REPUBLIC OF CROATIA
MINISTRY OF FINANCE
STATE TREASURY
Central Harmonization Unit

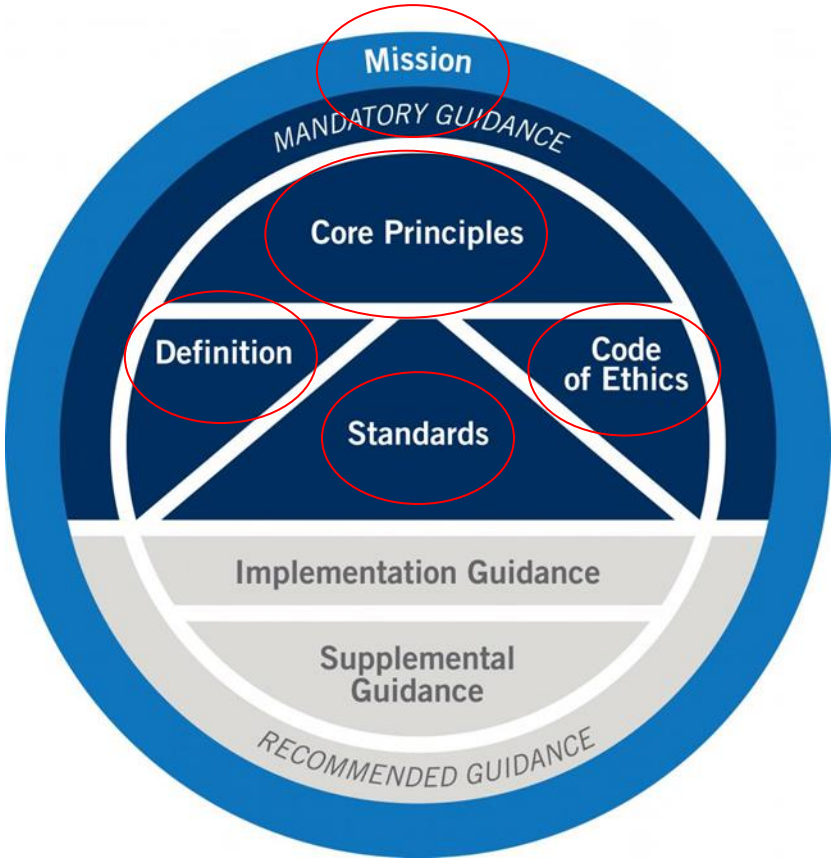
INTERNAL AUDIT SERVICES

WHAT AND HOW TO DELIVER?

Jean-Pierre Garitte, CIA, CCSA, CFE
Past chair of IIA Inc

17 December 2021

Reference framework



Definition of internal audit

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Mission of internal audit

To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight

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The IPPF Core Principles

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organization
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organizational improvement

The Standards

- The Attribute and Performance Standards are applicable to both assurance and consulting engagements.

- Differentiation between assurance and consulting, when needed, is emphasized through the **Implementation Standards**.

