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

SARAH MEI J. MORA

4 JUNE 2018

OAG | Office of the Auditor General

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 |

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ADB's Work

- Financial Assistance
- Partnerships
- Knowledge Solutions

LOANS GRANTS TECHNICAL ASSISTANCE EQUITY INV GUARANTEES

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OFFICE OF THE AUDITOR GENERAL

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

Mandate	• Provide assurance on governance, risks, and control processes
Reporting Arrangement	• Auditor General reports directly to the President and through the President, to the Audit Committee.
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

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CAPACITY DEVELOPMENT WORKING GROUP

Self-directed group
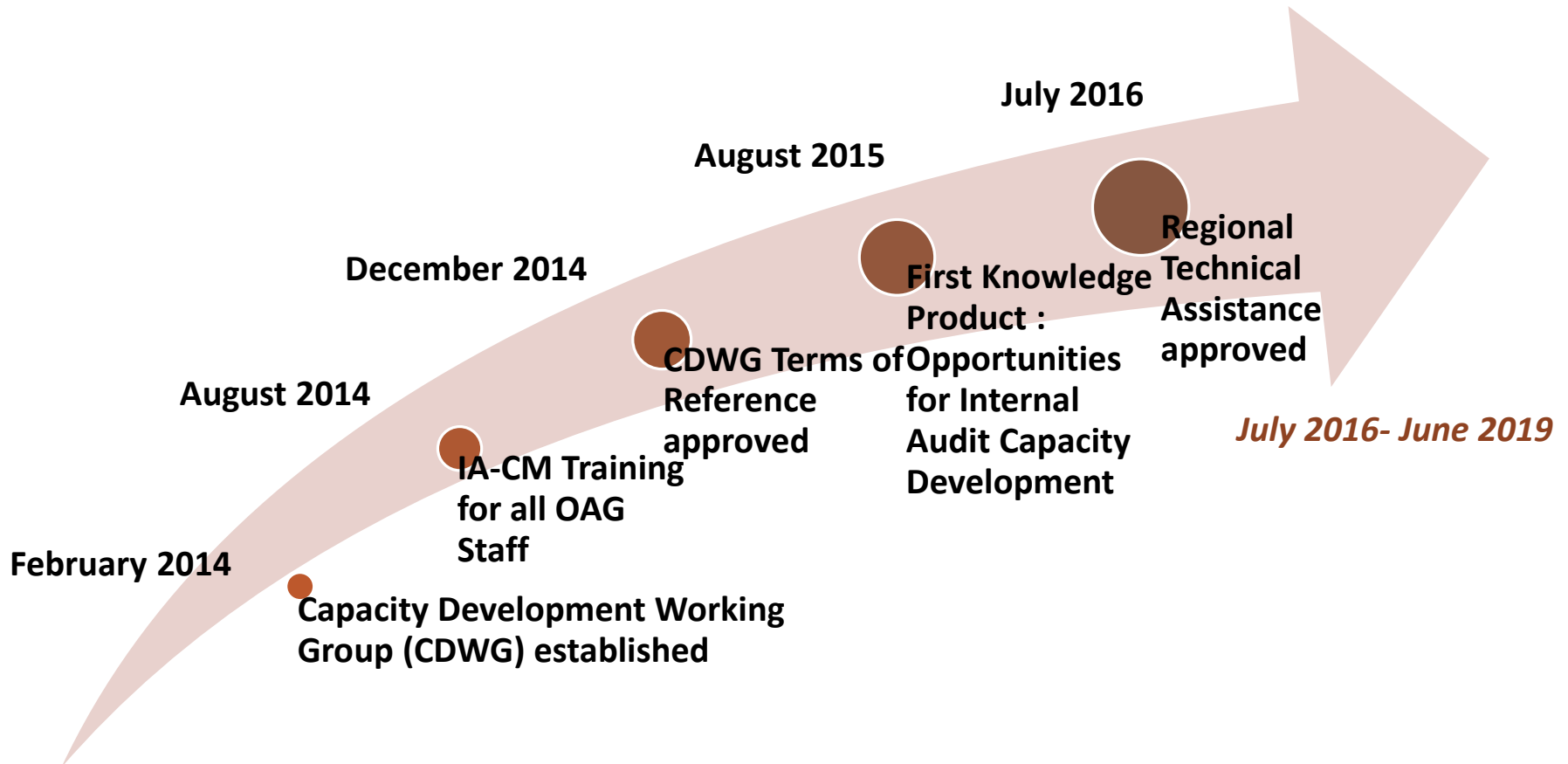
- Within ADB's internal audit office

