

EUROSAI-ECIA COOPERATION

**NATIONAL COOPERATION
AGREEMENTS**

BETWEEN SAIs and INTERNAL AUDITORS IN THE PUBLIC SECTOR

This paper is a product of the EUROSAI-ECIIA Cooperation Committee (2014-2017), that consisted of:

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FOREWORD

In June 2014, EUROSAI and the ECIIA renewed a Cooperation Agreement, first signed in March 2011. The purpose of this cooperation is to facilitate the exchange of information, develop a common understanding in relation to public sector accountability and auditing, share experiences in implementing the existing professional practices' framework and standards and to consult on issues of common interest. Both organisations are committed to promoting good governance across the public sector in Europe and agreed to develop a common platform as in order to promote and to put those objectives in practice:

1. Making appropriate publications, tools and resources mutually available to facilitate each other's work;
2. Presenting in advance to the other party any relevant position papers or standards before finalization;
3. To inform the other party of all initiatives related to the public sector;
4. Identify and implement specific joint projects including for instance a conference or seminar, a training activity or piece of research work, as deemed appropriate.

The EUROSAI-ECIIA cooperation committee has been working since end of 2014 and put forward some common issues to work on. Those issues were determined taking into account the joint paper (2014) based on the survey regarding the coordination and cooperation between SAIs and internal auditors in the public sector carried out among EUROSAI and ECIIA members. According to the survey, there are 8 jurisdictions comprising Albania, Bulgaria, Belgium Flemish Community, Denmark, France, Hungary, Lithuania and FYR Macedonia where SAIs state they use formal agreements or protocols in order to cooperate with the internal auditors in the public sector. (12th page of EUROSAI-ECIIA joint paper). Therefore these cooperation agreements were decided as an issue to be examined in detail by the cooperation committee.

This guide includes the results of this cooperation activity conducted under the EUROSAI-ECIIA cooperation committee umbrella. We understand from the survey and activity results that the cooperation agreements show a wide range of variety. On the other hand, these results made analyse those cooperation agreements and design a template within a guide which would be beneficial for all the parts of the audit profession. Consequently,

we intend to inform the potential partners of such a collaboration (SAIs and internal auditors in the public sector) about the existing forms of the formal cooperation between SAIs and internal auditors in the public sector of European countries. Furthermore, we hope they will benefit from the experience of previous cooperation agreements through the template which is in the annex to this guidance.

EUROSAI-ECIIA Cooperation Committee

INTRODUCTION

1. Although SAIs and internal auditors in the public sector have differing and clearly defined roles, their collective purpose is to promote good governance through contributions to transparency in and accountability for the use of public resource, as well as to promote efficient, effective and economic public administration. (INTOSAI GOV 9150 1.4)
2. An effective internal audit function is a vital component of good governance, providing those charged with governance, in particular senior management and audit committees, with assurance about efficiency and effectiveness of Government and public sector entities' operations, as well as with suggestions for improvement in all areas of control and governance;
3. SAIs may use the results of internal auditors' work and are to be in the position to recognize how internal audit could contribute to the overall system of governance in the public sector, if properly resourced; as the internal audit function in an integral part of Government and other public sector entities' governance activities, SAIs must also be in the position of full awareness of what best use they can make of internal auditors' work.
4. Both SAIs and Internal Auditors have professional guidance and standards (INTOSAI GOV 9150 and Internal Audit Standard 2050) regarding the cooperation between each other when carrying out their audit tasks. This paper intends to serve as a guide on implementing these standards specifically for cooperation agreements.
5. Considering the EUROSAI-ECIIA joint paper (2014), there are eight jurisdictions comprising Albania, Bulgaria, Belgium Flemish Community, Denmark, France, Hungary, Lithuania and FYR Macedonia where SAIs state they use formal agreements or protocols in order to cooperate with the internal auditors in the public sector. (12th page of EUROSAI-ECIIA joint paper) The SAI of Moldova stated they have a cooperation agreement with IIA Moldova after the joint paper (2014) had been completed.
6. This paper is aimed at giving an understanding of the existing cooperation agreements between SAIs and internal auditors in the public sector.

7. Upon gathering information from different sources, the paper presents a structured overview of the cooperation agreements between SAIs and internal auditors in the public sector in seven European countries¹.
8. Furthermore, the paper also includes a template of cooperation agreement which aims to guide both SAIs and internal auditors in the public sector who wish to establish their relationship through cooperation agreements.

SCOPE AND USE OF THIS GUIDE

1. Although the main intended users of this guide are SAIs and internal auditors in the public sector, other stakeholders such as IIA chapters, Certified Accountants, Ministry of Finance and other relevant bodies may benefit from the content of this guide.
2. A range of benefits may be obtained from coordination and cooperation between SAIs and internal auditors, including:
 - An exchange of ideas and knowledge;
 - Strengthening their mutual ability to promote good governance and accountability practices, and enhancing management understanding of the importance of internal control;
 - More effective audits based on:
 - ✓ Promoting a clearer understanding of respective audit roles and requirements,
 - ✓ Better informed dialogue on the risks facing the organisation leading to a more focused audit and, consequently, more useful recommendations,
 - ✓ 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;
 - More efficient audits based on:
 - ✓ Better coordinated internal and external audit activity resulting from coordinated planning and communication,
 - ✓ Refined audit scope for SAIs and internal auditors;

¹ EUROSAI-ECIIA Joint document

- Reducing the likelihood of unnecessary duplication of audit work (economy);
 - Minimizing disruption to the audited entity;
 - Improving and maximizing audit coverage based on risk assessments and identified significant risks; and
 - Mutual support on audit recommendations which may enhance the effectiveness of audit services.
3. Selected six European countries are presented in this guide comprising Albania, Belgium, Bulgaria, Hungary, Lithuania and Moldova since they have given support in terms of gathering information about the cooperation agreements
 4. This guide does not intend to set standards but intends to compile the experiences obtained from existing cooperation agreements.
 5. Furthermore, it intends to provide support for all bodies that are involved in the implementing INTOSAI GOV 9150 and IIA 2050.

INFORMATION on NATIONAL COOPERATION AGREEMENTS between SAIs and INTERNAL AUDITORS in THE PUBLIC SECTOR

A) ALBANIA

Internal Audit System in the Public Sector

1. The Minister of Finance is the responsible body for the establishment and organization of the comprehensive financial management and control systems as well as for the development and implementation of the internal audit in the public sector. For the implementation of these tasks the Minister of Finance is supported by the Central Harmonization Unit of Internal Audit (CHU / IA) and Public Financial Inspection Directorate (DIFP)
2. The Law on Albanian SAI, obliges the SAI to provide annually an opinion on Government's consolidated annual report and budget implementation control system and internal audit. (Strategic Plan of SAI Albania 2012-2017; p.13)

Cooperation Agreement

3. The cooperation between the SAI Albania and internal auditors in the public sector is carried out on the combined basis of legislation and a formal agreement or protocol. (12th page of EUROSAI-ECIIA Joint Paper)
4. There is a cooperation agreement between the SAI Albania and Ministry of Finance of Albania, which frames the external audit and internal audit relationship in the public sector.
5. There is no cooperation agreement between SAI Albania and national IIA chapter.
6. The agreement does not only set out a framework of coordination between the parties but also has high level of objectives such as preventing corruption, providing an efficient-effective public management and facilitating the entegration with European Union.
7. The agreement covers the audit process and exchanging the work of auditors and documentation as well as audit reports. It also has provisions focusing on exchange of experience, developing methodology and standards, conducting training and research programmes.

THE COOPERATION AGREEMENT BETWEEN
THE SAI ALBANIA and MINISTRY of FINANCE of ALBANIA

Basic Elements of the Agreement	Cooperation Agreement Text
<p>Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)</p>	<p>Supreme Audit Institution (SAI), which is the competent authority for the purpose of the Cooperation Agreement, represented by its Chairman, which hereinafter will be referred to “party” (Law nr.8270, dated 23.12.1997 "On Supreme State Audit Institution", as amended, which determines the Albanian SAI as the highest institution of economic and financial control in the Republic of Albania and to the main objective of ensuring effective control and beneficial use of public funds, of good financial administration and the enforcement of the law in economic and financial fields, as well as the informing the public authorities and the public about the results of their work;) and Ministry of Finance which is the competent authority for the purpose of the Cooperation Agreement, represented by the Minister, which hereinafter will be referred to “party” (Law No. 9720 dated 23.04.2007 "On internal audit in the public sector" as amended, which regulates the activity of internal audit in the public sector. No.10294 law, dated 01.07.2010 "On Public Financial Inspection", which aims to protect the financial interests of public entities against financial mismanagement, fraud and corruption.) agree on the Cooperation Agreement,</p>
<p>Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4.Benefits of Coordination and Cooperation)</p>	<p>Objective 1.1 This Agreement will facilitate cooperation and coordination of the parties with the aim of eliminating duplication and intensifying the sharing of data related to areas of common interest, as defined in the applicable legislation. 1.2 This agreement will create a framework which will increase the value, impact and benefits of audits or inspections carried out by the parties, ensuring at the same time that financial inspection, internal audit and external audit duly perform and carry out their responsibilities and respective roles.</p>
<p>Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150 (9. Areas of Cooperation)</p>	<p>1.3 The cooperation referred to the paragraph 1.1 will be implemented on an equal basis and the principle of reciprocity: a. Meetings / cooperation meetings; b. Support to external audit as well as to internal audit work; c. Agreeing to exchange information and documentation; d. Joint training of auditors.</p>
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation)INTOSAI GOV 9150</p>	<p>Coordination Between The Parties 5.1 The parties will establish a Secretariat to implement this agreement, composed of a director or specialist from the structures of both institutions. 5.2 The Secretariat consists of three members, of which one from the Supreme State Audit, one from the Central Harmonization Unit for Internal Audit and the other from the Public Financial Inspection Directorate. The representative of ALSAI is the Head of the Secretariat. The Secretariat will meet at least every 3 months, or more often depending on the need for exchange of information.</p>

(10. Phases & Content of Cooperation)	5.3 For each meeting, the Secretariat will prepare a report about the implementation of this agreement, which will be approved by the heads of the two institutions.
Confidence INTOSAI GOV 9150 (6.1.4 Confidence)	Management Information 6.1 The information exchanged between the Parties is managed according to the rules stipulated in the Law nr.8270, dated 23.12.1997 "On Supreme State Audit Institution", as amended, Law nr.9720 dated 23.04.2007 "On internal audit in the public sector" as amended, nr.10294 Law dated 01.07.2010 "On public financial inspection", Law no. 8503, dated 30.06.1999 "On the Right to Official Information" and Law No. 8517, dated 22.07.1999 "On the protection of personal data".
Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)	Final Provisions 7.1 This Agreement shall enter into force on the date of signing by both parties and will remain in force for an indefinite period. 7.2 Amendments may be made by agreement from the Parties through the exchange of writing communication, specifying the date of entry into force. 7.3 In addition to the provisions of paragraph 1 of this Article, this Agreement may be terminated at any time by either party, specifying the date of entry into force.

