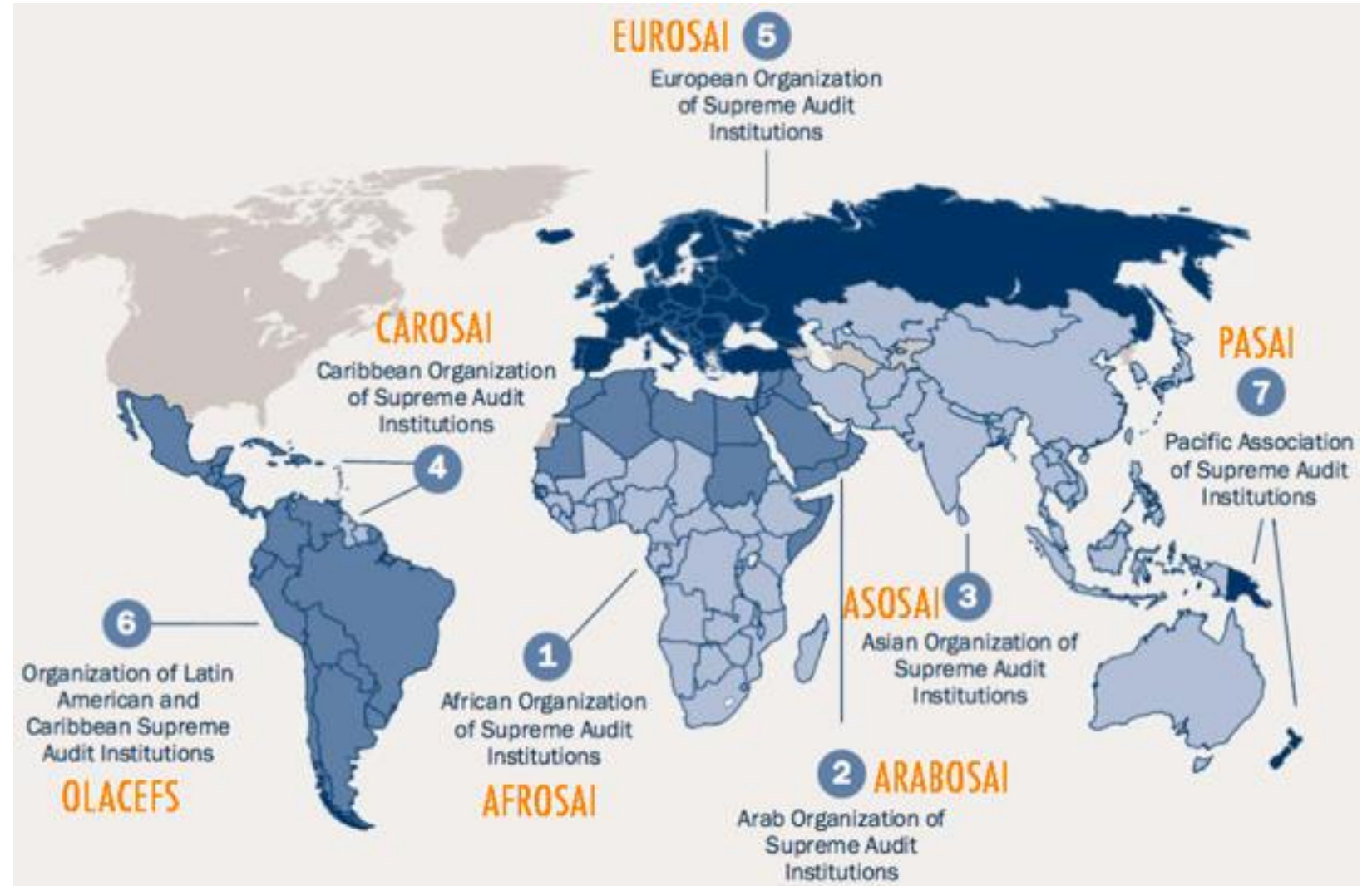
1. INTOSAI Overview

- www.intosai.org
- Founded in 1953
- Umbrella organization for the external audit community



1.1 INTOSAI Regions

7 Regional Organizations



1.2 INTOSAI Principles

- **Autonomous,**
- **independent,**
- **professional and**
- **non-political organization**

**Close Cooperation with United Nations:
Special Consultative Status with UN ECOSOC since 1998**

Objective:

Promote strong individual SAIs through mutual exchange of experiences and knowledge as well as standard setting

International Cooperation with World Bank, OECD, IFAC, IIA, International Donor Community