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

CDWG

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CAPACITY DEVELOPMENT PROGRAM SUPPORT

July 2016

August 2015

December 2014

Regional Technical Assistance approved

August 2014

First Knowledge Product : Opportunities for Internal Audit Capacity Development

CDWG Terms of Reference approved

July 2016- June 2019

IA-CM Training for all OAG Staff

February 2014

Capacity Development Working Group (CDWG) established

Developing Capacity of Public Sector Internal Audit Institutions -
Regional Small Scale Capacity Development Technical Assistance

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PANEL OF EXPERTS
CDWG's Advisory Board

Five members serving in personal capacities

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

Strategizing and Identifying opportunities	Developing and formulating capacity building and knowledge sharing framework	Supporting programs in enhancing the professional practice of internal audit in member countries

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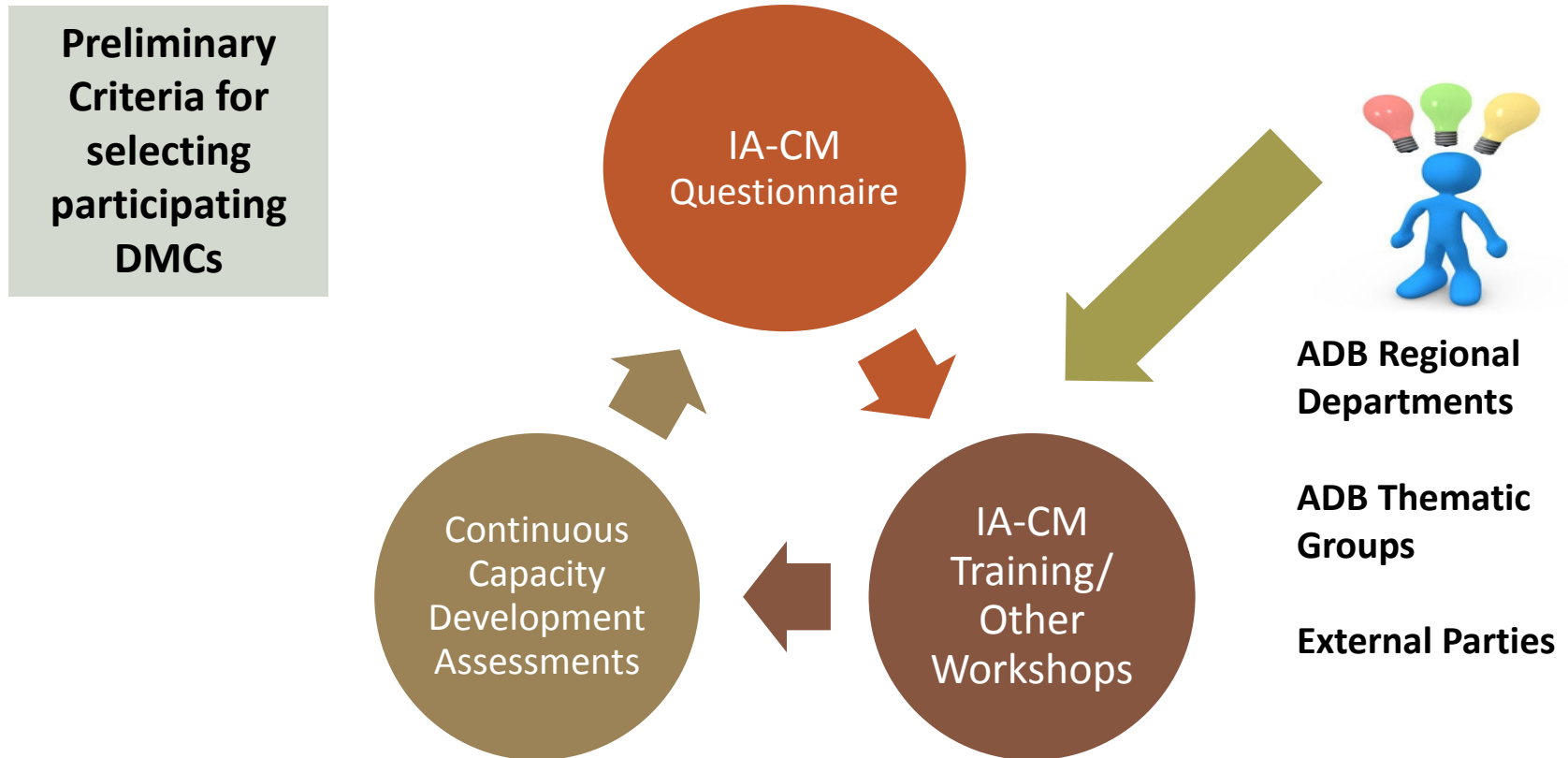# CAPACITY DEVELOPMENT ACTIVITIES

