



INTERNAL CONTROLS AND AUDIT IN PUBLIC SECTOR

MARRAKESH, KINGDOM OF MOROCCO

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Many countries worldwide comply, often in order to get financing from international donors, with international standards concerning internal controls and internal audit in public sector.

The New Public Management (NPG) approach reinforced requirements with respect to the readability and reliability of public accounts.

Public sector accounting, on the one hand, aims at accounting faithfully and transparently for the financial status of public entities (states, local governments, agencies) and, on the other hand, it represents a tool in the decision making process.

Core principles of private accounting (sincerity, faithfulness, prudence) were incorporated in the public sector.

International Financial Reporting Standards (IFRS) are continuously being integrated by International Public Sector Accounting Standards (ISPAS) in order to better adapt the first to the context of each public entity (e.g. EPSAS : European Public Sector Accounting Standards).

Within this general framework, public administrations started - with various purposes and at different moments in time – to build up control mechanisms for accounting and financial processes. Based on existing models, strategies targeting internal controls and internal audit in public sector were implemented.

In a context marked by public structures' diversity, AIST – aware of the necessity to discuss these topical issues – suggests the organization of a working seminar that shall focus on two main themes:

- implementation of internal controls in public sector
- internal audit in public sector: how to build it in order to ensure the reliability of internal controls.

I. **Internal Controls in public sector**

- Are internal controls in place?

The best known recommendations are those of the COSO Framework (Committee of Sponsoring Organisations of the Treadway Commission).

Discussions could thus focus on the integration level of these standards in member states' regulations and practices.

- There is also the issue of tools available for the support of internal controls (processes, risk charts, flowcharts, action plans...) and of the reporting component that allow for a more effective management of the respective entities.
- Profitable debates could be held on the necessity to persuade all stakeholders on the feasibility and practical usefulness of having a proper system of internal controls in place.

I. **Internal audit**

Performance and reliability of internal controls should be measured on a regular basis from a perspective external to the department in question - this is the role of internal audit.

- The study of mechanisms implemented by various countries could at first be done via a mutual analysis of the respective structures.
The position the audit body has leads to its objectiveness.
- Auditors' competences and the tools they use shall be discussed in order to establish, if possible, the best performing approach to an auditor's job.
- Talks shall be nourished by different experiences of participating countries supported by specific examples both of successful implementations and difficulties.