1.3 INTOSAI Members

**Full Members:
195 SAIs**

All members are equal

**Each Full Member has a
vote in INTOSAI Congress**

**ASSOCIATE MEMBERS: 5
(WB, IIA, AISCCUF, CPLP,
UEMOA)**

**Right to participate in
all INTOSAI activities**

No vote

**AFFILIATE MEMBERS:
2 (Guam, Northern
Mariana Islands)**

**Overseas territories with
certain independence**

**“Mother” SAI member of
INTOSAI must consent**

Decision of INTOSAI membership falls in competence of Governing Board

1.4 INTOSAI Organs

INCOSAI

Governing Board

**General
Secretariat**

Goal Committees

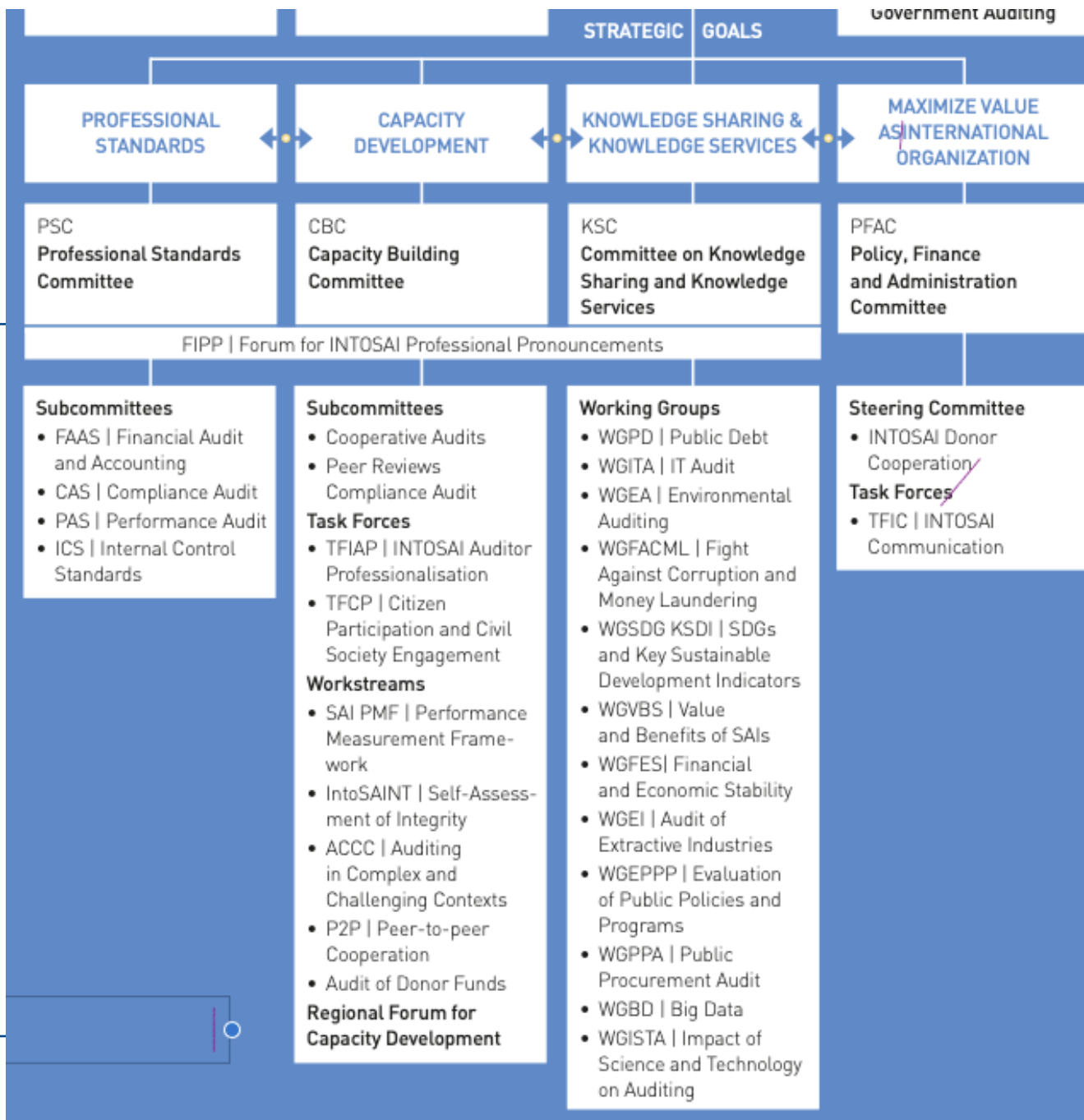
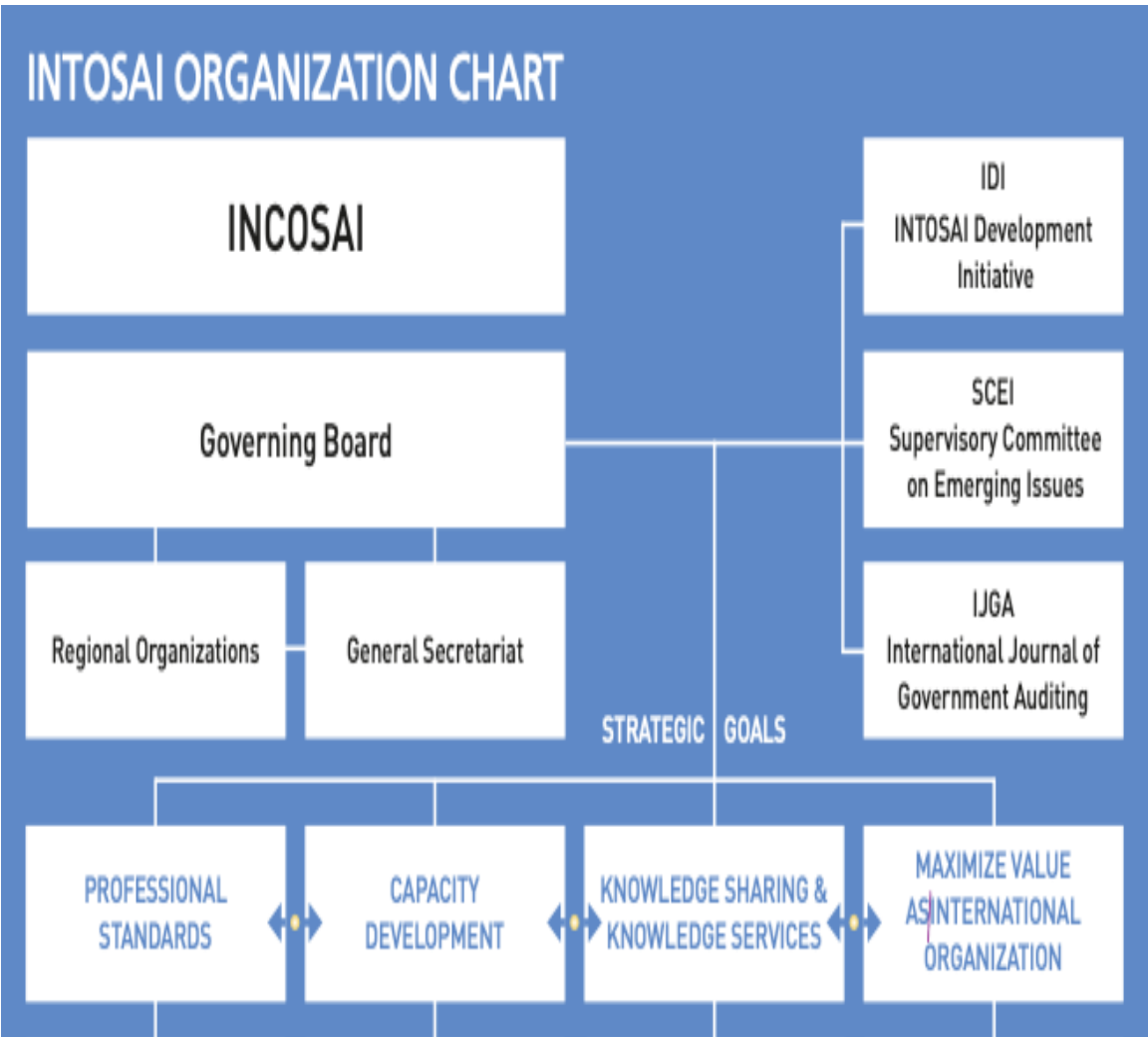
**Supervisory
Committee on
Emerging Issues**