Capacity Development Assessments

Workshops / Forums

Knowledge Products

Other Outreach Activities

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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

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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
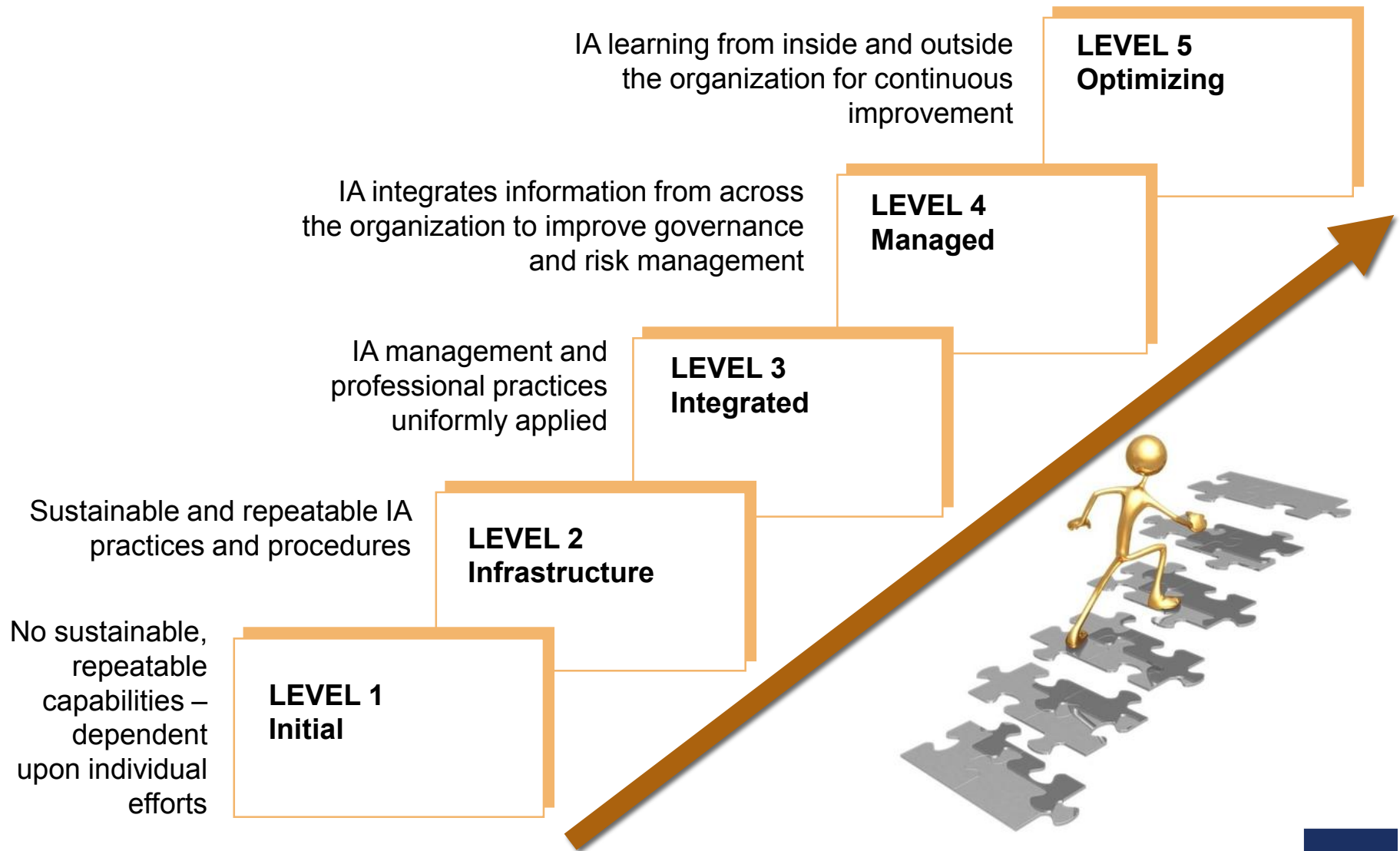- Benchmarking

