

Terms of Reference for the joint EUROSAI-European Confederation of Institutes of Internal Auditors (ECIIA) Project Group**1. General provisions**

1.1 Name of the Project Group: Joint EUROSAI-European Confederation of Institutes of Internal Auditing (ECIIA) Project Group

1.2 Background and Objectives of the Project Group:

An effective internal audit (IA) function is a vital component of good governance, providing governing bodies (in particular senior management and audit committees) with independent assurance about the efficiency and effectiveness of governance activities at the Government level and within other public sector entities, as well as through suggestions for improvement in all areas of control, risk management and governance.

EUROSAI members may use the results of the internal auditors' work which contributes to the overall system of governance in the public sector. As the internal audit function is an integral part of governance activities of the Government and other public entities, EUROSAI members can benefit from being in a position of improving awareness of what and how best to make use of the work of internal auditors.

ECIIA has 34 affiliates across Europe and the Mediterranean basin, assists, represents and promotes the internal audit profession throughout Europe, advocating good corporate governance and appropriate recognition of IA in European regulations and Corporate Governance codes.

Joint work between EUROSAI and ECIIA has been on-going since July 2014 by establishing mutual support of each other's goals and objectives and looking for opportunities to create specific avenues to exchange information for the improvement of the practical implementation of the best practices and tools applied by their members.

Most recent initiatives have been in cooperation with SAI Belgium from 2014-2017 and with SAI Netherlands from 2017-2020. The cooperation during this period has included joint working initiatives, mutual consultation and exchange of information. More specifically as follows:

- Common publications on the coordination and cooperation between SAIs and internal auditors in the public sector (2015), comparison of SAI organizations and internal auditor organizations (2016), on audit committees in the public sector (2017) and on integrated reporting;
- meetings (in 2015, 2016, 2017); webinars (September 2020, January and June 2021); position paper 2021.
- EUROSAI representative participation in ECIIA Congress 2019.

This Project Group will continue the good cooperation and combine forces to help EUROSAI and ECIIA members to increase their knowledge and exchange of best practices.

Based upon previous cooperation, ECIIA suggested several topics to focus on at this stage. These were presented to EUROSAI Governing Board members in November 2021 and further

defined by electronic means to select the issue of “Assurance coordination”. The initial work on this topic will build upon data collected through a survey conducted by ECIIA in 2016

Issues to discuss could include the following:

- i) Different approaches/forms of cooperation between IA and external audit (EA) (such as decentralized/centralized, mutual reliance, risk-based approach, specializations, etc.);
- ii) Role of internal audit in providing assurance to audited entities over key areas of spend and how this may also form an evidence base for EA and vice-versa;
- iii) Collaborative mechanisms in developing capacities of IA and EA (such as organizing seminars, providing guidance, sharing best practice, etc.)
- iv) Use of different models/approaches for assurance collaboration: ex. The Internal Audit Capability Model (IA-CM) for the public sector, Certified Internal Auditor (CIA) certification.

The more specific framework would be determined via the survey results and analysis, as well as discussions among PG members on best practices and tools which are of mutual interest to elaborate by EUROSAI and ECIIA.

The overall objective of the PG is: To facilitate common language, understanding between EUROSAI and ECIIA and to promote common roles and appropriate use of standards, and share knowledge.

The specific objective for the initial period of this PG is to enhance knowledge on assurance coordination and its benefits to EUROSAI and ECIIA members. Any additional issues to be focused upon within this PG would be initiated after mutual discussion and agreement between ECIIA and EUROSAI.

1.3 Link with EUROSAI Strategic Plan

1.3.1. Strategic Goal / portfolio to which is linked: Objective 2.1. To Facilitate and support needs-driven Institutional Capacity Development Initiatives. The project will be implemented as part of the Governance portfolio on ‘Relations with non-SAI stakeholders’.

1.3.2. No duplication or overlaps with other activities of the EUROSAI Strategic Plan *It is not expected that the work of the project group will lead to duplications.*

1.4. Link with ECIIA Strategic Plan

ECIIA objective is to furthering the development of good Corporate Governance and Internal Audit at the **European level, through knowledge sharing, developing key relationships, and impacting the regulatory** environment

ECIIA has created “sectorial committees” to facilitate the advocacy activities.

The Public Sector Committee has identified the need to collaborate with SAIs and improve the collaboration and the understanding of both professions in the public sector in Europe.

2. Structural provisions

2.1. Lead SAI(s): Supreme Audit Office of the Republic of Latvia

2.2. Contact person(s):

EUROSAI: Zane Leitane, zane.leitane@lrvk.gov.lv, +371 67017579

ECIIA: Soledad Llamas, sltutor@canal.madrid, +34 91 5451172

2.3. Participants: All interested SAIs are welcome to join this Project Group, European Confederation of Institutes of Internal Auditing (ECIIA), ECIIA’s Public Sector Contacts working group.

3. Technical and procedural provisions

3.1 Intended Results:

Enhanced knowledge on assurance coordination and its benefits to EUROSAI and ECIIA members. Comparison of data from EUROSAI and ECIIA members between survey conducted in 2016 and that which is to be conducted within this PG. Based on analysis of collected data, position paper drafted to engage members in providing best practises and tools. The PG will also discuss and facilitate dissemination beyond EUROSAI in cooperation with EUROSAI Presidency and Secretariat.

3.2 Benefits to EUROSAI Membership: To increase cooperation between EUROSAI and ECIIA and widen SAIs knowledge and approaches to assurance coordination. It could also be a showcase of the exemplary role SAIs and public auditors have in the public sector.

3.3 Duration & Key Milestones: 2022 – 2024

- Q1 2022– contribution to ECIIA Public Sector forum, draft of survey to EUROSAI and ECIIA members.
- Q2 2022 – dissemination of survey and analysis
- Q3 2022 – results in the form of a position paper, initial discussions.
- Q4 2022 – ECIIA Congress contribution (October) and exchange of best practise (November-December – method TBD)
- Q1 2023 – follow-up and discussion in the PG on further joint collaboration.

3.4 Working Methods:

- Survey to EUROSAI and ECIIA members (through electronic means, e-mail correspondence)
- On-line meetings among PG members
- Development of a position paper
- Exchange of best practices, tools between EUROSAI-ECIIA members (method TBD).

3.5 Necessary Resources:

- **Financial:** TBD
- **Other:** information from 2016 survey conducted by ECIIA
- **Request to EUROSAI:** TBD

3.6 Reference documents and materials:

- Coordination and cooperation between SAIs and Internal Auditors in the public sector: https://www.eurosai.org/handle404?exporturi=/export/sites/eurosai/.content/documents/about-us/Implementation-INTOSAI-GOV-9150-IIA-2050_-EN.pdf
- Comparison of SAIs' organisations and Internal Audit institution organisations: <https://www.eurosai.org/handle404?exporturi=/export/sites/eurosai/.content/documents/about-us/ECIIA-EUROSAI-Comparison.pdf>
- Audit committees in the European public sector – EUROSAI-ECIIA Cooperation committee paper: <https://www.eurosai.org/handle404?exporturi=/export/sites/eurosai/.content/documents/about-us/EUROSAI-ECIIA-CC-paper-on-public-sector-audit-committees.pdf>
- “Integrated Reporting in the European Public Sector: It’s time to act!” <https://www.eciia.eu/2021/07/integrated-reporting-in-the-european-public-sector-its-time-to-act/>

4. Accountability provisions

The project group is established to achieve the objectives set out in this TOR. The group will report on progress and results to the GB via the Portfolio on Relations with non-SAI Stakeholders reporting process at GB meetings