Capacity Development and Knowledge Sharing Initiatives
(Internal Auditing in the Public Sector)

SARAH MEI J. MORA
4 JUNE 2018
Overview of Asian Development Bank (ADB)

“Asia and Pacific region free of poverty”

- Established in 1966
- 67 Member Countries
- 31 Country Offices
- Financial institution Asian in character
- Fosters economic growth and cooperation
ADB’s Work

• Financial Assistance
• Partnerships
• Knowledge Solutions

For further information please go to www.adb.org
# OFFICE OF THE AUDITOR GENERAL

**OAG Vision:** A Trusted Advisor, enabling good corporate governance  
**OAG Mission:** Add value and improve ADB operations

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<th>Mandate</th>
<th>• Provide assurance on governance, risks, and control processes</th>
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<td>Reporting Arrangement</td>
<td>• Auditor General reports directly to the President and through the President, to the Audit Committee.</td>
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| Services | • CORE: Audit and Advisory Services  
• Coordinates activities of ADB’s external auditor on audit and attestation of ADB’s financial statements |
| Organization Structure | • Organized in two audit teams along ADB organizational structure/business lines  
• 34 Staff – 29 professional auditors and 5 administrative staff |

OAG conforms with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.
CAPACITY DEVELOPMENT WORKING GROUP

Self-directed group

- Within ADB’s internal audit office

Purpose

- To share knowledge and tools that can assist the public sector internal audit institutions in building and strengthening governance in their countries.

Provides advisory services to ADB Management

- supporting internal audit capacity development in public institutions of ADB developing member countries
- knowledge-sharing on internal audit processes and practices
CAPACITY DEVELOPMENT PROGRAM SUPPORT

- Capacity Development Working Group (CDWG) established in February 2014
- IA-CM Training for all OAG Staff in August 2014
- CDWG Terms of Reference approved in December 2014
- First Knowledge Product: Opportunities for Internal Audit Capacity Development in August 2015
- Regional Technical Assistance approved in July 2016

Developing Capacity of Public Sector Internal Audit Institutions - Regional Small Scale Capacity Development Technical Assistance
PANEL OF EXPERTS
CDWG’s Advisory Board

Five members serving in personal capacities

Provides independent, objective and expert advice to the CDWG on:

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<th>Strategizing and Identifying opportunities</th>
<th>Developing and formulating capacity building and knowledge sharing framework</th>
<th>Supporting programs in enhancing the professional practice of internal audit in member countries</th>
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CAPACITY DEVELOPMENT ACTIVITIES

- Capacity Development Assessments
- Workshops / Forums
- Knowledge Products
- Other Outreach Activities
Capacity Development Assessments

Learning and development process

Preliminary Criteria for selecting participating DMCs

IA-CM Questionnaire

Continuous Capacity Development Assessments

IA-CM Training/Other Workshops

ADB Regional Departments
ADB Thematic Groups
External Parties
Internal Audit – Capability Model

The Internal Audit-Capability Model (IA-CM) is a capability maturity model developed by the Institute of Internal Auditors Research Foundation (2009) for the public sector.

- **Self-assessment and development tool**
  - A framework identifying the fundamentals and requirements of IA
  - Assesses the capability level of an IA activity
  - Capability building for continuous improvement

- **A communication vehicle to stakeholders**
  - Basis for communicating what is effective internal auditing
  - Benchmarking

- **A road map for orderly improvement & attaining goals**
  - Strategic planning and visioning

CAPACITY DEVELOPMENT ACTIVITIES
# Internal Audit Capability Model Matrix

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<th>Internal Audit Capability Model Matrix</th>
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<tr>
<td><strong>Services and Role of IA</strong></td>
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<tr>
<td>Level 5 - Optimizing</td>
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<td>Level 4 – Managed</td>
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<td>Level 3 - Integrated</td>
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<td>Level 2 – Infrastructure</td>
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<td>Level 1 - Initial</td>
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**CAPACITY DEVELOPMENT ACTIVITIES**
IA-CM Levels

**LEVEL 5** Optimizing
IA learning from inside and outside the organization for continuous improvement

**LEVEL 4** Managed
IA integrates information from across the organization to improve governance and risk management

**LEVEL 3** Integrated
IA management and professional practices uniformly applied

**LEVEL 2** Infrastructure
Sustainable and repeatable IA practices and procedures

**LEVEL 1** Initial
No sustainable, repeatable capabilities – dependent upon individual efforts

CAPACITY DEVELOPMENT ACTIVITIES
Capacity Development Assessments

IA-CM Questionnaire was initially rolled-out to the ASEAN Central Bank Head of Internal Audit Network

Philippines: Conducted assessments on internal audit offices for four government agencies.