A road map for orderly improvement & attaining goals

- Strategic planning and visioning

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Internal Audit Capability Model Matrix

|	Services and Role of IA	People Management	Professional Practices	Performance Management and Accountability	Organizational Relationships and Culture	Governance Structure
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 Report 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 Relationships Established
Level 1 - Initial	Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs depend 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 to be part of a larger organizational unit; no established capabilities; therefore, no specific key process areas					

IA-CM Levels

IA learning from inside and outside the organization for continuous improvement

LEVEL 5 Optimizing

IA integrates information from across the organization to improve governance and risk management

LEVEL 4 Managed

IA management and professional practices uniformly applied

LEVEL 3 Integrated

Sustainable and repeatable IA practices and procedures

LEVEL 2 Infrastructure

No sustainable, repeatable capabilities – dependent upon individual efforts

LEVEL 1 Initial

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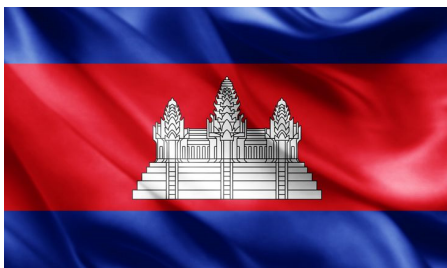
Cambodia:
Conducted assessments on internal audit offices for five government ministries.

What's in the pipeline:
MYANMAR

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Capacity Development Assessments

(PARTNERSHIP WITH AGIA, PHILIPPINES)

20 Jan 2014	**4 Feb 2014**	**29 Aug 2014**
• CDWG reached out to AGIA	• CDWG met with AGIA	• First Heads of Government Internal Audit Services Forum (ADB HQ)

7 Dec 2015	**15 Mar 2016**	**18 Jan 2017**
• Capacity Development Workshop for a Philippine Agency	• AGIA presented its 2016 Strategic Plan	• AGIA Board of Directors Strategic Planning Workshop

Workshops

Date	Workshop
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

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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

