

Ministry of Finance
Public Internal Financial Control Department
Central Harmonization Unit for Internal Audit

GUIDELINES
ON OPERATIONS OF PUBLIC SECTOR INTERNAL AUDIT UNITS IN THE REPUBLIC
OF NORTH MACEDONIA AMID STATE OF EMERGENCY CAUSED BY COVID-19

22nd April 2020, Skopje

Dear Internal Auditors,

We are all affected by the COVID-19 crisis, hence we all adhere to the guidelines and the measures given by the Government of the Republic of North Macedonia in both our everyday and professional life, all to the end of overcoming the crisis faster and easier.

Amid such situation in our country, as well as globally, the way of performing the working duties has been changed completely. As Central Harmonization Unit, we stand by you by giving these recommendations on how you could act under the circumstance.

We would like to point out that the recommendations are aimed at providing continuity in conducting the audit activities even in state of emergency and easier managing of your everyday duties, in line with the Law on Public Internal Financial Control.

Audit quality is to be thereby maintained in line with the professional standards.

We hope you find our guidelines/recommendation helpful and, depending on the circumstances and the needs, they will be accordingly updated.

We encourage you to feel free and contact us so as to help you resolve your everyday working problems.

At the same time, we are open to your suggestions to improve the internal audit process in conditions of crisis.

Stay in good health.

Guidelines and recommendations in this document focus on the following:

I. in this period, IAU, i.e. the internal auditors, to commit to preparing the 2019 Annual Report on Internal Audit Activities

II. Heads of IAU/internal auditors, considering the newly occurred situation, to re-assess the risks and to revise the annual operations plan, whereby the audits, which cannot be actually performed, to be postponed.

III. Heads of IAU, i.e. the internal auditors, to give priority to their advisory role to the management, emphasizing the advisory role of the audit profession and ensuring value added by asking “How could we be of any help”?.

Your advisory role should be aimed at:

1. Understanding and assessing the sector’s direct risks which would affect the operations of the institution amid the crisis (risk management process responsibility of the management, however the Audit Council can undoubtedly help in this activity with its objective approach and knowledge of the institution);
2. Assessing/evaluating the existing or proposing adoption of plans (if no such plans exist) on organizing crisis management and ensuring operations continuity;
3. Advising the management when considering the usual risk to go beyond them (meaning to also consider the risks of cyber attacks/cybercrime and reputational risk);
4. Advising your organization/management to think long-term, i.e. to consider the implications/consequences arising from such situation and the possible measures to reduce such consequences to the lowest level possible.

COVID-19 impact on the institution’s operations and the economy as a whole can last for months, if not years. Organizations/management are to consider and think about how this situation, if it lasts longer, would affect the working processes on the long run.

5. When performing the audits and preparing the audit reports to take into account the new risks caused by the COVID-19 crisis, thereby giving recommendations on reducing the risks therefrom, to the end of adding value and improving the operations at the respective entity.

6. Continuously monitoring the developments and updating your views and activities in line with the newly occurred conditions.

IV. Conduct audits remotely by using modern technology solutions. This activity can be carried out if, according to your opinion, all requirements for its conducting are met.

The Law on Public Internal Financial Control and the respective bylaws (how to carry out all activities in individual audits) clearly prescribe the conducting of internal audits in our practice, however there are undoubtedly activities that can be conducted remotely, thereby observing to all necessary audit steps and procedures.

For instance:

- Authorizations – the authorization can be prepared and signed in these circumstances as well. It is a simple process. Correspondence is signed even in circumstances like these.
- preliminary research – most of the data can be provided electronically (via e-mail, memory sticks, CDs and similar), ensuring their security;
- initial meeting – it can be held via a video conference by using the following platforms Zoom, Skype, Google applications, etc.
- preparation of an audit plan and an audit program – they can be prepared remotely/be discussed and approved via video conference;
- field work (testing/preparing agreed minutes on the tests/agreed minutes on findings and other accompanying documents) - as regards less complex audits, these activities can be mostly performed remotely (by receiving electronic files, video conference meetings, printing and delivering the materials in a pre-arranged manner);
- preparation of reports – the reports can be mostly prepared remotely if all prior activities are carried out without any major obstacles;
- reports are still to be submitted in a paper form, but also electronically in a scanned form. All services within the institutions continue to work (although with reduced staff), thereby personal safety recommendations when contacting other people are to be adhered to.
- final meeting – it can be held via a video conference;
- all documents can be initially approved electronically by the Head of the IAU or the team leader, and later on, by reducing the contacts/meetings, they can be officially signed.
- In order to successfully conduct audits remotely the following is to be taken into account:
 - technical and technological conditions to be at a satisfactory level, i.e. good Internet connection, secure, medium-performance equipment (a laptop with a camera, headphones, microphone or a smartphone with medium performances, in order to held a video conference);
 - when sharing data electronically, pay attention to their security (tools for encrypted folders are to be used, whereby such folders and the passwords are to be sent separately, for instance, the folder to be sent via an e-mail, while the password to be sent via SMS or similar, attachments/evidence are to be kept, but deleted from the e-communication, etc.);
 - audit team leader should prepare activity schedule;
 - roles and tasks are to be clearly delegated among the members of the audit team, if any;
 - internal communication guidelines (information sharing, etc.) to be prepared, depending on the circumstances in each IAU and institution;
 - to assign contact persons in the audit team to receive and share information;
 - audit team leader to maintain communication with the team members on daily basis and to be informed, on daily basis, about the auditing progress and the dynamics of implementing the activities.

Note: In order to avoid any considerable problems when conducting audits remotely, we propose to select less complex audits at first or audits already being carried out in the previous years, thus being aware of most of the necessary information for carrying out the process, i.e. the system functioning.

Legal basis for implementing this activity:

- **Article 37** of the Law on Public Internal Financial Control, among other things, regulates your right to access data stored electronically.
- Standards for Professional Practice of Internal Auditing:
 - **Standard 1220.A2** – In exercising due professional care, the internal auditors must consider the use of technology-based audit and other data analysis techniques.
 - **Standard 2330.A2** – Head of IAU must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

V. Attend on-line training (during this period, training is carried out electronically, for instance, CEF webinars)

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