Cambodia: Conducted assessments on internal audit offices for five government ministries.

What’s in the pipeline: MYANMAR
PARTNERSHIP WITH AGIA, PHILIPPINES

20 Jan 2014
• CDWG reached out to AGIA

4 Feb 2014
• CDWG met with AGIA

29 Aug 2014
• First Heads of Government Internal Audit Services Forum (ADB HQ)

7 Dec 2015
• Capacity Development Workshop for a Philippine Agency

15 Mar 2016
• AGIA presented its 2016 Strategic Plan

18 Jan 2017
• AGIA Board of Directors Strategic Planning Workshop
Workshops

7 Dec 2015  Capacity Development Workshop for a Philippine Government Agency

Sept 2016  Workshop on Strengthening Internal Audit Function in the Government of India (in collaboration with ADB South Asia Regional Department)

18 Jan 2017  AGIA Board of Directors Strategic Planning Workshop

4-6 October 2017  AGIA Annual National Convention and Seminar (OAG as resource persons)

22 Feb 2018  Internal Audit Capability Model Workshop for Cambodia and Philippine Government Agencies/Ministries
Forums

- 29 Aug 2014
  - First Heads of Government Internal Audit Services Forum (ADB HQ)

- 21-22 July 2016
  - ASEAN Central Bank Heads of Audit Inaugural Meeting (ADB HQ)

- 6-8 March 2017
  - Panel of Experts Inaugural Meeting (ADB HQ)

- 7 April 2017
  - MFI Chief Audit Executive Group Meeting (Hosted by ADB, held in PRC)

- 24-26 April 2018
  - 5th Meeting of the Advisory Board on Internal Audit Function for Central (National) Banks
Knowledge Products

- Opportunities for Internal Audit Capacity Development (August 2015)
- Training for Internal Auditors in the Public Sector: An Alternative Approach for State Internal Auditors (August 2016)

What’s in the pipeline:
"Comparison of Internal Audit and Internal Control Standards: BIS, IIA, and COSO"

- http://k-learn.adb.org/materials/20150801/opportunities-internal-audit-capacity-development
Other Outreach Activities

Study Visits to ADB

Topics Discussed:

- Risk Assessment and Audit Process
- Advisory/Consultancy Roles of OAG
- COSO 17 Principles in Internal Audit
- IT/Cybersecurity Audit
- Continuous Monitoring
- Use of TeamMate Audit Software
- Quality Assurance and Improvement Program
- Staff Competency Framework
### FEU Student Apprenticeship Program (Philippines)
- Offers a Bachelor of Science in Business Administration major in Internal Auditing program (since 2010)
- 4 batches of student apprentices completed (2 students each batch)
- Maximum of 40 working days

### Internal Auditing Youth Summit (Philippines)
**Themes:**
- May 2016 - Exploring the trends of Internal Audit Profession
- May 2017 - Driving the Students Career Forward
- May 2018 - Gearing Towards the Transformative Internal Audit Profession
AuditWithoutWalls!

Knowledge-sharing initiative which aims to create an online community of learners providing a platform to ask questions, share knowledge, and learn ideas anytime, anywhere

auditwithoutwalls@adb.org
Phil Tarling -- May 17 at 09:23 PM

I believe that the current Carillion discussions in the UK
hold a number of lessons for public sector internal audit. Carillion had a number of contracts with the Public Sector and the collapse of the firm has left hospitals half completed and prisons with no managing company. Although the inadequacies in the internal audit of Carillion expand>

cc: Hock Chye Ong


Jemimah Ruth Marie Dacanay, Victorino, Nadejda Mochinova, bahadir topal, and 4 others like this

Hock Chye Ong in reply to Phil Tarling -- Monday at 02:53 PM

Editted
Inaugural AWW! Summit
iaTech2018 “Embracing Digital Technology in Internal Audit
22-23 November 2018 – ADB HQ (Manila, Philippines)
KEY TAKE-AWAYS

Our initiatives are demand-driven

We are a work-in-progress

We have limited resources

Have a VISION for your internal audit office

Enhance your SKILLS; learn from the experts

Develop a PASSION to share what you learn
CAPACITY BUILDING ...
one person, one step at a time.

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