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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)*
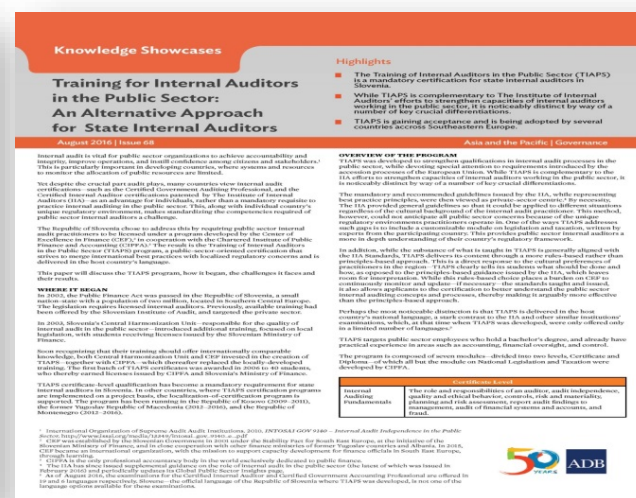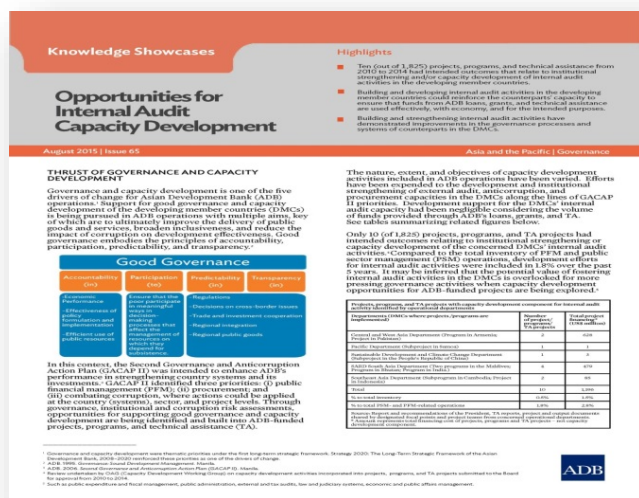
What's in the pipeline:

"Comparison of Internal Audit and Internal Control Standards: BIS, IIA, and COSO"

- *http://k-learn.adb.org/materials/20150801/opportunities-internal-audit-capacity-development*
- *http://k-learn.adb.org/materials/20160801/training-internal-auditors-public-sector-alternative-approach-state-internal*

CAPACITY DEVELOPMENT ACTIVITIES

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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	

Other Outreach Activities

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

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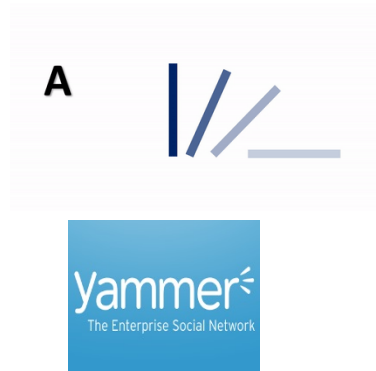
AuditWithoutWalls!

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

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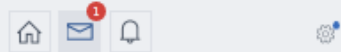
ADB EXTERNAL NETWORK GROUPS

AuditWithoutWalls! 20+

All Network

+ Create a group

Discover more groups

PRIVATE MESSAGES +

Hock Chye Ong, Jemimah Ruth...

Hock Chye Ong, Igor Hirsch, Kris...

Hock Chye Ong, Clare Brady, Kris...

Sabin Dobrogeanu, Hock Chye O...

Hock Chye Ong, Shila Nhemi, Kri...

Hock Chye Ong, Kristine Bernade...

Spencer Pickett, Hock Chye Ong,...

Hock Chye Ong, Kristine Bernade...

+ Create a message

AuditWithoutWalls! 🔒 PRIVATE

An online community connecting internal auditors in the public sector through social media.

✓ Joined

NEW CONVERSATIONS 29   ALL CONVERSATIONS   FILES   🔍 SEARCH

📰 Update   📊 Poll   🏆 Praise   📣 Announcement

Share something with this group...