B) BELGIUM

Internal Audit System in the Public Sector

- 1) At the Federal State level recently a new centralized Federal Internal Audit Service was created; it is linked to the Chancellery of the Prime Minister. It carries out its activities under the supervision of the Federal Audit Committee and in accordance with the IIA standards. The internal audit activities are organised in such way that external control entities can refer to their conclusions. For processes that include transactions that are subject to an external control the Head of Internal Audit concludes protocols in order to formalise the coordination of tasks and the exchange of information. (Royal Decree of 4 May 2016 replacing Royal Decree of 17 August 2007). At the level of the Communities and Regions of Belgium the respective governments have autonomy to structure the internal audit function of their public sector entities.

Cooperation Agreement

- 2) The formal cooperation between the SAI of Belgium and internal auditors in the public sector is carried out on the basis of legislation and for some governments a formal agreement or protocol. It is varied at different government levels.
- 3) At Federal State level so far there is no formal coordination between SAI and internal audit services; this is likely to change in the future (Royal Decree of 4 May 2016).
- 4) At the level of public services of Wallonia and the French Community, the cooperation between the SAI and internal audit does exist but is informal, no agreement has been signed and there is no legal obligation to establish cooperation between the SAI and internal audit.
- 5) Considering the Flemish Community public sector there are two cooperation agreements between SAI and internal audit. One of them is between SAI of Belgium and Audit Flanders. The other one is between SAI of Belgium, Institute of Chartered Accountants of Belgium and Audit Flanders.
- 6) Both agreements on audits in the Flemish Community public sector cover the context, general principle, exchange of information, confidentiality and final provisions. They focus on exchanging the work of auditors and documentation as well as audit reports. They also have provisions focusing on exchange of experience, exchange of methodology and standards, conducting training and exchange of audit programmes. The bilateral cooperation agreements is more detailed than the trilateral agreement..

- 7) There is no cooperation agreement between SAI of Belgium and national IIA chapter. There is an IIA Belgium group membership agreement between SAI Belgium and IIA Belgium for interested SAI board members and staff.

THE COOPERATION AGREEMENT BETWEEN THE SAI BELGIUM and AUDIT FLANDERS	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	<p>The agreement was agreed between the SAI Belgium and Audit Flanders</p> <p>The Court of Audit helps the House of Representatives monitor the executive power, i.e. the Federal administrations, the Communities and Regions, the public services and the provinces. The Court carries out financial reviews, verifies the legality of the operations and ensures the sound use of public funds. It reports afterwards to the parliament concerned.</p> <p>Audit Flanders is entrusted with assessing the organisation's governance (internal control system) as to its effectiveness, efficiency, quality and integrity and to recommend any improvement. To this end, Audit Flanders performs financial, conformity, operational and forensic audits and gives advice when needed. Audit Flanders' working scope encompasses:</p> <ul style="list-style-type: none"> • The Flemish public sector, i.e. the departments, the internally autonomised agencies and the externally autonomised agencies regulated by public law, including the legally independent own resources and the Flemish public institutions of category A that are linked to the aforesaid entities. At the request of the Minister-President or the Flemish government, Audit Flanders is also entitled to carry out forensic audits among a member of the Flemish government's personal staff; • The local administrations, i.e. the municipalities, the autonomised municipality public companies, the welfare councils and their associations, except for the hospital associations, the provinces and the autonomised province public companies.
Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4. Benefits of Coordination and Cooperation)	<p>B. The Court of Audit and Audit Flanders seek to harmonise their audit activities and make them complementary as much as possible, while ensuring that the autonomy and specific responsibilities of each party are respected. Their purpose is to avoid overlaps, lighten the control burden on the entities of the Flemish public sector under scrutiny and increase the cost-efficiency of their audits.</p>
Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150	<p>B. To serve this purpose, they exchange information on strategy and audit programme, monitoring and risk analysis, reporting, control methods and manuals as well as good practices</p>

<p>(9. Areas of Cooperation)</p> <p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation)INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<p>C.1. Strategy and programmes</p> <p>C.1.1. The Court of Audit and Audit Flanders inform each other about their respective audit strategy. (...)</p> <p>C.1.2. The Court of Audit and Audit Flanders harmonise their audit calendar. They consult each other on the results of the monitoring and the risk analysis (specific to the policy area or beyond it) while they prepare the annual operational plan (of the Court) and the audit programme (of Audit Flanders). Every year, the Court of Audit and Audit Flanders confer about the drafts of their annual operational plan (the Court) and audit programme (Audit Flanders). The Court of Audit and Audit Flanders provide each other with an endorsed version of their annual programme. Both the Court and Audit Flanders can refer to this endorsed annual programme when they inform the entities under scrutiny.</p> <p>C.1.3. The Court of Audit and Audit Flanders commit themselves to take part –at least once a year and, if possible, together- in the deliberation taking place at the management committee’s level for each policy area. Should they nevertheless attend such meetings separately, they must inform the other party of the outcome.</p> <p>C.2. Monitoring and risk analysis</p> <p>C.2.1. The Court of Audit and Audit Flanders exchange data about monitoring and risk analysis methods. (...)</p> <p>C.2.2. The Court of audit and Audit Flanders see to it that auditors and assistant auditors working in the same policy area or having the same speciality can contact each other directly on an informal basis in order to share information. The Court of audit provides Audit Flanders with a contact list (senior auditors-directors, senior auditors-supervisors, persons in charge of the policy area and the budget) stating the phone numbers, e-mail addresses, etc. Audit Flanders provides the Court of audit with a contact list (managers and persons in charge of the policy area) stating the phone numbers, e-mail addresses, etc.</p> <p>C.3. Reporting</p> <p>C.3.1. The Court of audit and Audit Flanders exchange their audit reports systematically. (...)</p> <p>C.3.2. The Court of Audit and Audit Flanders provide each other with comments on their audit reports at explicit request. (...)</p> <p>C.3.3. The Court of Audit and Audit Flanders inform each other or confer beforehand if they include audit findings contained in the other party’s official reports or letters in their own reporting.</p> <p>C.4. Control methods and manuals</p> <p>C.4.1. The Court of audit and Audit Flanders inform each other systematically about their control methods and techniques.</p> <p>C.4.3. The Court of audit and Audit Flanders inform each other systematically about their audit standards and the practical guides and manuals they draw up. (...)</p> <p>C.5. Good practices</p>
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	C.5.1. The Court of Audit and Audit Flanders are creating an exchange platform on the good practices identified.
Confidence INTOSAI GOV 9150 (6.1.4 Confidence)	D.1. The information the Court of Audit and Audit Flanders exchange according to the current agreement is confidential. It is not available to third parties and may only be used to carry out the own missions. Information contained in reports of the other party may be used to perform verifications and may be referred to in the own reports. Both parties reserve the right to refuse access to some documents that are strictly confidential for the sake of privacy. The way both parties should deal with information confidentiality is set down in the attached schedule.
Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)	E.2 Both parties commit themselves to abide loyally to the agreements made in the current document. Should one party neglect any agreement on its part, the other party would be immediately freed of its own commitments. E.3. The implementation of the current agreement will be assessed yearly, unless both parties agree that this is not needed. Such an assessment may cause the current agreement to be readjusted.

THE COOPERATION AGREEMENT BETWEEN THE SAI BELGIUM , AUDIT FLANDERS AND INSTITUTE OF CHARTERED ACCOUNTANTS OF BELGIUM	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	<p>This agreement is made and entered into by and between;</p> <ol style="list-style-type: none"> 1. The Belgian Court of Audit, 2. The IRE-IBR (herinafter referred to in English as “the Institute of Chartered Accountants of Belgium”), 3. The internally autonomised agency named “Audit Vlaanderen” (herinafter referred to in English as “Audit Flanders”). <p>A. <u>The Court of Audit</u> helps the House of Representatives monitor the executive power, i.e. the Federal administrations, the Communities and Regions, the public services and the provinces. The Court carries out financial reviews, verifies the legality of the operations and ensures the sound use of public funds. It reports afterwards to the parliament concerned.</p> <p>The primary mission of the chartered accountant member of the <u>Institute of Chartered Accountants of Belgium</u> is to verify financial states. His legal permanent missions mainly consist of an external auditor’s position. A such, the chartered accountant will check the annual accounts and decide on whether they give a true and fair view of the assets, financial position and results of the company.</p>