**International
Journal of
Government
Auditing
(separate legal
entity)**

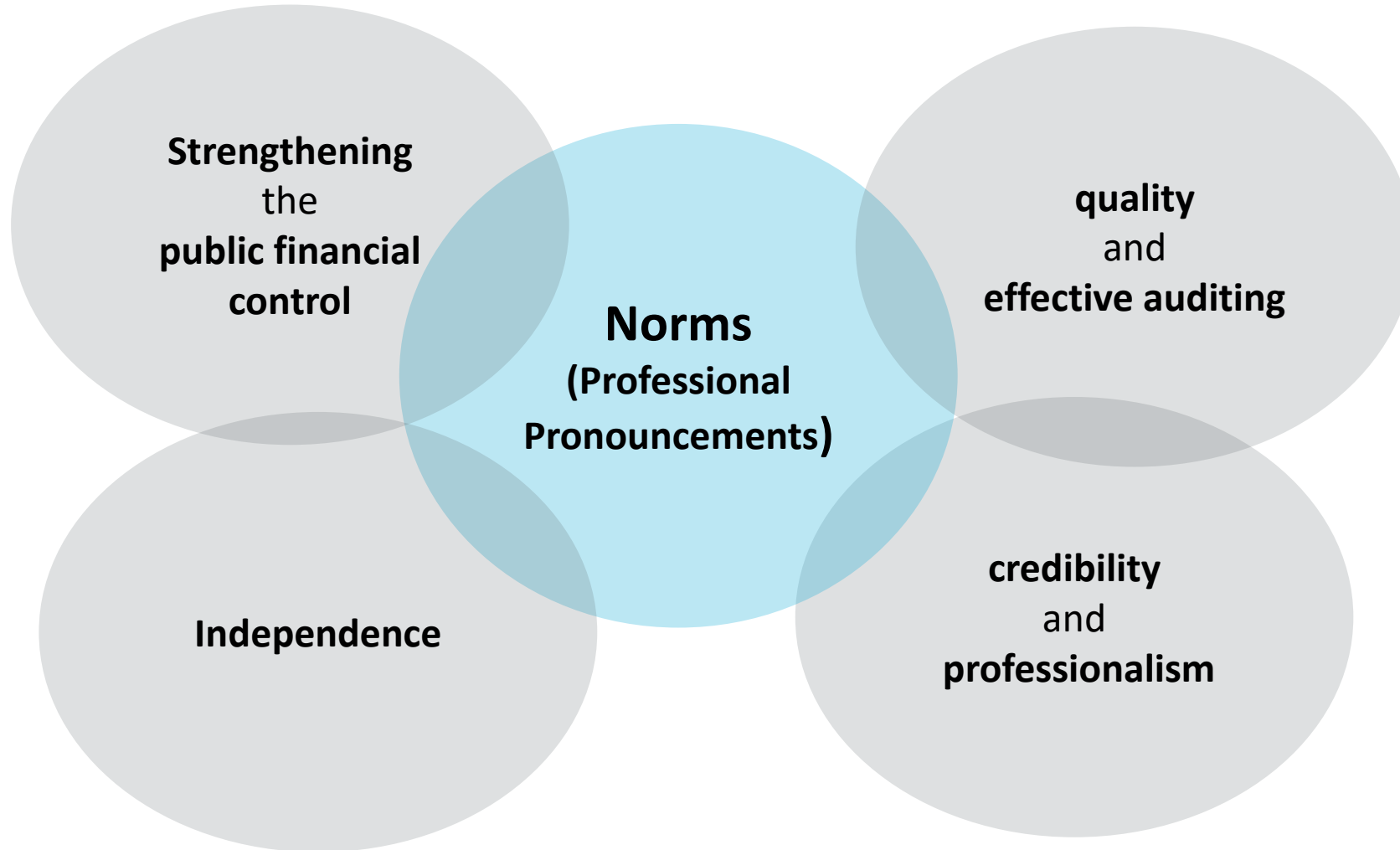
**INTOSAI
Development
Initiative
(separate legal
entity)**

