



SIGMA

A joint initiative of the OECD and the EU,
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Good Governance and Internal Audit in the Public Sector

**Principles, Reforms and Challenges of Public
Administration in times of Change, Good
Governance, added value of Internal Audit**

Paris, 20 October 2022

Pilar Ormijana –SIGMA/OECD





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- Support for Improvement in Governance and Management; a joint initiative of OECD and the European Union, principally financed by the EU
- Supports candidate countries and potential candidates, and neighbour (ENPI) countries
- Works in 6 different areas





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SIGMA Principles of public administration

- Strategic framework of PAR
- Policy development and coordination
- Public service and human resource management
- Accountability
- Service delivery
- PFM (public procurement, budget management, PIFC and external audit)





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SIGMA Principles of public administration

- **Principle 8.**
 - The operational framework for IA reflects international standards.
 - Its application by the budget organisations is consistent with the legislation governing public administration and PFM in general.
- **Principle 9.**
 - Each public organisation implements IA in line with the overall internal audit policy documents, as appropriate to the organisation.





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Principle 8: operational framework

- Indicator - Adequacy of the operational framework for internal audit
 - Adequacy of the regulatory framework for IA
 - Organisational capacity for internal audit
 - Co-ordination, development and guidance of the internal audit system
 - Existence of a system for quality assurance for internal audit

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Principle 9: implementation

- Indicator: functioning of internal audit
 - Strength of planning of internal audit in budget organisations
 - Quality of audit reports
 - Follow-up and implementation of audit recommendations (%)

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Results of SIGMA 2021 assessment

- **Strengths:**
 - Regulatory Framework for IA
 - CHUs established and functioning
- **Weaknesses:**
 - **Fragmented IA**
(challenge: capacity of IA)
 - **Scope of audits (performance)**
 - **Quality assurance**



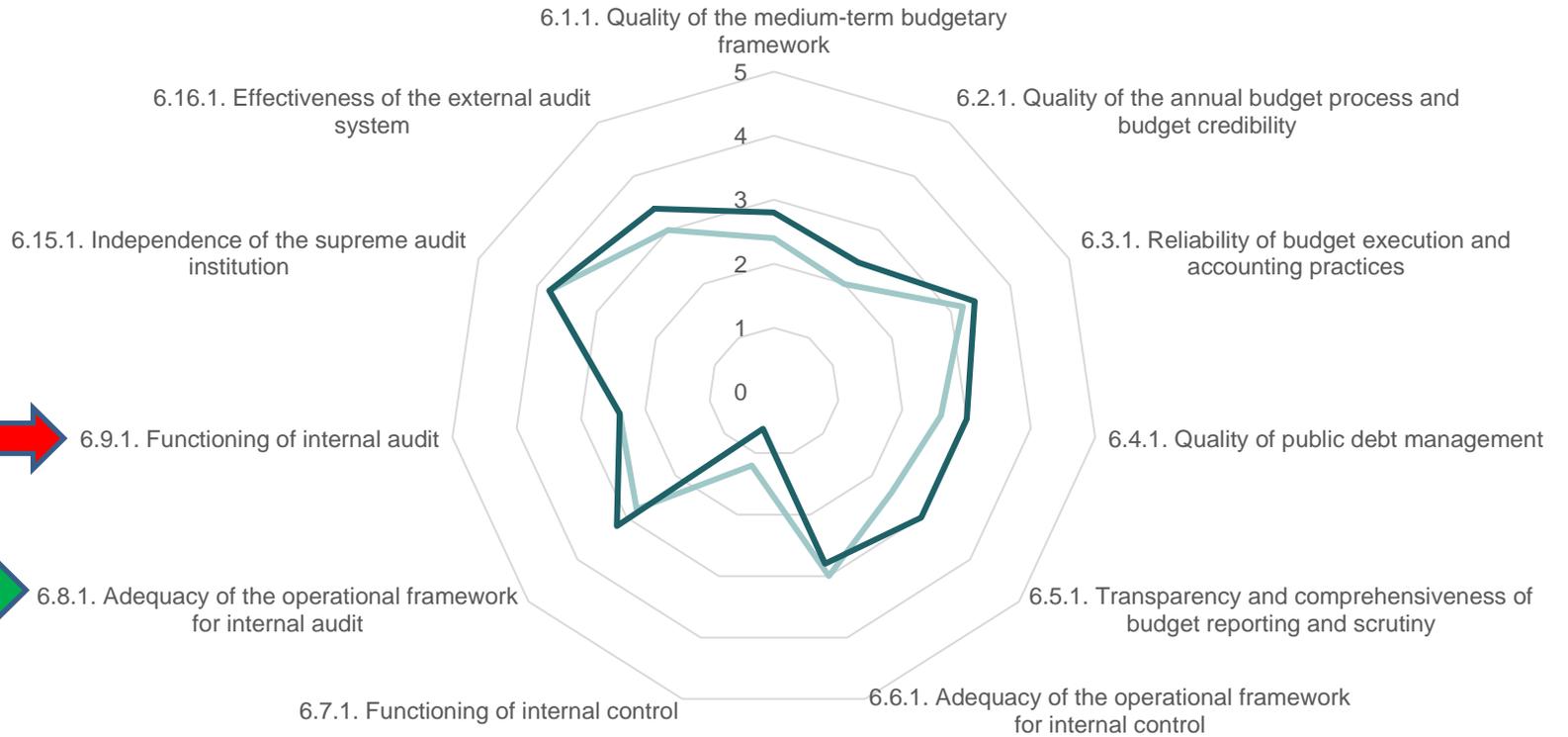
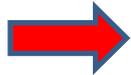


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— Regional Average 2017

— Regional Average 2021

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Internal audit and governance

- Key pillar of governance in any organisation.
- Essential element in the governance and assurance environment
- Valuable tool to manage risk effectively.





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Role of internal audit

It involves three main elements:

- evaluation and improvement of risk management,
- control
- governance processes

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Mission of Internal audit- adding value by

- Providing independent, unbiased **assessment** of organisation operations.
- Provides management with information on **effectiveness of risk management, control and governance** processes.
- Acts as a **catalyst for improvement** in risk management, control and governance.
- **Advisory role:** tells management what it needs to know, when it needs to know it.





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How can IA help managers?

- Being a **partner** to management
- Ensuring **decision-makers get unfiltered messages** (independent, objective)
- Helping maintain **organisational focus on achieving objectives**
- Validating **reliability + integrity of information**
- Delivering **opinion** as to whether **assets** are **adequately safeguarded**
- **Providing assurance:**
 - **compliance** -laws, regulations, policies, contracts.
 - that **decisions are properly authorised**

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How can IA help managers?

- Determining whether **business activities** are conducted **efficiently, effectively, economically and ethically (the 4Es)**
- Promoting activities that **minimise the risk of fraud**
- **Monitoring high-risk programs** and projects to ensure they remain on track
- Identifying business **improvements** and better ways of doing things
- In-house **consultancy services** to management





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Challenges

- Digitalisation
 - IA tools
 - Working in a digital environment
 - New requirements (security, integrity, etc.)
- Remote work/interpersonal relations
- New skills required
- Limited resources: could be an opportunity?
- Better ways to communicate
- Moving towards performance
- Management/citizens' demands





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