	<p><u>Audit Flanders</u> is entrusted with assessing the organisation's governance (internal control system) as to its effectiveness and efficiency and to recommend any improvement. To this end, Audit Flanders performs financial, conformity, operational and administrative audits and provides a number of support and advisory services. Audit Flanders also carries out forensic audits.</p>
<p>Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4. Benefits of Coordination and Cooperation)</p>	<p>A. The Court of Audit, the chartered accountant(s) and Audit Flanders each have a specific mission, which they report on to different target groups. Though their control missions of the financial position and the internal organisation of an entity are complementary, their activities may overlap partially or even entirely. Therefore, they entered into the current agreement to ensure smooth cooperation in the course of performance of financial reviews of the Flemish public services and local administrations.</p> <p>B. The Court of Audit, the chartered accountant(s) and Audit Flanders (referred to hereafter as “the control institutions”) seek to harmonise their audit activities and make them complementary as much as possible, while ensuring that the autonomy and specific responsibilities of each party are respected, as well as the regulation in force. Their purpose is to avoid overlaps, lighten the control burden on the entities of the Flemish public sector and the local administrations under scrutiny and increase the cost-efficiency of their audits.</p>
<p>Areas and Modes of Cooperation INTOSAI GOV 9150 (7. Modes of Cooperation) INTOSAI GOV 9150 (9. Areas of Cooperation)</p>	<p>B. To serve this purpose, they exchange information on strategy and audit programming, monitoring and risk analysis, reporting, control methods and manuals as well as good practices.</p>
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation) INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<p>C.1. Strategy and programmes C.1.1 The control institutions inform each other about their respective audit strategy. (...) C.1.2 The control institutions exchange information about their audit programmes and minimise overlaps. (...) C.2. Monitoring and risk analysis C.2.1 The control institutions exchange data about monitoring and risk analysis. (...) C.2.2 The control institutions see to it that auditors and/or assistant auditors working within the same entity can contact each other directly on an informal basis in order to share information. (...) C.3. Control and reporting C.3.1 The control institutions exchange systematically their (audit) information about the entities of the Flemish public sector and the local administrations that fall under their common realm: (...) C.3.2 The control institutions provide each other with explanatory comments on the audits performed. (...) C.4. Control methods and manuals</p>

	<p>C.4.1 The control institutions inform each other systematically about their control methods and techniques.</p> <p>C.5. Good practices The control institutions are creating an exchange platform on the good practices identified.</p>
<p>Confidence INTOSAI GOV 9150 (6.1.4 Confidence)</p>	<p>D. The information the control institutions exchange according to the current agreement is confidential. It is not available to third parties and may only be used to carry out the own missions. Information contained in reports of other control institutions may also help performing additional own verifications. The control institutions reserve the right to refuse access to documents that are strictly confidential, for instance for the sake of privacy or professional secrecy.</p> <p>According to article 50, 2/1 of the Decree of 18 July 2011 and article 20 of the Decree of 5 July 2013, the duty of professional confidentiality of the chartered accountant has been lifted for the communication of information on audit strategy and audit programming, monitoring and risk analysis, control, reporting and control methods by the chartered accountant to the Court of Audit and the agency Audit Flanders regarding entities of the Flemish public sector and local and provincial administrations that fall under their common realm, as well as for the communication to the Court of Audit and the agency Audit Flanders of information contained in working documents of the chartered accountant regarding the aforesaid entities and administrations.</p> <p>The following data are not considered to be confidential: information legally obtained from a third party that is not bound by confidentiality or professional secrecy; information developed by one of the control institutions without violating the current agreement; information that is or has been made public without the intervention of the party that received it nor fault on its part.</p>
<p>Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)</p>	<p>E.2. The control institutions commit themselves to abide loyally to the agreements made in the current document.</p> <p>E.3. The implementation of the current agreement will be assessed yearly, unless all parties deem this to be unnecessary. Such an assessment may cause the current agreement to be redrafted.</p>

C) BULGARIA

Internal Audit System in the Public Sector

- 1) The Public Sector Internal Audit Act (PSIAA) and internal audit standards in the public sector regulate internal audit activity in the public sector. The PSIAA is in line with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (the IIA), and the Committee of Sponsoring Organisations (COSO) 'Internal Control — Integrated Framework' ('the COSO framework'). The standards correspond to the international standards for the professional practice of internal auditing as stipulated by the PSIAA.
- 2) The public administrations (line ministries, municipalities, social security unit and etc.) and state-owned enterprises are responsible to establish an Internal Audit Unit. They can establish an audit committee to support the internal audit, stipulated in the Public Sector Internal Audit Act of Bulgaria.
- 3) The internal audit activity is carried out by an internal audit unit, which comprises a head of unit and internal auditors. These persons report directly to the manager of the organisation for which they work. The manager of the organisation bears the responsibility for ensuring the independence of the internal auditors when planning, carrying out and reporting on the internal audit results. The appointment or dismissal of the head of internal audit is carried out by sanction of the manager of the respective budgetary organisation (minister, mayor. etc). (Compendium of the Public Internal Control Systems in the European Members States; p.44)
- 4) The Minister of Finance is responsible for the harmonisation for the coordination and harmonisation of internal audit in the public sector. Internal Audit Central Harmonisation Unit will support the Ministry in performing these responsibilities.
- 5) Internal Auditors in the public sector should be certificated by Ministry of Finance.

Cooperation Agreement

- 6) The cooperation between the SAI Bulgaria and internal auditors in the public sector is carried out on the combined basis of legislation and a formal agreement or protocol. (12th page of EUROSAI-ECIIA Joint Paper)

- 7) There are two cooperation agreements about the collaboration between external auditors and internal auditors in the Bulgarian public sector
- 8) One of them is a multilateral cooperation agreement between SAI of Bulgaria, national IIA chapter and Institute of Certified Public Accountants of Bulgaria.
- 9) The agreement does not include the coordination of external auditor and internal auditors in the public sector, which covers the audit process. (e.g. obtaining the work of internal auditors and internal audit reports) It mostly focuses on exchange of experience, developing methodology and standards, conducting training and research programmes.
- 10) SAI Bulgaria has also another cooperation agreement with the Ministry of Finance. It is also binding for the Audit of European Union Funds Executive Agency and for the Public Financial Inspection Agency, both administrations to the Ministry of Finance. The cooperation agreement concerns the internal audit activity only in the part related to coordination and exchange of annual audit programme of internal audit units with the purpose for avoiding overlapping of audits.

THE COOPERATION AGREEMENT BETWEEN THE SAIs BULGARIA , INSTITUTE of INTERNAL AUDITORS and INSTITUE OF CERTFIFIED PUBLIC ACCOUNTANTS	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	The agreement was agreed between the SAI Bulgaria, Institute of Internal Auditors in Bulgaria and Institute of Certified Public Accountants in Bulgaria
Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4.Benefits of Coordination and Cooperation)	1. Development of productive dialogue and partnership conducive to achieving the objectives of the three organizations. 2. Mutual provision of active support in promoting the objectives, activities and professional interests of the partners to this agreement.
Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150 (9. Areas of Cooperation)	II. Forms of Cooperation 1. Organization and implementation of joint activities to exchange experiences (workshops, seminars, discussions, round tables, conferences, etc.). 2. Performance of joint analyzes and evaluations of existing regulations and practices, formulation and implementation of initiatives aimed towards their improvement 3. Organization of joint trainings on management, risk management, internal audit and other topics of mutual interest in order to raise the

	<p>level of awareness among stakeholders.</p> <p>4. Implementation of joint activities in the preparation and implementation of projects on specific issues of mutual interest.</p>
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation) INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<p>III. Mechanisms for Implementation of the Agreement</p> <ol style="list-style-type: none"> 1. The partners to this agreement shall share information of mutual interest. Communication shall be realized through letters, e-mails and telephone by persons representing the three organizations, or by other persons authorized for this purpose. 2. Partners shall held regular meetings at least once a year and meetings on specific occasions to discuss concrete actions and measures to achieve the objectives of the agreement. 3. The Parties shall participate with its representatives in joint working groups and advisory groups on problems and issues of mutual interest. 4. The partners, if necessary, shall provide each other specialists for participation in forums, conferences and other professional events.. 5. The forms of the joint activities shall be carried out bon the basis of decisions taken by the respective governing bodies of the partners and / or persons who, by virtue of law, statute or other act, shall be entitled to represent them. 6. The partners are free to submit proposals for joint initiatives and activities to the other party in the manner specified inp III.1. and should provide the other party within a reasonable time , depending on the nature of the proposal made. Invited party shall notify the requesting party about its decision(also within a reasonable time).
<p>Confidence INTOSAI GOV 9150 (6.1.4 Confidence)</p>	<p>There is no material condition regarding confidence</p>
<p>Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)</p>	<p>IV. Term of Agreement</p> <ol style="list-style-type: none"> 1. This Agreement shall enter into force from the date of signature and remain in force for an indefinite period of time, unless one of the parties decides explicitly to be excluded from it or has stopped to exist without a successor <p>V. Final</p> <ol style="list-style-type: none"> 1. This Agreement may be amended and supplemented by mutual agreement between the parties. 2. This Agreement is made and signed in three identical copies, one for each party.

D) HUNGARY

Internal Audit System in the Public Sector

- 1) The Ministry for National Economy (MNE) (former Ministry of Finance) is responsible for development, regulation, coordination and harmonisation of the public internal control system relating to the subsystems of the public finances.
- 2) The concept of internal audit is embedded in the regulations of the Act of Public Finance and in a government decree supplemented by standards and guidelines. The Minister for National Economy established and published the Hungarian public internal audit standards.
- 3) The internal auditors or the internal audit unit perform their duties directly subordinated to the head of Public Budgetary Organizations (PBO) and report directly to him/her. The audit team leader is responsible for drafting the audit report and drawing conclusions.
- 4) The PBO's internal auditor has to be authorised by the MNE, which means that the auditor has to be registered. (PFA and MNE Decree No 28 of 2011 (VIII. 3.))
- 5) The Public Internal Control Interministerial Committee (PICIC) has been established to provide guidance to the improvement of the PIC system, the cooperation, coordination, harmonisation and preparation of further needed developments. PICIC shall assume the following tasks related to internal audit.
 - monitoring of the application and implementation of draft legislative provisions, practice manuals, nationally and internationally accepted standards relating to internal audit;
 - evaluation and support of functional independence of internal auditors.
 - Coordination of planning and implementation of government audits.
- 6) The SAO has the right to participate on an advisory basis in the meetings of the PIC Interministerial Committee.