**INTOSAI
7 Regional
Organizations
(related entities)**

1.5 INTOSAI Structure



2. INTOSAI Framework of Professional Pronouncements (IFPP)



2.1 INTOSAI Framework of Professional Pronouncements

- **Principles**

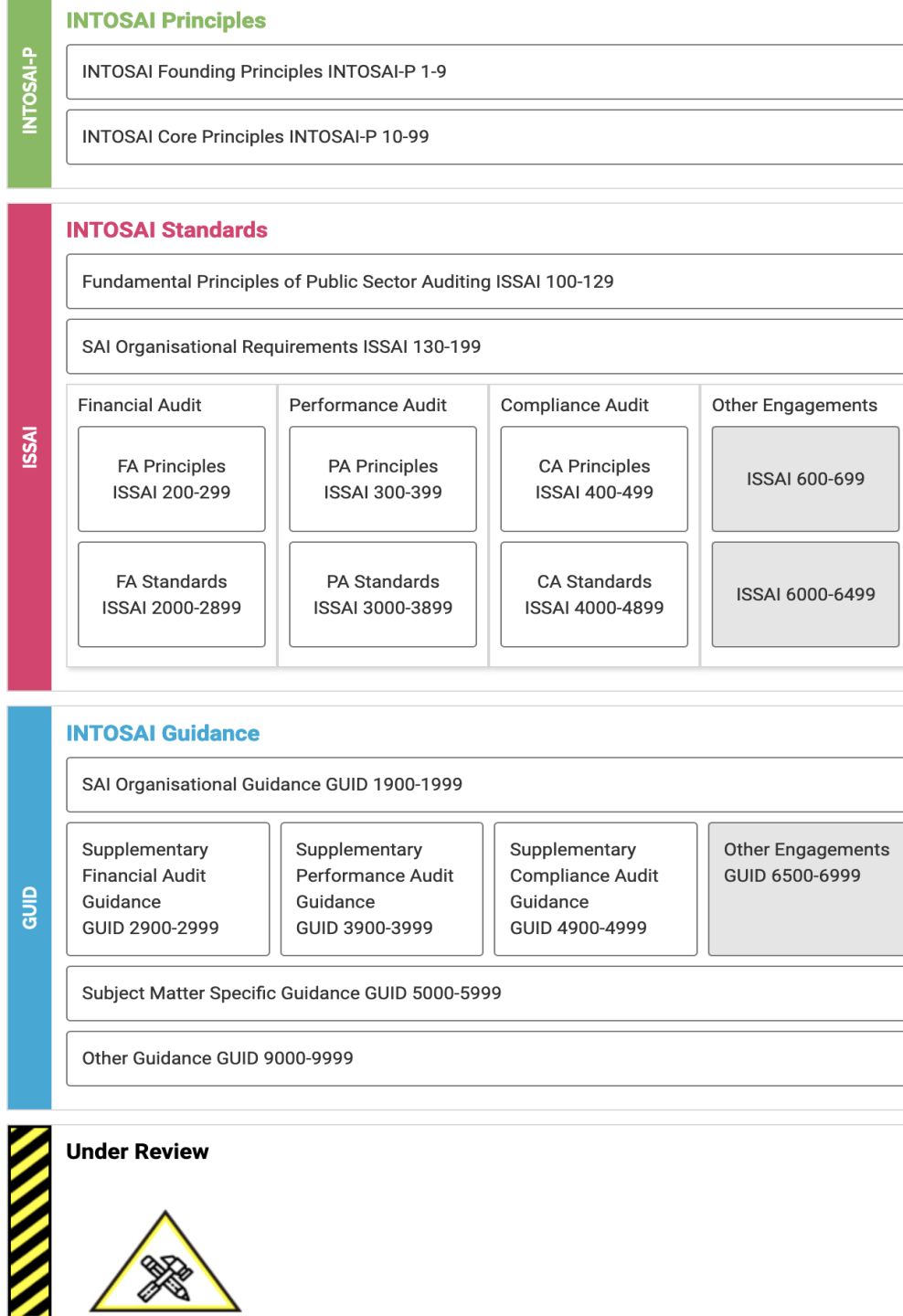
INTOSAI–Ps

- **Standards**

ISSAIs


- **Guidance**

GUIDs – apply ISSAIs in practice



Tasks and Products

- **Guidelines on Auditing IC**
 - Understand Internal Control and controls
 - Identify them in audit context
 - Use them in audits
- **Draft Guidance on Cooperation with Internal Auditors**
 - Compendium of mutual understanding, possible benefits of cooperation
 - Open for comments until 7 October 2023
 - https://ics-intosai.nik.gov.pl/GuidanceOnIA/guid_ICs-CooperationIA_index_en.html



DRAFT
Guidance on
Cooperation with
Internal Auditors

INTOSAI
International
Organization of
Supreme Audit
Institutions
Guidance 2023-01

INTRODUCTION
UNDERSTANDING
Definitions of internal audit
Three Lines Model
INTERNAL CONTROL AND GOOD GOVERNANCE
ASSURANCE, ADVICE AND INSIGHT
AUDIT UNIVERSE
ROLES AND ACCOUNTABILITY
NEIGHBOURING FUNCTIONS
Public sector perspective
FOCUS ON PUBLIC INTEREST
LEGAL OBLIGATIONS
How internal audit differs from external audit
INTOSAI's interest in internal audit
COOPERATION
Preconditions
Benefits of cooperation
Risks of cooperation
LEVELS OF COLLABORATION
- Using IA Work - Looking for reliance - Full review
Areas of cooperation