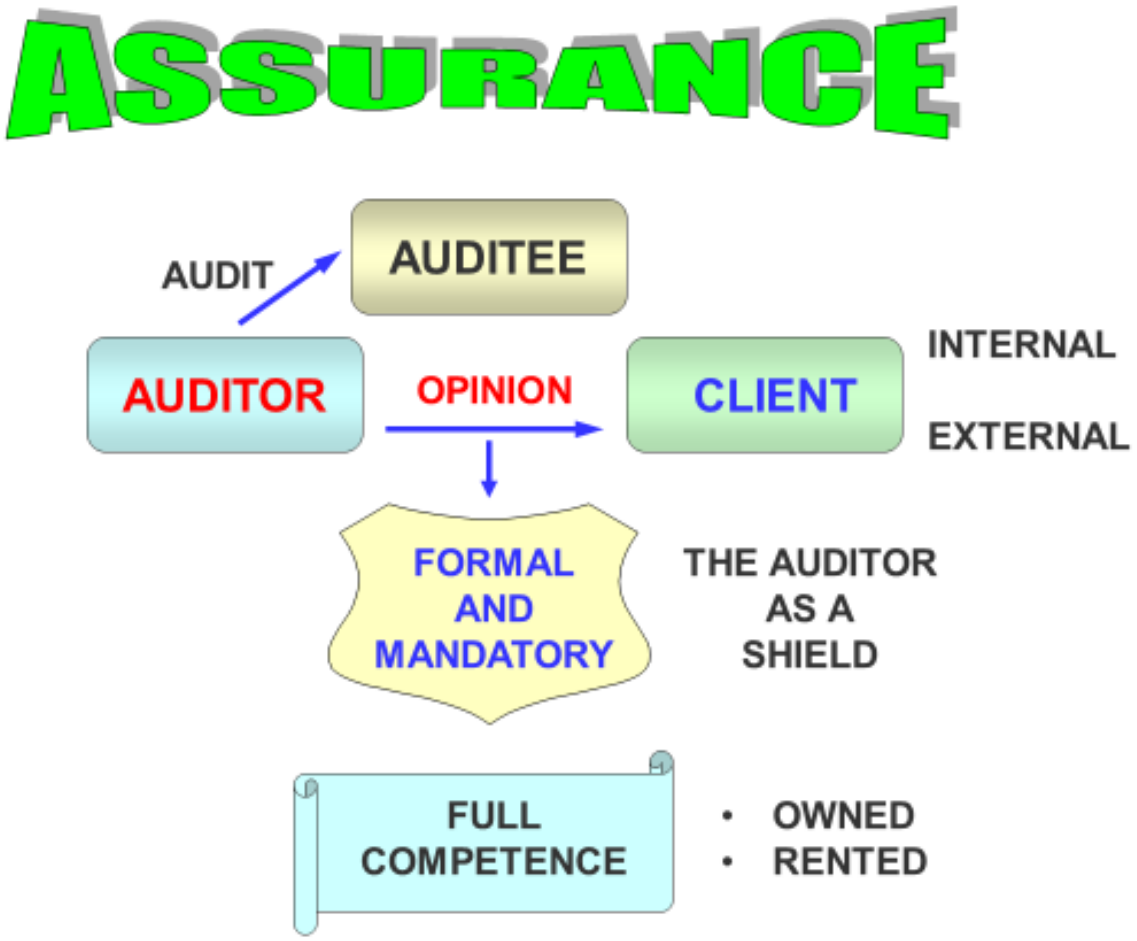
The Code of Ethics

- The Code of Ethics is applicable to both assurance and consulting engagements.

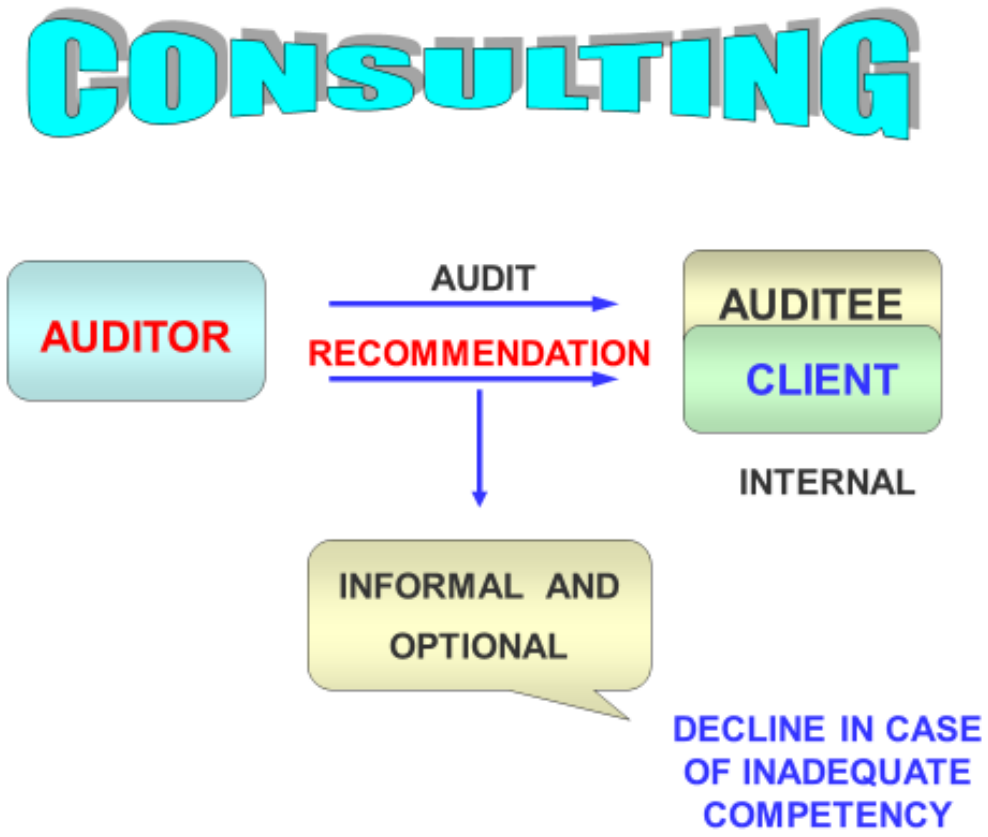
- Built around 4 principles:

  - Integrity
  - Objectivity
  - Confidentiality
  - Competency

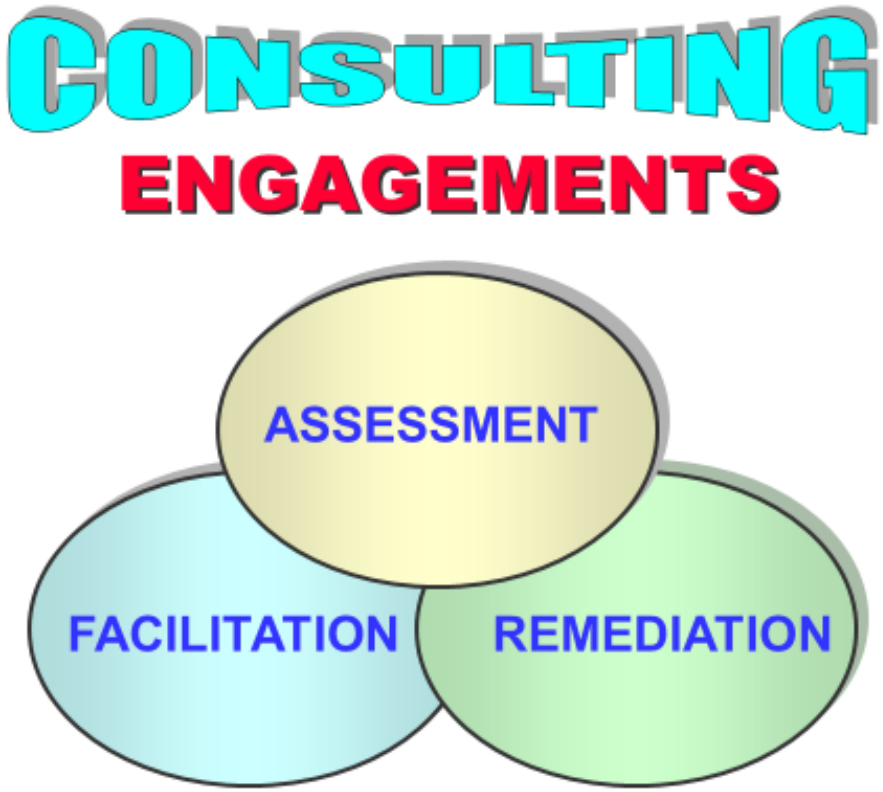
Different relationship



Different relationship



What kind of consulting services?



Evolving Nature of Internal Audit

- Balance between assurance and consulting services , depending on the risk maturity of the organization.
- Evolving from a backward-looking function to a forward-looking function.
- Meaning, evolving from hindsight through insight to foresight.
- Diagnostic insight = identify cause and effect relationship.
- Insight is needed for assurance and consulting. Insight is based on competence, experience, business acumen, in depth knowledge, benchmarking and best practices.