Cooperation Agreement

- 7) The cooperation between the SAI Hungary and internal auditors in the public sector is solely carried out on the basis of an agreement without a legislation or legislative restrictions (12th page of EUROSAI-ECIIA Joint Paper)
- 8) There is a cooperation agreement between the SAI Hungary and the Institute of Internal Auditors of Hungary, which lays out the joint collaboration activities
- 9) The agreement does not include the coordination of external and internal auditors in the public sector as regards the audit process. (e.g. obtaining the work of internal auditors and internal audit reports) It mostly focuses on exchange of experience, developing methodology and standards, conducting training and research programmes etc.
- 10) There is no cooperation agreement between SAI Hungary and Ministry of National Economy.
- 11) There is a cooperation agreement between the Ministry of National Economy and IIA Hungary, which was signed a few years ago by the Ministry of Finance. (predecessor of MNE)

THE COOPERATION AGREEMENT BETWEEN THE SAI HUNGARY and INSTITUTE OF INTERNAL AUDITORS OF HUNGARY	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	<p>The agreement was agreed between the SAI of Hungary and Institute of Internal Auditors of Hungary.</p> <p>In the agreement, there is no more information about the organisations, their roles and responsibilities in the public sector except for ;</p> <p>“The International Organisation of Supreme Audit Institutions (INTOSAI) and the Institute of Internal Auditors (IIA) have signed an agreement of cooperation under the terms of which the INTOSAI Sub-Committee on Internal Control Standards and the IIA have prepared a document stipulating the cooperation between the internal audit and state audit organisations. Based on this document the European Organisation of Supreme Audit Institutions (EUROSAI) and the European Confederation of Institutes of Internal Auditing (ECIIA) have prepared a draft agreement of cooperation (20 May, 2010).</p> <p>The framing of the cooperation between the SAO and IIA Hungary is based on the above mentioned documents with the aim of implementing these principles on a national level.”</p>
Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150	The aims of the cooperation are:

<p>(4.Benefits of Coordination and Cooperation)</p>	<p>development of the internal audit function, building a long term, innovative, practice oriented and high standard cooperation by efficiently linking the practical and the theoretical observations derived from the audits performed by SAO with the program organizing and training capabilities of IIA Hungary.</p> <p>1.b) with the tools of the cooperation the development, improvement of the best methodologies, the correction of the standard of managing the public property and public funds, and the competitiveness of the public administration.</p> <p>1.c) mutual participation in the organisation of academic research programs and continuous education, in the arrangement of the tutorial activities and examinations, furthermore in the management training programs.</p> <p>1.d) in the interest to foster each other's work promote the dialogue between the state auditors and the internal auditors</p> <p>1.e) help in shaping the most effective and most efficient form of cooperation between SAO and the internal audit functions of the organisations audited by them.</p>
<p>Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150 (9. Areas of Cooperation)</p>	<p>2. The major direction and content of the cooperation</p> <p>Based on the present agreement the cooperation extends over the areas in connection with its basic aims, especially to:</p> <p>the areas of auditing the business management of the public sector, the development of the audit methodologies. the advancement of the use of statistical methodologies, the development of the audit standards. auditor training and continuous education formats and programs employable in any of the public sector areas, manager training and other base and continuous education programs developed with the involvement of the SAO Research Institute (SAORI),</p> <p>professional discussions aiming the further development of the auditing standards and methodologies of the state budget.</p> <p>supporting the use and development of quality assurance in the public sector for the use of the quality management techniques in the public administration.</p> <p>the development of the methodological and institutional framework for the corruption risk assessment activity affecting the public sector, participation in the preparation of the update of the public sector corruption risk and endangerment map. for the joint research activities with the SAORI.</p> <p>3. The forms, tools and methodologies of the cooperation</p> <p>The basic forms of the cooperation are the joint development and operation of methodological, tutorial and educational programs</p>

	<p>(training materials and courses), the development and implementation of special continuous educational programs that can supporting the development of financial audits as well. To achieve these the Partners will utilise the material and technical assets available to them.</p> <p>The Partners will bear themselves the cost associated with the individual programs, for the exceptions separate agreements shall be signed.</p> <p>Within the frames set forth by the rule of law and the auditing principles and standards of the SAO, the SAO will share its auditing experience and methodologies with IIA Hungary. To achieve this the fellow workers of SAO will actively participate in the training and educational activities of IIA Hungary (in the background work for the training activities (preparation of studies, joint materials, notes), participation in professional discussions, seminars, expert activities).</p> <p>SAO supports the training of the professional, the scientific work, the deepening of the knowledge in the field of state budget management.</p> <p>The experts of IIA Hungary and SAO jointly support the methodological research and development work of SAO, SAORI and IIA Hungary.</p> <p>Through the activities of their experts IIA Hungary and SAO jointly support the activities of those professional organisations (e.g. the Ministry of National Economy, the Hungarian Economic Association, the Chamber of Hungarian Auditors, the Association of Financial Auditors) whose mission are linked with the principles of this agreement.</p> <p>The Partners undertake to insure each other the possibility of participation at their professional programs (round table discussions, academic sessions, symposiums, conferences), furthermore they will jointly initiate, organise such programs. They will insure the forum to publish each other's academic results.</p> <p>The Partners will assess and, if there is a need, work out the possibilities of joint research activities with the SAORI.</p> <p>There will be room for the publication of the results achieved by the Partners in the Pénzügyi Szemle (Public Finance Quarterly) managed by SAO.</p> <p>The Partners agree that as a part of their mutual exchange of information and cooperation they will help each other in managing, broadening their international relations, and thus in the realisation of the planned agreement of cooperation between European Organisation of Supreme Audit Institutions (EUROSAI) and the European Confederation of Institutes of Internal Auditing (ECIIA). The Partners will share the internationally acquired professional knowledge and practices and utilise them jointly, support each other for applications to international research and training tenders.</p>
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding)</p>	<p>The Partners will evaluate in writing the experiences of the cooperation by the end of each calendar year but by the latest on 31 December. In this they shall review the fulfilment of the</p>

<p>INTOSAI GOV 9150 (7. Modes of Cooperation)INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<p>contents of the agreement of cooperation, the need for changes, development and any mutually agreed changes to be made. The means of contact is by mail, in any urgent case by e-mail.</p> <p>5.c) Contacts on behalf of SAO: Secretary-General on behalf of IIA Hungary: Head of Secretariat</p>
<p>Confidence INTOSAI GOV 9150 (6.1.4 Confidence)</p>	<p>The Partners mutually respect the interests of each other especially to the rights of data protection and intellectual property.</p> <p>6. Privacy and Data Protection</p> <p>6.a) Any document, data, facts, circumstance, information, methodology in relation to SAO or IIA Hungary that came to the knowledge of those natural persons who take a part, who are employed in relation to the agreement of cooperation have the liability to keep the secrecy.</p> <p>6.b) Those natural persons who take a part, who are employed in relation to the agreement of cooperation can only be employed to the extent of the Protection of Classified Information ruling of Act CLV of 2009. (The person has acknowledged the law and have signed the declaration to keep all the relevant information secret.)</p> <p>6.c) Those natural persons who take a part, who are employed in relation to the agreement of cooperation who breach the Classified Information act shall take the consequences of the criminal law.</p> <p>6.d) Those natural persons who take a part, who are employed in relation to the agreement of cooperation shall handle personal data according to the relevant laws governing personal data privacy and SAO (Act LXIII. of 1992. Chapter 21/A of the Act XXXVIII of 1989 on SAO.</p>
<p>Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)</p>	<p>7. Closing instructions, agreement coming into force</p> <p>The Partners have signed this agreement for an indefinite period and shall come into force on the day of signing. The cooperation will terminate once the Partners decide to terminate the agreement. Any of the Partners can send a notice for termination with a notice period of 60 days if they consider that the agreement is not serving their interest. There is room for immediate termination in case that any of the Partners severely breaches the terms of the agreement. In case of dispute an intermediary shall be used to resolve the conflict. If this does not end with a satisfactory result then the Budapest City Court (Fővárosi Bíróság) has full jurisdiction. For the areas not governed in this agreement refer to the Civil Code and professional codes of law and standards - especially the Copyright Law LXXVI of 1999.</p> <p>7.c) The agreement of cooperation was prepared in 6 identical original copies, each with 6 pages. SAO is eligible for 3 copies.</p> <p>7.d) After reading the agreement of cooperation the partners have signed it in accordance with their intended wills.</p>

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E) LITHUANIA

Internal Audit System in the Public Sector

- 1) The legal basis of internal audit in the public sector of Lithuania ;

The Law on Internal Control and Internal Audit (the PIFC Law) approved in 2002. The document defines the basic legal framework, goals and procedures for the functioning of internal control, including financial control and internal audit in a public legal entity, as well as responsibilities of its heads (according to internationally accepted principles: COSO, IIA, etc.).

-The Standard Charter of the Internal Audit Unit approved by the government resolution in 2003. The activities of the internal audit unit shall be governed by the Internal Audit Charter approved by the head of the public legal entity, which is developed following the template text for the Internal Audit Charter, approved by the government.

- 2) Internal audits of a public legal entity (that are in compliance with the criteria established in appropriate legal acts) are performed by internal audit units (IAUs), which are subordinate and accountable to the head of a public legal entity. Other legal entities are audited by a centralised internal audit unit of a superior institution. IAUs of public legal entities report on their activities directly to the Ministry of Finance on an annual basis. Public legal entities submit a report on the functioning of the financial control system to the public legal entity they are subordinated to or within whose sphere of regulation they are, and the top-level state institutions submit this report to the Ministry of Finance. (Compendium of the Public Internal Control Systems in the European Members States; p.158)

Cooperation Agreement

- 3) The cooperation between the SAI Lithuania and internal auditors in the public sector is solely carried out on the basis of an agreement without a legislation or legislative restrictions. (12th page of EUROSAI-ECIIA Joint Paper)
- 4) There is a multilateral cooperation agreement between SAI of Lithuania, Ministry of Finance, Association of Municipal Controllers, Institute of Internal Auditors and Chamber of Auditors.
- 5) This agreement is quite comprehensive and includes not only exchange of experience, methodology and information about audit work but also requires a cooperation plan to achieve a series of targets at the public finance management level.
- 6) The cooperation programme lays out the objectives, measures and responsible parties during cooperation period as well as establishing a joint committee implementing the cooperation programme.
- 7) The agreement does not include the coordination of external auditor and internal auditors in the public sector, which covers the audit process. (e.g. obtaining the work of internal auditors and internal audit reports) It mostly focuses on exchange of experience, developing methodology and standards, conducting training and research programmes and etc.