2.3 Existing INTOSAI Internal Control Standards

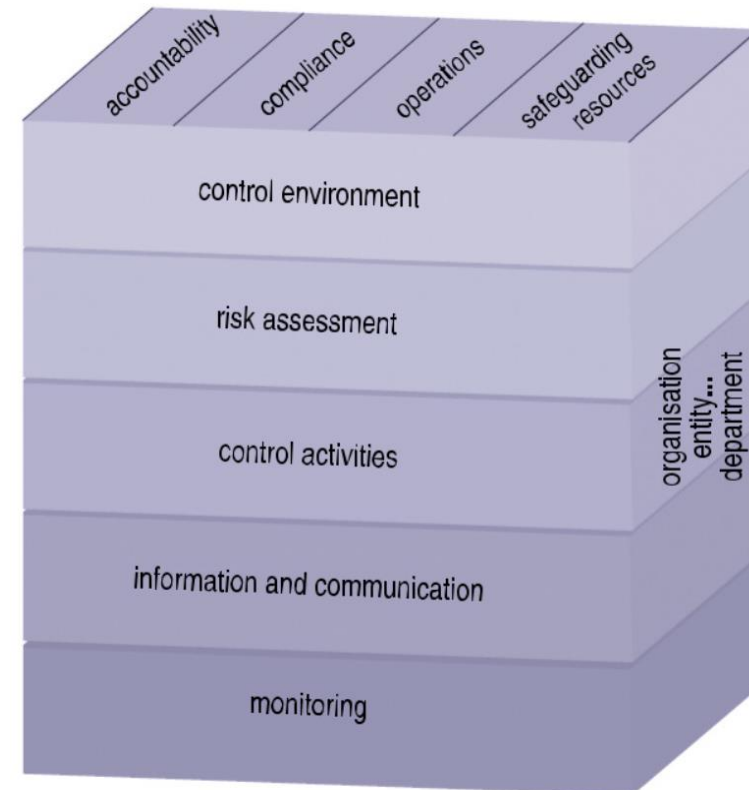
The International Standards of Supreme Audit Institutions, ISSAI, are issued by the International Organization of Supreme Audit Institutions, INTOSAI. For more information visit www.issai.org