NEW CONVERSATIONS   Clear New

Phil Tarling Follow — May 17 at 09:23 PM

I believe that the current Carillion discussions in the UK
https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/carillion-report-published-17-19/
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

Work and Pensions and BEIS Committees publish report on Carillion - News from
www.parliament.uk
···

👍 LIKE   ↩ REPLY   ⤴ SHARE   ···

Jemimah Ruth Marie Dacanay. Victorino, Nadejda Mochinova, bahadir topal, and 4 others like this   Seen by 69

💬 Show 5 previous replies

Hock Chye Ong in reply to **Phil Tarling** — Monday at 02:53 PM   Edited

MEMBERS (2130)

👤+

INFO   Edit

The Capacity Development Working Group, in the ADB Office of the Auditor General, created an online community called AuditWithoutWalls! to enable internal auditors in the public sector to ask questions, share knowledge, and learn ideas anytime, anywhere.
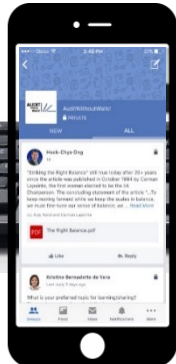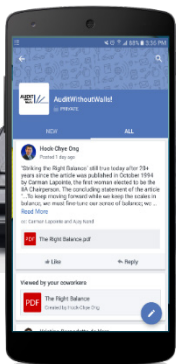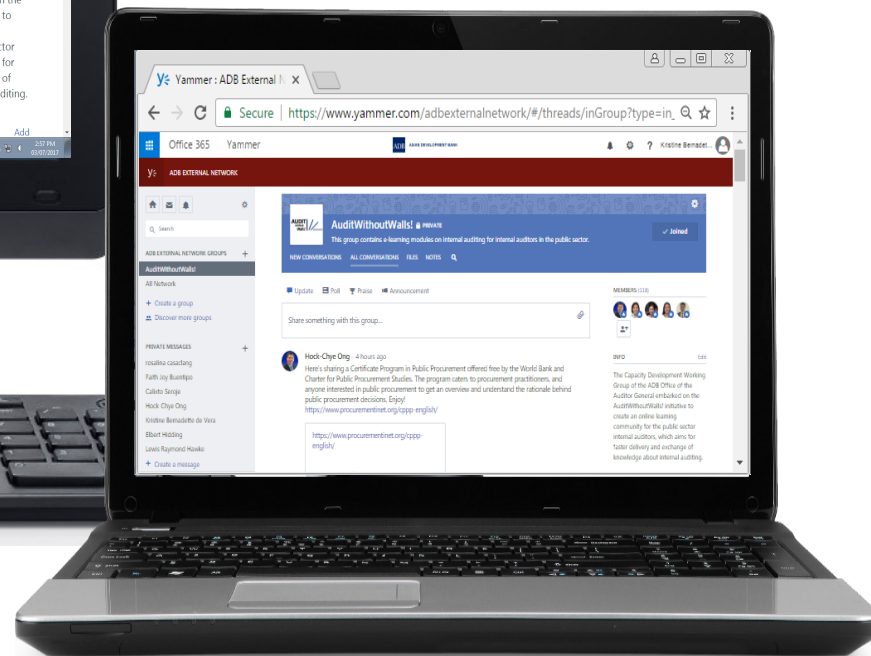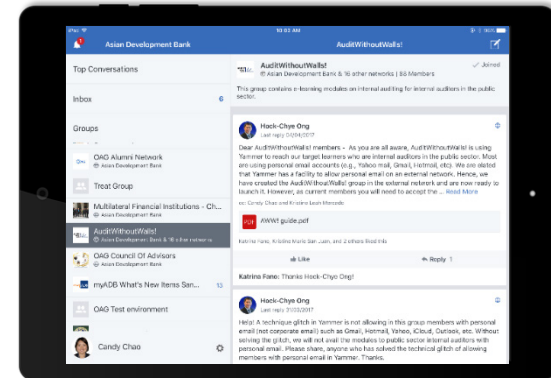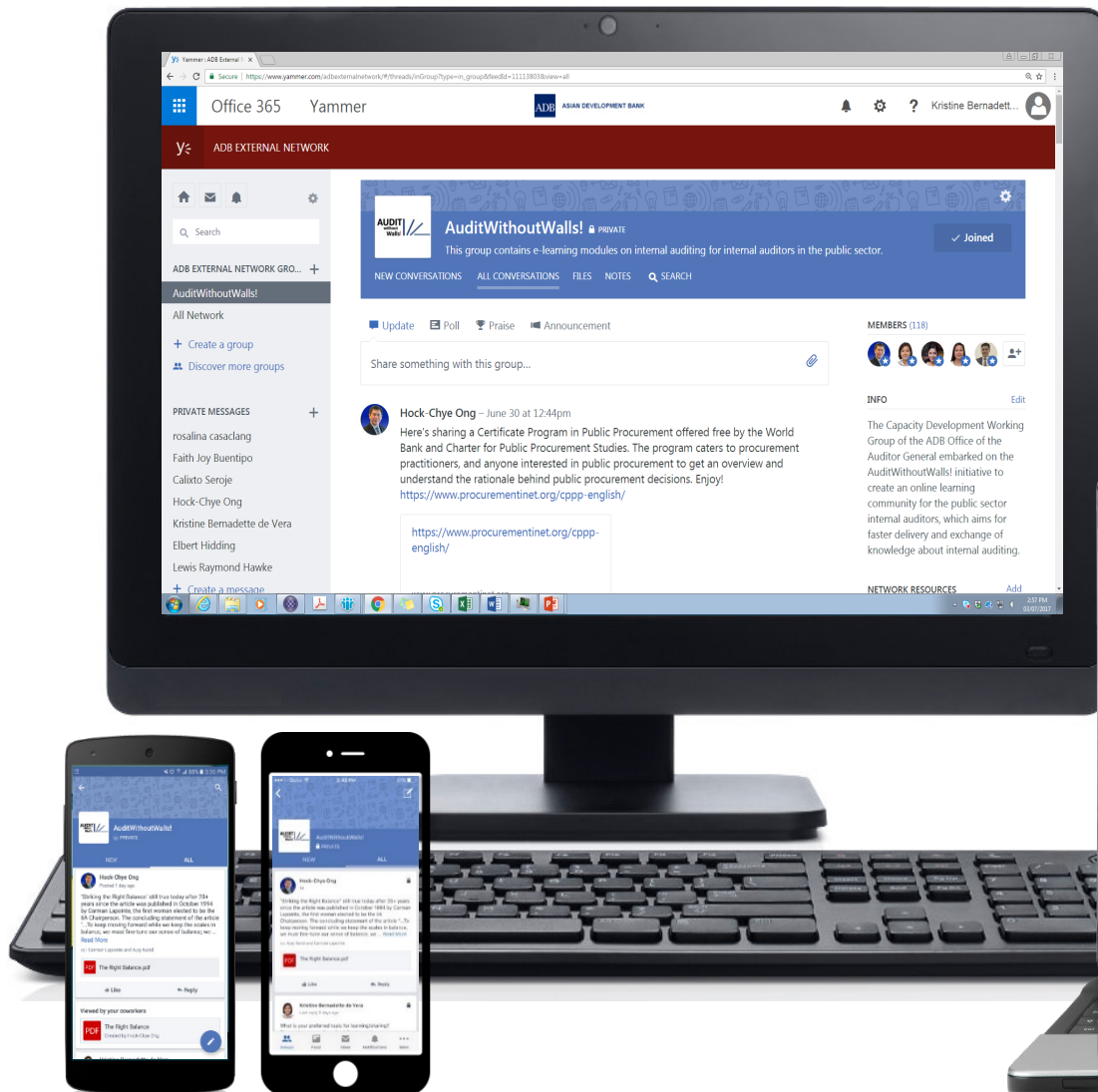
GROUP ACTIONS

📊 View Group Insights

NETWORK RESOURCES   Add

🔗 What is your preferred topi...

▶ AWW Yammer instructiona...

🔗 Internal Audit Capability M...

🔗 Office of the Auditor Gener...

🔗 Continuous Monitoring of...

▶ Continuous Monitoring_m...

▶ Module 1- Internal Audit C...

▶ IACM Module1

🔗 DISCLAIMER

RELATED GROUPS

ADB

AWW! COMMUNITY

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

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CAPACITY BUILDING …
one person, one step at a time.

SARAH MEI J. MORA
sjmora@adb.org

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