THE COOPERATION AGREEMENT BETWEEN THE SAI LITHUANIA, MINISTRY OF FINANCE OF LITHUANIA, ASSOCIATION OF MUNICIPAL CONTROLLERS, INSTITUTE OF INTERNAL AUDITORS AND CHAMBER OF AUDITORS	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	<p>The agreement was agreed between the SAI of Lithuania, Ministry of Finance of Lithuania, Association of Municipal Controllers, Institute of Internal Auditors and Chamber of Auditors. In the agreement, there is no more information about the organisations, their roles and responsibilities in the public sector except for ;</p> <ol style="list-style-type: none"> 1) National Audit Office of the Republic of Lithuania, code 188659229, address Pamėnkalnio g. 27, Vilnius, represented by Auditor General Giedrė Švedienė, 2) Ministry of Finance of the Republic of Lithuania, code 288601650, address Lukiškių g. 2, Vilnius, represented by Minister of Finance, Ingrida Šimonytė, 3) Association of Municipal Controllers, code 259976170, address Savanorių pr. 371, Kaunas, represented by President of the Association of Municipal Controllers Juozas Vaičiulis,

	<p>4) Institute of Internal Auditors, code 124111729, address P.O. Box 1151, Vilnius, represented by President of the Institute of Internal Auditors Žaneta Pisarskienė,</p> <p>5) Lithuanian Chamber of Auditors, code 125262221, address Ukmergės g. 369 A, Vilnius, represented President of the Lithuanian Chamber of Auditors Jurgita Kirvaitienė,</p>
<p>Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4.Benefits of Coordination and Cooperation)</p>	<p>Renewing the Agreement and further developing the cooperation between public auditors of the National Audit Office, internal auditors of the public sector, municipal controllers, and certified auditors conducting audit in the public sector, have agreed as follows:</p> <ol style="list-style-type: none"> 1. To renew and develop a system of cooperation between public auditors, internal auditors of the public sector, municipal controllers, and certified auditors conducting external audit in the public sector. 2. The key objective of the cooperation system is to facilitate the management of the public sector and the quality of external and internal audit, increasing public trust and confidence in audit professionals.
<p>Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150 (9. Areas of Cooperation)</p>	<p>The following tasks have been provided for to achieve this objective:</p> <ol style="list-style-type: none"> 1. to develop the practice of sharing professional audit experience; 2. to develop the practice of mutual use of auditors' work; 3. to improve audit methodologies; 4. to create an audit quality assurance system.
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation)INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<ol style="list-style-type: none"> 1. The cooperation system will be implemented according to the Cooperation Programme developed by the Parties. 2. With a view to implementing the cooperation objective and tasks, the Parties agree to set up a Committee consisting of representatives delegated by the Parties. A representative of the National Audit Office shall be appointed the Chairman of the Committee. Working groups may be formed to implement the measures of the Cooperation Programme, which shall consist of representatives that may be delegated thereto by each Party. The working groups shall implement individual measures of the Cooperation Programme and provide their conclusions, suggestions and recommendations to the Committee. The working groups shall be headed by one of the Committee members. 2. The Committee shall be responsible for the preparation of a Cooperation Programme.
<p>Confidence INTOSAI GOV 9150 (6.1.4 Confidence)</p>	<p>There is no material condition regarding the confidence</p>
<p>Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)</p>	<ol style="list-style-type: none"> 1. The National Audit Office undertakes to initiate and coordinate the implementation of the Cooperation

	<p>Programme developed and approved by the representatives of the Parties. The implementation of the Agreement provisions shall be discussed in joint meetings of the representatives of the Parties or in sittings which shall be organised as appropriate, but in any case at least once a year.</p> <p>2. This Agreement is made in five copies and shall enter into force on the day of its signing.</p>
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F) MOLDOVA

Internal Audit System in the Public Sector

- 1) The Minister of Finance is the responsible body for the establishment and organization of the comprehensive financial management and control systems as well as for the development and implementation of the internal audit in the public sector. For the implementation of these tasks the Minister of Finance is supported by the Central Harmonization Unit of Internal Audit.
- 2) The Law on Internal Control and Internal Audit (the PIFC Law No 229 of 23.09.2010) was approved in 2010. The document defines the basic legal framework, goals and procedures for the functioning of internal control, including financial control and internal audit in a public legal entity, as well as responsibilities of its heads (according to internationally accepted principles: COSO, IIA, etc.).
- 3) PFM Reform Strategy was developed covering 2013-2020 which elaborated extensive measures for the improvement and development of the internal audit function. Having established the underlying legal and regulatory framework governing the internal auditing in the public sector, the following documents were developed in the period of assessment 2012-2014:
 - Regulation on the Certification of Internal Auditors in the Public Sector (MoF Order No 100 of 29 August 2012);
 - National Internal Audit Standards (MoF Order No 113 of 12 October 2012);
 - Methodological Norms for Internal Audit in the Public Sector (MoF Order No 105 of 15 July 2013);
 - Code of Ethics for Internal Auditors and the Charter of Internal Audit (MoF Order No 74 of 10 June 2014);

- Program on Ongoing Training for Internal Auditors;
 - Regulation on reporting the Internal Audit Unit activity (MoF Order No 113 of 15 September 2011).
- 4) The National Internal Audit Standards are entirely based on the International Internal Audit Standards issued by the Institute of Internal Auditors.

Cooperation Agreement

- 5) There are two cooperation agreements about the collaboration between external auditors and internal auditors in the Moldovian public sector.
- 6) First one is the cooperation agreement between SAI Moldova and Ministry of Finance about the relationship between external auditors and internal auditors in the public sector.
- 7) The cooperation agreement between SAI Moldova and Ministry of Finance covers the audit process, exchanging the work of auditors and documentation as well as audit reports. It also has provisions focusing on sharing experience, developing methodology and standards, conducting training and research programmes and etc.
- 8) Second one is the cooperation agreement between SAI Moldova and IIA Moldova.
- 9) The agreement between SAI Moldova and IIA Moldova does not cover the audit documentation directly (e.g. obtaining the work of auditors and audit reports). However, it focuses on exchange of experience, developing methodology and standards, conducting training and research programmes and etc. It is stated in the agreement that a working group comprised of parties will identify the further coordination on sharing audit documentation and data.

THE COOPERATION AGREEMENT BETWEEN THE SAI MOLDOVA and INSTITUTE OF INTERNAL AUDITORS OF MOLDOVA	
Basic Elements of the Agreement	Agreement Text
Introduction INTOSAI GOV 9150 (3. Roles and responsibilities)	The Court of Accounts of Moldova (hereinafter - CoA), as the Supreme Audit Institution that performs independent control of the formation, administration and utilization of public financial resources and management of public property by carrying out external audit in the public sector, in the person of Mr. Serafim

	<p>Urechean, the President of the Court of Accounts, on the one hand, and</p> <p>Association of Internal Auditors of the Republic of Moldova (hereinafter - AIA) as a public professional organization that tends to represent a framework for the promotion of the International Standards of Internal Audit and where internal auditors and people interested in the specific activity of internal audit can improve the means and methods of professional expression and receive professional support, on the other hand, in the person of Ms. Cristina COPĂCEANU, AIARM President, on the other hand, called Parties,</p> <p>agreed to conclude this cooperation agreement in the process of strengthening the external audit and internal audit functions, hereinafter the Agreement, and to set the following:</p>
<p>Objectives and Purpose of the Cooperation Agreement INTOSAI GOV 9150 (4.Benefits of Coordination and Cooperation)</p>	<p>1. An effective internal audit function is a fundamental component of good governance and is one of the tools that any entity can use to assess and monitor the practices used by the management as well as the achievement of the goals set by managers.</p> <p>2. Both the Court of Accounts, and the Association of Internal Auditors regard their objectives as being closely linked and mutual support in their strategic directions can yield benefits to both Parties.</p> <p>3. Court of Accounts and the Association of Internal Auditors agree on the need for harnessing the opportunities of cooperation between the two Parties in order to strengthen the public internal financial control system and in particular the internal audit.</p>
<p>Areas and Modes of Cooperation INTOSAI GOV 9150 (7.Modes of Cooperation) INTOSAI GOV 9150 (9.Areas of Cooperation)</p>	<p>7. In accordance with the Moldovan legislation and this Agreement, and within the scope of their competence, the signatory Parties shall cooperate in training and professional development of specialists in the field of audit, performing the following actions:</p> <ul style="list-style-type: none"> a) exchange experiences and formulate various recommendations, as appropriate, to promote standards and guidelines in the matter, and to facilitate the dialogue between public external auditors and internal auditors; b) exchange information in the audit area; c) organize and deliver joint seminars and other didactic-methodical and scientific-practical activities; d) undertake further training and development activities necessary for audit specialists. <p>8. For the purpose of effective collaboration and cooperation with a view to exchanging knowledge and experience for good training and development of audit specialists, promotion and enhancement of the prestige of audit function, the signatory parties shall assume the competences as follows:</p>

	<ul style="list-style-type: none"> a) CoA shall consider the opportunity to use or refer to the standards used by AIA, when it thinks it appropriate; b) CoA and AIA shall provide tools and resources needed to facilitate the work done by the two Parties; c) CoA and AIA shall send for review and approval the final version of all relevant documents that they will develop together. The documents concrete structure to be subject of delivery and use of data and information shall be determined by mutual agreement within a working group organized under the terms of point 10 of this Agreement; this structure shall be approved by the management of signatory parties; d) CoA and AIA shall have access to official publications, newsletters, etc., and the right to publish on their official web-pages, within their own editions, information about meetings, and working sessions related to issues addressed and discussed, and decisions taken jointly to inform the interested parties; e) The fulfilment of CoA and AIA own goals involves seizing the opportunities offered by the collaboration and cooperation between the two Parties, respecting their independence, objectivity and the requirements of internal audit and external public audit functions; f) CoA and AIA recognize the importance of improving the professional systematic /periodic training of internal auditors and external public auditors to achieve the targets set.
<p>Communication INTOSAI GOV 9150 (6.1.2 Communication) INTOSAI GOV 9150 (6.1.3 Common understanding) INTOSAI GOV 9150 (7. Modes of Cooperation)INTOSAI GOV 9150 (10. Phases & Content of Cooperation)</p>	<p>9. To achieve the competencies stated, the Parties shall:</p> <ul style="list-style-type: none"> a) invite each other to courses of professional training; b) organize regular seminars to debate on issues of common interest for the thorough understanding and dissemination of good practice in this area; <p>provide various international studies and documentation deemed relevant</p> <p>10. CoA and AIA agree on establishing a working group consisting of representatives of both parties, which shall have the following powers:</p> <ul style="list-style-type: none"> a) set /upgrade the structure of documents for the exchange of data and information between CoA and AIA; b) analyze once in semester and annually the results of this Agreement implementation, in order to improve cooperation between the Parties. These analyzes shall materialize in shared notes, which will be presented for information to AIA and CoA management and to relevant international working groups the EUROSAL-ECIIA (European Confederation of Institutes of Internal Auditing).