INTOSAI

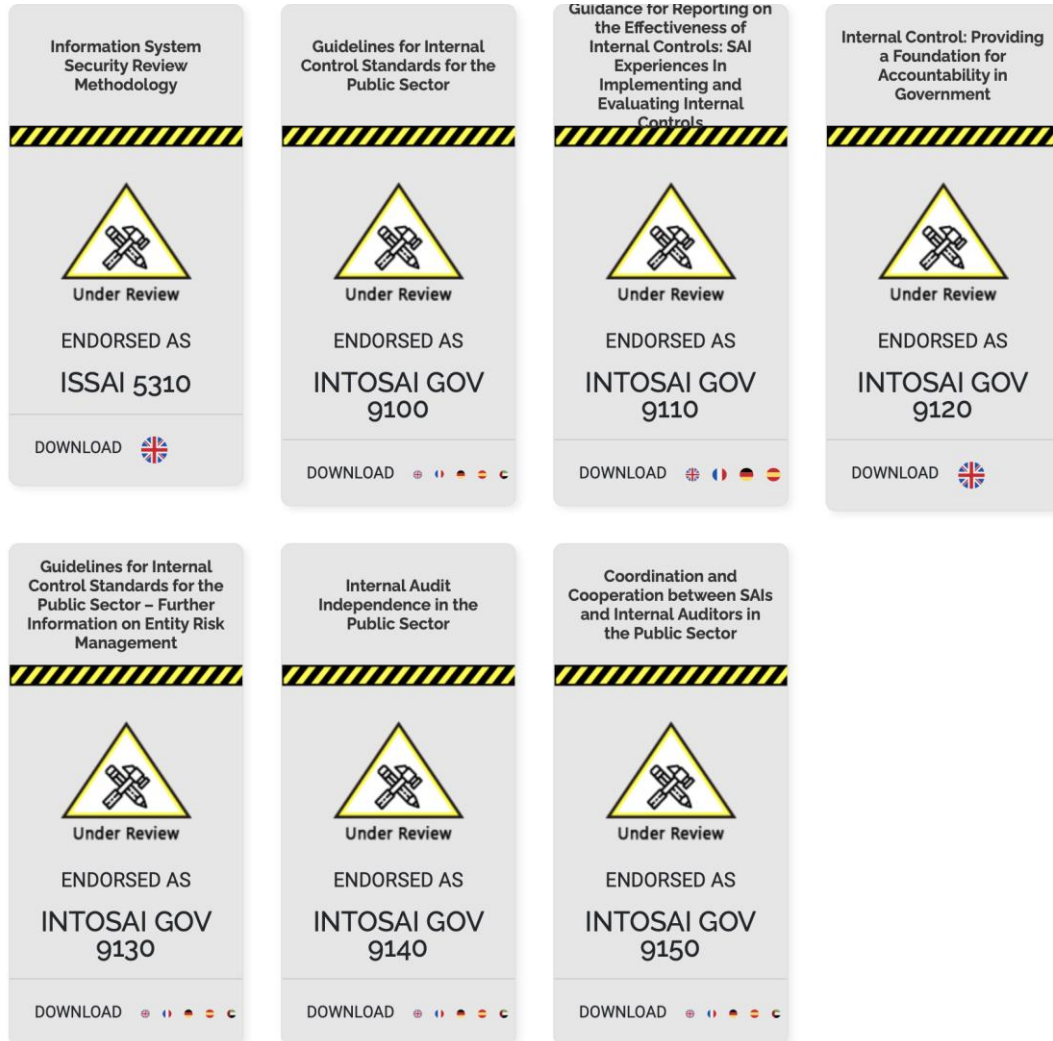


Guidelines for Internal Control Standards for the Public Sector

- **Definition**
- **Effectiveness and limitations**
- **Control Environment**
- **Components**



2.4 Further INTOSAI Guidance



- <https://www.issai.org/under-review/>

3. Promotion of SAI Independence: Fundamental Documents

**The Lima Declaration of
Guidelines on Audit Precepts
(1977)**

**Mexico Declaration on SAI
Independence (2007)**

**UN Resolutions A/66/209 and
A/69/228 (2011 & 2014)**



3.1 The 1977 Lima Declaration

First INTOSAI document to comprehensively set out the importance of SAI independence

Reminding that SAIs can only be objective and effective if they are independent from the audited entity

Protection from outside influence, functional and organisational independence required to accomplish SAIs' tasks

The establishment of SAIs and the necessary degree of their independence shall be laid down in the Constitution

3.2 Mexico Declaration on Independence of SAIs (2007)



Eight Pillars defining the Independence of Supreme Audit Institutions (SAIs)

What does SAI Independence stand for?

I. Legal status	II. Resources	III. Heads of SAIs	IV. Operations	V. Access to information	VI. Reporting audit results	VII. Content and timing of audit reports	VIII. Effective follow-up mechanisms
Clearly defined in the constitution and legislation	Human, material and monetary resources Manage budget without interference	Appointments with sufficiently long and fixed terms with removal only by a process independent from the executive	Independent in the choice of audit issues, planning, methods and in the conduct of their audits	Free, timely and unrestricted access to all documents	Report on results at least once a year	Free to decide content of their audit reports and to publish and disseminate reports	Independent procedures for follow-up audits to ensure that corrective actions are taken

3.3 The INTOSAI Strategic Plan

STRATEGIC PLAN
2023-2028



**INTERNATIONAL ORGANIZATION
OF SUPREME AUDIT INSTITUTIONS**

**The INTOSAI Strategic Plan
2023 - 2028
defines the independence of
SAIs as one of INTOSAI's
strategic priorities**

3.4 Strategic Priority 1: Advocate for and support SAI independence

INTOSAI advocates for and supports the independence of all Supreme Audit Institutions.

It is essential that SAs are independent of the entities they audit and protected against undue outside influence.

**Implementation by INTOSAI, its Working Bodies
and the Regional Organizations**

3.5 INTOSAI initiatives to foster SAI independence

17th UN/ INTOSAI Seminar „The Independence of SAIs“ (2007)

Achievement of the repeated support by the UN (2 resolutions)

IDI Global Stocktaking Reports

INTOSAI GS informed the UN about the results of the Global Stocktaking Reports

Cooperation with the Donors

IDC appointed Helen Clark as Goodwill Ambassador for SAI Independence

SAI Independence Rapid Advocacy Mechanism (SIRAM)

Joint Statements on behalf of INTOSAI/IDI

3.6 Global SAI Stocktaking Report

Triannual stocktaking of the performance and capacities of SAIs; the 2020 Report covers the years 2017 to 2019

SAIs across the globe face significant challenges threatening their independence: limited financial independence, restricted rights with regard to the publication of their audit reports



4. Other Global Players

- 1. OECD Auditors Alliance
- 2. OECD Report 2010
- 3. GAO Green Book (COSO)

Interactive graphic
https://files.gao.gov/green_book/interactive_graphic/green_book_infographic/index.html

- And many more...