	<ul style="list-style-type: none"> c) evaluate the need for updating and amending this Agreement; d) put into practice, at national level, the provisions contained in the agreements signed internationally between INTOSAI and IIA Global and EUROSAI-ECIIA.
<p>Confidence INTOSAI GOV 9150 (6.1.4 Confidence)</p>	<p>The Parties shall handle the exchange of data and information professionally and with integrity, in accordance with the current legislation and the provisions contained in their own professional ethical codes.</p>
<p>Final Provisions INTOSAI GOV 9150 (6.1.1 Commitment)</p>	<ul style="list-style-type: none"> 12. This Agreement shall enter into force upon its signature, and further modifications and additions shall be made only with the agreement of both Parties. 13. The Agreement is concluded for a period of three years and shall be automatically extended for the next consecutive three years, until either Party notifies in writing the other Party about its termination. 14. The Agreement shall cease only following the approval by the management of both Parties. 15. All disputes arising in connection with the interpretation, application, implementation and termination of this Agreement shall be settled amicably through mutual consultations and negotiations between the Parties.

**ANNEX: EXAMPLE OF A COOPERATION AGREEMENT BETWEEN SAIs AND
INTERNAL AUDITORS IN THE PUBLIC SECTOR**

COOPERATION AGREEMENT TEMPLATE

(DRAFT)

**FOR THE COORDINATION OF EXTERNAL AUDIT AND INTERNAL
AUDIT IN THE PUBLIC SECTOR**

AGREED BETWEEN THE REPRESENTATIVES OF:

The National Audit Office
Internal Audit Institute of

The Chartered Accountants Chamber of.....
The Ministry of

...../...../.....

CONTENTS

1. INTRODUCTION
2. OBJECTIVES
3. AREAS AND MODES OF COOPERATION
4. COMMUNICATION
5. CONFIDENCE
6. FINAL PROVISIONS

1. INTRODUCTION

This section may be used to set out a general introduction of the parties of the agreement as well as their roles and responsibilities in the public sector auditing. Some background information (INTOSAI 9150, relevant regulations) that encourages the parties to cooperate may also be used as basis of the agreement.

INTOSAI GOV 9150 (6.1.3 Common Understanding)

- *Auditors should understand each other's objectives, scope, techniques, methods and terminology to facilitate reliance on each other's work*
- *It may be useful for SAIs and internal auditors to use similar techniques, methods and terminology to facilitate cooperation and effective cooperation.*

INTOSAI GOV 9150 (3 Roles and Responsibilities)

- *In developing coordination and cooperation between SAIs and internal auditors the specific roles of both parties are recognized.*
- *Internal auditors work for and primarily report to the audited entity (administratively to management and functionally to those charged with governance,⁴ such as board, audit committee, senior management or, where appropriate, an external oversight body), while SAIs function as external auditors and issue their reports to the legislature or parliament (and indirectly the public). Specific legislation may require that internal audit also report to the SAI.*

<p>Good Practise 1 (from the Cooperation Agreement Between the SAI Moldova and Ministry of Finance of Moldova)</p>
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The Court of Accounts (hereinafter - CoA), as the Supreme Audit Institution that performs independent control of the formation, administration and utilization of public financial resources and management of public property by carrying out external audit in the public sector,

in the person of **Mr. X**, the President of the Court of Accounts, on the one hand, and

Association of Internal Auditors (hereinafter - AIA) as a public professional organization that tends to represent a framework for the promotion of the International Standards of Internal Audit and where internal auditors and people interested in the specific activity of internal audit can improve the means and methods of professional expression and receive professional support, on the other hand,

in the person of **Ms. Y, President, on the other hand, called Parties,**

In line with:

- a) Law No. 261-XVI on the Court of Accounts of 05.12.2008, as further amended and supplemented;
- b) Statute of Association of Internal Auditors in X Country;
- c) International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI), International Standards on Auditing (ISAs) developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA-USA),

agreed to conclude this cooperation agreement in the process of strengthening the external audit and internal audit functions, hereinafter the **Agreement**, and to set the following:

**Good Practise 2
(from the Cooperation Agreement between the Belgian Court of Audit and the Flemish Central Internal Audit Agency)**

This agreement is made between The Court of Audit, represented by Mr X, President of the Court of Audit (SAI)
And
Internal Audit Agency, represented by Mr Y, President of the Central Internal Audit Agency (CIAA).

The parties hereby agree as follows:

A. Context

The SAI helps the House of Representatives monitor the executive power, i.e. the Federal administrations, the Communities and Regions, the public services and the provinces. The Court carries out financial reviews, verifies the legality of the operations and ensures the sound use of public funds. It reports afterwards to the parliament concerned.

The CIAA is entrusted with assessing the organisation's governance (internal control system) as to its effectiveness, efficiency, quality and integrity and to recommend any improvement. To this end, CIAA performs financial, conformity, operational and forensic audits and gives advice when needed. CIAAs' working scope encompasses:

- the public sector, i.e. the departments, the internally autonomised agencies and the externally autonomised agencies regulated by public law, including the legally independent own resources and the public institutions of category A that are linked to the aforesaid entities. At the request of the Minister-President or the government, CIAA is also entitled to carry out forensic audits

among a member of the Flemish government's personal staff;

- the local administrations, i.e. the municipalities, the autonomised municipality public companies, the welfare councils and their associations, except for the hospital associations, the provinces and the autonomised province public companies.

As the missions of the SAI and CIAA may overlap, both parties have agreed to enter into the current cooperation agreement.

This agreement only applies to the entities or organisations for whom the signatories have been given a mandate.

2. OBJECTIVES / PURPOSE OF THE AGREEMENT

This section may be used to set out the benefits of coordination and cooperation. If there is a specific purpose or objective it may also be stated in this section.

INTOSAI GOV 9150(4.1 Benefits of Coordination and Cooperation)

A range of benefits may be obtained from coordination and cooperation between SAIs and internal auditors, including:

- *An exchange of ideas and knowledge;*
- *Strengthening their mutual ability to promote good governance and accountability practices, and enhancing management understanding of the importance of internal control;*
- *More effective audits based on:*
 - o Promoting a clearer understanding of respective audit roles and requirements,*
 - o Better informed dialogue on the risks facing the organisation leading to a more focused audit and, consequently, more useful recommendations,*
 - o 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;*
- *More efficient audits based on:*
 - o Better coordinated internal and external audit activity resulting from coordinated planning and communication,*
 - o Refined audit scope for SAIs and internal auditors;*
- *Reducing the likelihood of unnecessary duplication of audit work (economy);*
- *Minimizing disruption to the audited entity;*

- *Improving and maximizing audit coverage based on risk assessments and identified significant risks; and*
- *Mutual support on audit recommendations which may enhance the effectiveness of audit services.*

**Good Practise 3
(from the Cooperation Agreement Between SAI Albania and Ministry of Finance of Albania)**

Commitment of the implementation of reforms aimed at increasing performance of public finance management and the successful European integration;

The objective of the joint creation and development of a modern, functional and effective public internal financial control;

The need for coordination of joint efforts to strengthen the fight against the phenomenon of corruption in public administration in Albania;

Parties intend to enhance the cooperation between the Supreme Audit Institution(SAI) and Ministry of Finance (MoF), respectively Central Harmonization Unit of Internal Audit (CHU / IA) and Public Financial Inspection Directorate (DIFP) and the growth of economy, efficiencies and effectiveness of audit and inspection

OBJECTIVE

1.1 This agreement will facilitate cooperation and coordination of the parties in order to eliminate duplication of efforts and sharing of data related to areas of mutual interest, according to the provisions of applicable legislation.

1.2 This agreement will create a framework which will increase the value, impact and benefits of audits or inspections carried out by the Parties, ensuring at the same time that financial inspection, internal audit and external audit to perform and carry out their responsibilities and the respective roles.

**Good Practise 4
(from the Cooperation Agreement Between SAI Hungary, Institute of Internal Auditors of Hungary**

1. The basic aim of the cooperation

The aim of the cooperation are:

1.a) development of the internal audit function, building a long term, innovative, practice oriented and high standard cooperation by efficiently linking the practical and the theoretical observations derived from the audits performed by SAI with the program organizing and training capabilities of IIA .

1.b) with the tools of the cooperation the development, improvement of the best methodologies, the correction of the standard of managing the public property and public funds, and the competitiveness of the public administration.

1.c) mutual participation in the organisation of academic research programs and continuous education, in the arrangement of the tutorial activities and examinations, furthermore in the management training programs.

1.d) in the interest to foster each other's work promote the dialogue between the state auditors and the internal auditors

1.e) help in shaping the most effective and most efficient form of cooperation between SAI and the internal audit functions of the organisations audited by them.



3. AREAS and MODES of COOPERATION

This section may be used to set out the areas and ways of cooperation to achieve the objectives. Regular and open communication and coordination regarding the roles and responsibilities of the parties on the cooperation areas may affect the success of the agreement.

INTOSAI GOV 9150 (9.1 Areas of Cooperation)

9.1 Areas of coordination and cooperation between SAIs and internal auditors may include:

- Evaluating the audit entity's (see also INTOSAI GOV 9100):
 - o Internal Control framework;
 - o Financial statements' Compliance with Laws and Regulations;
 - o Performance indicators and performance studies;
 - o Public Governance; and
 - o Risk management (INTOSAI GOV 9130).
- Documenting the audit entity's systems and operational processes;
- Developing audit procedures;
- Performing audit procedures, (e.g. audit of multi-located entities); and
- Investigating fraud and corruption allegations.

INTOSAI GOV 9150 (7.Modes of Cooperation)

7.A broad range of ways to achieve the objectives of the agreement between SAI and internal auditors are possible. The degree of the coordination and cooperation may vary depending on the circumstances, including consideration of the independence and legislative restrictions. Modes of coordination and cooperation may include:

- Communication of audit planning / audit strategy (e.g. joint planning sessions);
- Regular meetings between SAIs and internal auditors;
- Arrangements for the sharing of information (including consultation procedures);
- Communication of audit reports to each other;
- Organizing common training programmes and courses, and sharing training material;
- Developing methodologies;
- Sharing training material, methodologies, and audit work programs;
- Granting access to audit documentation;
- Secondment or lending of staff (e.g. training on the job);
- Use of certain aspects of each other's work to determine the nature, timing, and extent of audit procedures to be performed; and
- Collaborating on certain audit procedures, such as collecting audit evidence or testing data.
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INTOSAI GOV 9150 (6.1.1 Commitment)

- Effective cooperation between internal auditors and SAIs can only be achieved if both parties are willing and committed to developing coordinated and effective audit services.
- Audit committee encouragement may improve the likelihood of successful coordination and cooperation between internal auditors and SAIs.

Good Practise 5			
(from the Cooperation Agreement Between SAI Lithuania, Ministry of Finance, Association of Municipal Controllers, Institution of Internal Auditors and Lithuanian Chamber of Auditors)			
After summarising the tasks set out for auditors' cooperation and the cooperation directions and possible forms identified by the parties to the Agreement, the following main tasks are provided for in the Cooperation Programme 2011-2015:			
<ol style="list-style-type: none"> 1. to improve public sector management; 2. to increase public trust and confidence in audit professionals; 3. to improve external and internal audit quality. 			
Objective 1	To improve management of the public sector		
Result	Developing mutual trust and using each other's work in assessing the condition of internal control in public sector entities. According to the results of the audits conducted by the National Audit Office, the decreasing the number of errors, inconsistencies, deceptions, losses, improper use and management in the audited public sector entities		
Implementation measures	The name of the measure	Implementation deadline	Coordinators and implementers of the measure
	1. The conference/seminar on the importance of internal control and its place in the public management intended for the representatives of ministries and subordinate institutions, newly elected appropriation managers, managers of their subordinate institutions, mayors and administration directors of municipalities, and other persons responsible for the development of internal control.	1st half of 2017 (the State management entities) 1st half of 2020 (regions)	Ministry of Finance The National Audit Office Association of Municipal Controllers The National Audit Office Ministry of Finance
	2. Summarized information on the development and implementation of internal control in organizations: lessons learned and best practices (after the conference). Information is available on the website.	1st half of 2017 1st half of 2020	Ministry of Finance Association of Municipal Controllers The National Audit Office
Objective 2	To increase public trust in auditors		
Result	Increased public interest in various segments and types of audit results, indicating that audit results are understandable and useful.		
Implementation measures	The name of the measure	Implementation deadline	Coordinators and implementers of the measure
	1. Updated website information on the audit system, its purpose, responsibilities, opportunities, etc	2016	All cooperating parties (Information preparation) The National Audit Office (Information placement)
	2. The conference/seminar for students of higher education institutions to present the significance, responsibilities and benefits of the auditor's role	2018	Chamber of Auditors The National Audit Office Association of Internal Auditors
	3. A work group was formed for familiarizing with the programmes currently taught in higher education institutions and submitting proposals for their upgrade (as required)	2017	Lithuanian Chamber of Auditors Other cooperating parties
	4. Various communication options were analysed, which might help to achieve more active sharing of relevant information, promoting discussions and increasing awareness of the auditor's occupation	2017	The National Audit Office Other cooperating parties
	5. Commemoration of the Auditor's Day was organized (or a week dedicated to promotion of the auditor's occupation)	2017 2018 2019 2020	Association of Internal Auditors Ministry of Finance of the Republic of Lithuania Association of Municipal Controllers Lithuanian Chamber of Auditor

**Good Practise 6
(from the Cooperation Agreement Between SAI Moldova and Ministry of Finance of Moldova)**

Cooperation competence

10. The Parties believe methodological cooperation is important for:

- a. compatibility of the procedural framework used by auditors in the audit process;
- b. mutual understanding of audit techniques and tools used by auditors and their harmonization to ensure a unitary character in determining the findings, identifying their causes and consequences, drawing conclusions and making recommendations.

11. In order to achieve the aspirations of point 10, the Parties agree to act through:

- a. mutual information about the intentions to draft, amend and supplement the legislative / regulatory framework for the audit work;
- b. requests for advice and exchange of views for improvement and compatibility of own audit methodologies, including manuals, guidelines and other regulatory documents; and
- c. development of common methodologies for risk analysis, allowing directing the internal audit activity toward key areas of public entities.

12. The Parties consider necessary sharing information for:

- a. mutual information on findings, conclusions and recommendations resulting from the activities carried out (audit, external quality assessments etc.);
- b. organizing periodic roundtables /meetings to discuss issues /results obtained in the field.

13. The actual structure of documents, which will be delivered and exchange of information used, shall be determined by mutual agreement within the working group set up by the Parties.

14. CoA and MoF recognize the importance of systematic professional training of public external auditors, internal auditors and the staff of public entities responsible for the implementation of the financial management and control and internal audit to achieve the predetermined goals. To achieve this objective, the Parties shall proceed with:

- a. mutual invitation of specialized staff to the courses organized under their aegis, including those run under external funded programs;
- b. organizing regular seminars to debate among professionals common methodological solutions for their thorough understanding, and dissemination of good practice in the field;
- c. organization, jointly and upon necessity, of roundtables, seminars, conferences;
- d. providing various international studies and documents deemed relevant;
- e. development of common programs for continuous professional training.

4. COMMUNICATION

This section may be used to set out a framework for an efficient and effective communication between parties in order to achieve the objectives of the agreement.

INTOSAI GOV 9150 (6.1.2 Communication)

- *Communication is a two way process*
- *Regular and open communication between SAIs and internal auditors is essential to the success of the coordination and cooperation. Auditors should establish common understanding on the timing and nature of such communications. (Formal communication can include regular meetings, particularly to look at future plans to identify opportunities for cooperation; to avoid duplication of efforts; to assure that audit coverage is coordinated; and to agree on methods for the sharing of audit findings and other information.)*
- *Communication may include:*
 - *the exchange of audit reports and management letters;*
 - *in some circumstances, granting access to each other's audit programs and audit documentation while providing for sufficient discretionary and confidentiality provisions.*

INTOSAI GOV 9150 (6.1.1 Commitment)

- *Effective cooperation between internal auditors and SAIs can only be achieved if both parties are willing and committed to developing coordinated and effective audit services.*
- *Audit committee encouragement may improve the likelihood of successful coordination and cooperation between internal auditors and SAIs.*

Good Practise 7 (from the Cooperation Agreement Between the SAI Bulgaria , Institute of Internal Auditors of Bulgaria and Institute of Certified Public Accountants)
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Mechanisms For Implementation Of The Agreement

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| <ol style="list-style-type: none">1. The partners to this agreement shall share information of mutual interest. Communication shall be realized through letters, e-mails and telephone by persons representing the three organizations, or by other persons authorized for this purpose.2. Partners shall held regular meetings at least once a year and meetings on specific occasions to discuss concrete actions and measures to achieve the objectives of the agreement.3. The Parties shall participate with its representatives in joint working groups and advisory groups on problems and issues of mutual interest.4. The partners, if necessary, shall provide each other specialists for participation in forums, conferences and other professional events.5. The forms of the joint activities shall be carried out on the basis of decisions taken by the respective governing bodies of the partners and / or persons who, by virtue of law, statute or other act, shall be entitled to represent them.6. The partners are free to submit proposals for joint initiatives and activities to the other party in the manner specified in part III./1. and should provide the other party within a reasonable time , depending on the nature of the proposal made. Invited party shall notify the requesting party about its decision(also within a reasonable time). |
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Good Practise 8
(from the Cooperation Agreement between Belgium Court of Audits and Audit Flanders)

C. Exchange of information

C.1. Strategy and programmes

C.1.1. The Court of Audit and Audit Flanders inform each other about their respective audit strategy. (...)

C.1.2. The Court of Audit and Audit Flanders harmonise their audit calendar.

They consult each other on the results of the monitoring and the risk analysis (specific to the policy area or beyond it) while they prepare the annual operational plan (of the Court) and the audit programme (of Audit Flanders).

Every year, the Court of Audit and Audit Flanders confer about the drafts of their annual operational plan (the Court) and audit programme (Audit Flanders).

The Court of Audit and Audit Flanders provide each other with an endorsed version of their annual programme.

Both the Court and Audit Flanders can refer to this endorsed annual programme when they inform the entities under scrutiny.

C.1.3. The Court of Audit and Audit Flanders commit themselves to take part –at least once a year and, if possible, together- in the deliberation taking place at the management committee’s level for each policy area. Should they nevertheless attend such meetings separately, they must inform the other party of the outcome.

C.1.4. The Court of Audit and Audit Flanders exchange information on the programme implementation.

C.2. Monitoring and risk analysis

C.2.1. The Court of Audit and Audit Flanders exchange data about monitoring and risk analysis methods. (...)