GAO

What is the Green Book?

Important facts and concepts related to the Green Book and internal control

RELATED TO GAO-14-704G

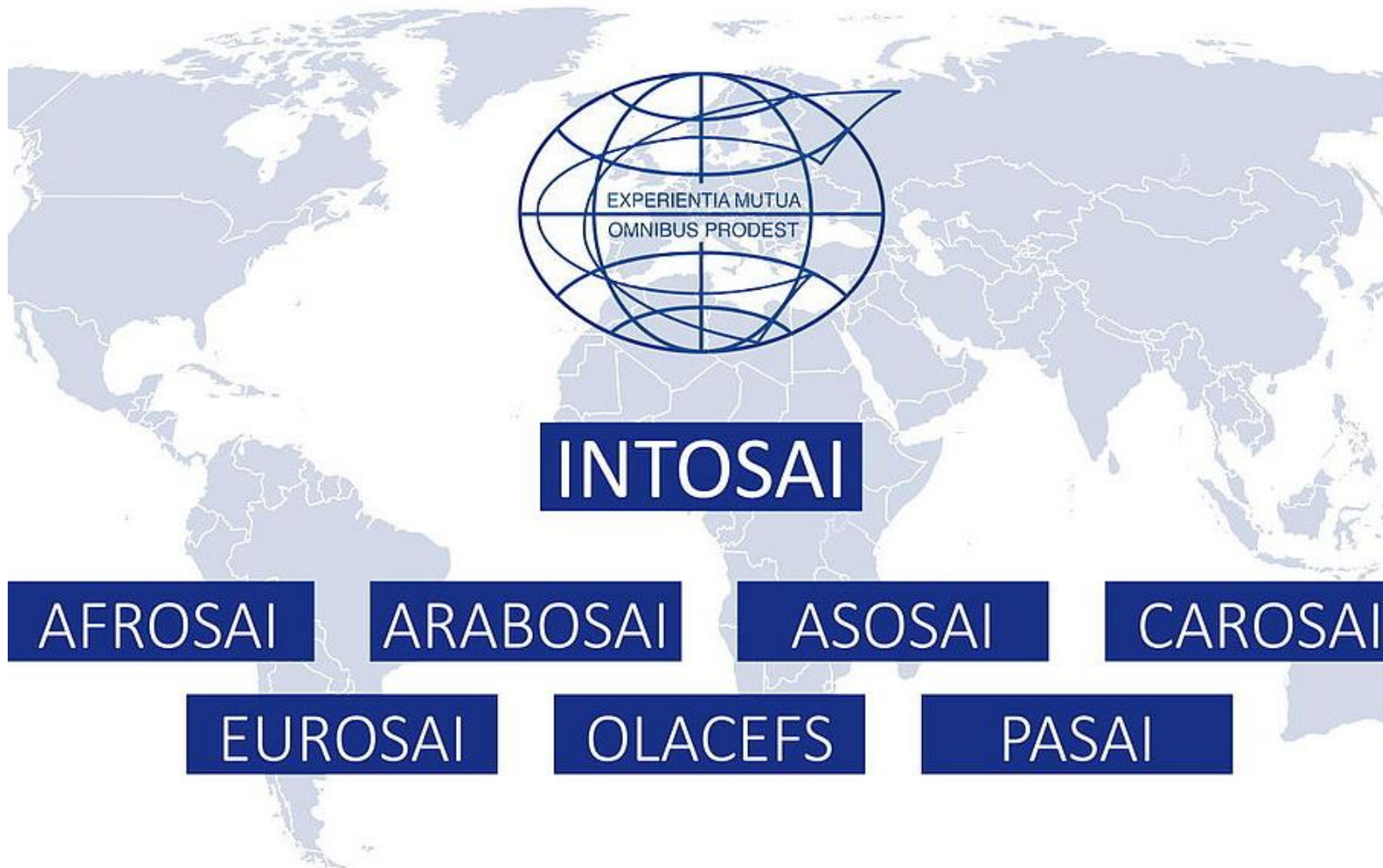
What is internal control?

Internal control is a process that helps an entity achieve its objectives. It is the first line of defense in safeguarding public resources.

Objective identified Controls designed Controls in place Objective achieved

Standards for Internal Control in the Federal Government, known as the Green Book, is the document that sets internal control standards for federal entities.

Thank you very much for your attention



COLLABORATION BETWEEN IA AND SAI

**PANNEL DISCUSSION &
RECOMMENDATIONS**

CONCLUSIONS

BRUSSELS | 6TH OCTOBER



THANK YOU!