C.2.2. The Court of audit and Audit Flanders see to it that auditors and assistant auditors working in the same policy area or having the same speciality can contact each other directly on an informal basis in order to share information. (...)

C.3. Reporting

C.3.1. The Court of audit and Audit Flanders exchange their audit reports systematically. (...)

C.3.2. The Court of Audit and Audit Flanders provide each other with comments on their audit reports at explicit request. (...)

C.3.3. The Court of Audit and Audit Flanders inform each other or confer beforehand if they include audit findings contained in the other party’s official reports or letters in their own reporting.

C.4. Control methods and manuals

C.4.1. The Court of audit and Audit Flanders inform each other systematically about their control methods and techniques.

C.4.2. The institution that brings major changes to its control approach notifies these to the other and gives the necessary explanations.

C.4.3. The Court of audit and Audit Flanders inform each other systematically about their audit standards and the practical guides and manuals they draw up. (...)

C.4.4 The Court of Audit and Audit Flanders organise periodical group consultations in order to stimulate mutual deliberation and information exchange about methodology for instance (about every two years). The parties inform each other about their strategies and work methods, on new developments etc.

C.5. Good practices

C.5.1. The Court of Audit and Audit Flanders are creating an exchange platform on the good practices identified.

Good Practise 9
(from the Cooperation Agreement Between SAI Moldova and Ministry of Finance of Moldova)

10. CoA and AIA agree on establishing a working group consisting of representatives of both parties, which shall have the following powers:
- a) set /upgrade the structure of documents for the exchange of data and information between CoA and AIA;
 - b) analyze once in semester and annually the results of this Agreement implementation, in order to improve cooperation between the Parties. These analyzes shall materialize in shared notes, which will be presented for information to AIA and CoA management and to relevant international working groups the EUROSAI-ECIIA (European Confederation of Institutes of Internal Auditing).
 - c) evaluate the need for updating and amending this Agreement;
 - d) put into practice, at national level, the provisions contained in the agreements signed internationally between INTOSAI and IIA Global and EUROSAI-ECIIA

Good Practise 10
(from the Cooperation Agreement Between SAI Lithuania , Ministry of Finance of Lithuania, association of Municipal Controllers, Institution of Internal Auditors and Chamber of Auditors of Lithuania)

3. The following tasks have been provided for to achieve this objective:
 - 3.1.to develop the practice of sharing professional audit experience;
 - 3.2.to develop the practice of mutual use of auditors' work;
 - 3.3.to improve audit methodologies;
 - 3.4.to create an audit quality assurance system.
4. The cooperation system will be implemented according to the Cooperation Programme developed by the Parties.
5. With a view to implementing the cooperation objective and tasks, the Parties agree to set up a Committee consisting of representatives delegated by the Parties. A representative of the National Audit Office shall be appointed the Chairman of the Committee. Working groups may be formed to implement the measures of the Cooperation Programme, which shall consist of representatives that may be delegated thereto by each Party. The working groups shall implement individual measures of the Cooperation Programme and provide their conclusions, suggestions and recommendations to the Committee. The working groups shall be headed by one of the Committee members.
6. The Committee shall be responsible for the preparation of a Cooperation Programme.
7. The National Audit Office undertakes to initiate and coordinate the implementation of the Cooperation Programme developed and approved by the representatives of the Parties. The implementation of the Agreement provisions shall be discussed in joint meetings of the representatives of the Parties or in sittings which shall be organised as appropriate, but in any case at least once a year.

5. CONFIDENCE

This section may be used to set out the provisions to achieve the confidence between parties of the agreement.

INTOSAI GOV 9150 (6.1.4 Confidence)

- *There should be mutual confidence based on the recognition that internal and external audits are conducted within relevant professional standards.*
- *There should be confidence that any information exchanged is treated professionally and with integrity and within professional ethical guidelines. This exchange of information should incorporate sufficient discretionary and confidentiality provisions.*

Good Practise 11 (from the Cooperation Agreement Between Belgium Court of Audits and Audit Flanders)

Confidentiality

.1. The information the Court of Audit and Audit Flanders exchange according to the current agreement is confidential. It is not available to third parties and may only be used to carry out the own missions.

Information contained in reports of the other party may be used to perform verifications and may be referred to in the own reports.

Both parties reserve the right to refuse access to some documents that are strictly confidential for the sake of privacy.

The way both parties should deal with information confidentiality is set down in the attached schedule.

Schedule: Exchange of information

Confidentiality

All the information the Court of Audit and Audit Flanders exchange in mutual agreement is confidential. It is not available to third parties – unless the applying rules stipulate otherwise – and may only be used to carry out the own missions.

Principles applying to the exchange of information

- The Court of Audit and Audit Flanders exchange information about strategy and audit programme, monitoring and risk analysis, audit results, control methods and manuals, as well as good practices.

- The Court of Audit and Audit Flanders keep each other informed of the results of their audits.

They also receive access on demand to the file once the audit is complete. They consult it on-site and can ask for a copy of the most relevant documents.

- As for the ongoing audits, the Court of Audit and Audit Flanders inform each other orally and none of them may consult the (interim) report or the file.

- The exchange of information between the Court of Audit and Audit Flanders is not intended for merely collecting documents both institutions can normally ask for directly to the public service involved.

- Both parties reserve the right to refuse access to some documents that are strictly confidential for the sake of privacy. The other party is to be informed whether a closed audit file contains such documents and which ones.

In practice (...)

Access right for the members of the Flemish parliament

The Court of Audit informs Audit Flanders whenever a member of the Flemish parliament exercises his or her access right to a closed audit file of the Court of Audit containing explicit references to findings from an Audit Flanders audit report or quotations of Audit Flanders findings.

Good Practise 12
(from the Cooperation Agreement Between SAI Moldova and Ministry of Finance of Moldova)

1. The Parties shall handle the exchange of information professionally and with integrity, in accordance with the current legislation and the provisions contained in their own professional ethical codes;
2. Both Parties should take into account that the independence and objectivity of the audit are vital. The independence of internal auditors is fundamental for the external public auditors of the SAI to be able to rely on the results of their work and to effectively cooperate.
3. The Parties undertake to build on the results of this Agreement, to promote mutual trust, based on the recognition that external public audits, internal audits and internal controls are carried out under the relevant professional standards (*audit and internal control*). Continuous development of the financial management and control in public entities and consolidation of public external audit and internal audit will contribute significantly to raising the level of managerial accountability for the use of public money.

Good Practise 13
(from the Cooperation Agreement Between SAI Hungary, Institute of Internal Auditors of Hungary)

The Partners mutually respect the interests of each other especially to the rights of data protection and intellectual property.

Privacy and Data Protection

Any document, data, facts, circumstance, information, methodology in relation to SAI or IAA that came to the knowledge of those natural persons who take a part, who are employed in relation to the agreement of cooperation have the liability to keep the secrecy.

1. Those natural persons who take a part, who are employed in relation to the agreement of cooperation can only be employed to the extent of the Protection of Classified Information ruling of Act CLV of 2009. (The person has acknowledged the law and have signed the declaration to keep all the relevant information secret.)
2. Those natural persons who take a part, who are employed in relation to the agreement of cooperation who breach the Classified Information act shall take the consequences of the criminal law.
3. Those natural persons who take a part, who are employed in relation to the agreement of cooperation shall handle personal data according to the relevant laws governing personal data privacy and SAI (Act LXIII. of 1992. Chapter 21/A of the Act XXXVIII of 1989 on SAO.

6. FINAL PROVISIONS

This section may be used to set out the final provisions including date of effects, commitment, amendment of the agreement, resignation of parties.

INTOSAI GOV 9150 (6.1.1 Commitment)

- *Effective cooperation between internal auditors and SAIs can only be achieved if both parties are willing and committed to developing coordinated and effective audit services.*
- *Audit committee encouragement may improve the likelihood of successful coordination and cooperation between internal auditors and SAIs.*

**Good Practise 14
(from the Cooperation Agreement Between Belgium Court of Audits and Audit Flanders)**

Final provisions

- 1.The current agreement is not prejudicial to other higher standards, which remain unimpaired.
- 2.Both parties commit themselves to abide loyally to the agreements made in the current document. Should one party neglect any agreement on its part, the other party would be immediately freed of its own commitments.
- 3.The implementation of the current agreement will be assessed yearly, unless both parties agree that this is not needed. Such an assessment may cause the current agreement to be readjusted.

**Good Practise 15
(from the Cooperation Agreement Between the SAI Albania and Ministry of Finance of Albania)**

Final Provisions

1. This Agreement shall enter into force on the date of signing by both parties and will remain in force for an indefinite period.
- 2 .Amendments may be made by agreement from the Parties through the exchange of writing communication, specifying the date of entry into force.
3. In addition to the provisions of paragraph 1 of this Article, this Agreement may be terminated at any time by either party, specifying the date of entry into force.
- 4 .The agreement is drafted in local language, prepared and signed in four (4) originals, two of which are deposited in State Supreme Audit and the two others in the Ministry of Finance.
This Memorandum is signed today on May 08/2012.

Good Practise 16

(from the Cooperation Agreement Between the SAI Hungary , Institute of Internal Auditors of Hungary)

Closing instructions, agreement coming into force

1. The Partners have signed this agreement for an indefinite period and shall come into force on the day of signing. The cooperation will terminate once the Partners decide to terminate the agreement. Any of the Partners can send a notice for termination with a notice period of 60 days if they consider that the agreement is not serving their interest. There is room for immediate termination in case that any of the Partners severely breaches the terms of the agreement. In case of dispute an intermediary shall be used to resolve the conflict. If this does not end with a satisfactory result then the Capitol City Court has full jurisdiction.
2. For the areas not governed in this agreement refer to the Civil Code and professional codes of law and standards - especially the Copyright Law LXXVI of 1999.
3. The agreement of cooperation was prepared in 6 identical original copies, each with 6 pages. SAO is eligible for 3 copies.
4. After reading the agreement of cooperation the partners have signed it in accordance with their intended wills.