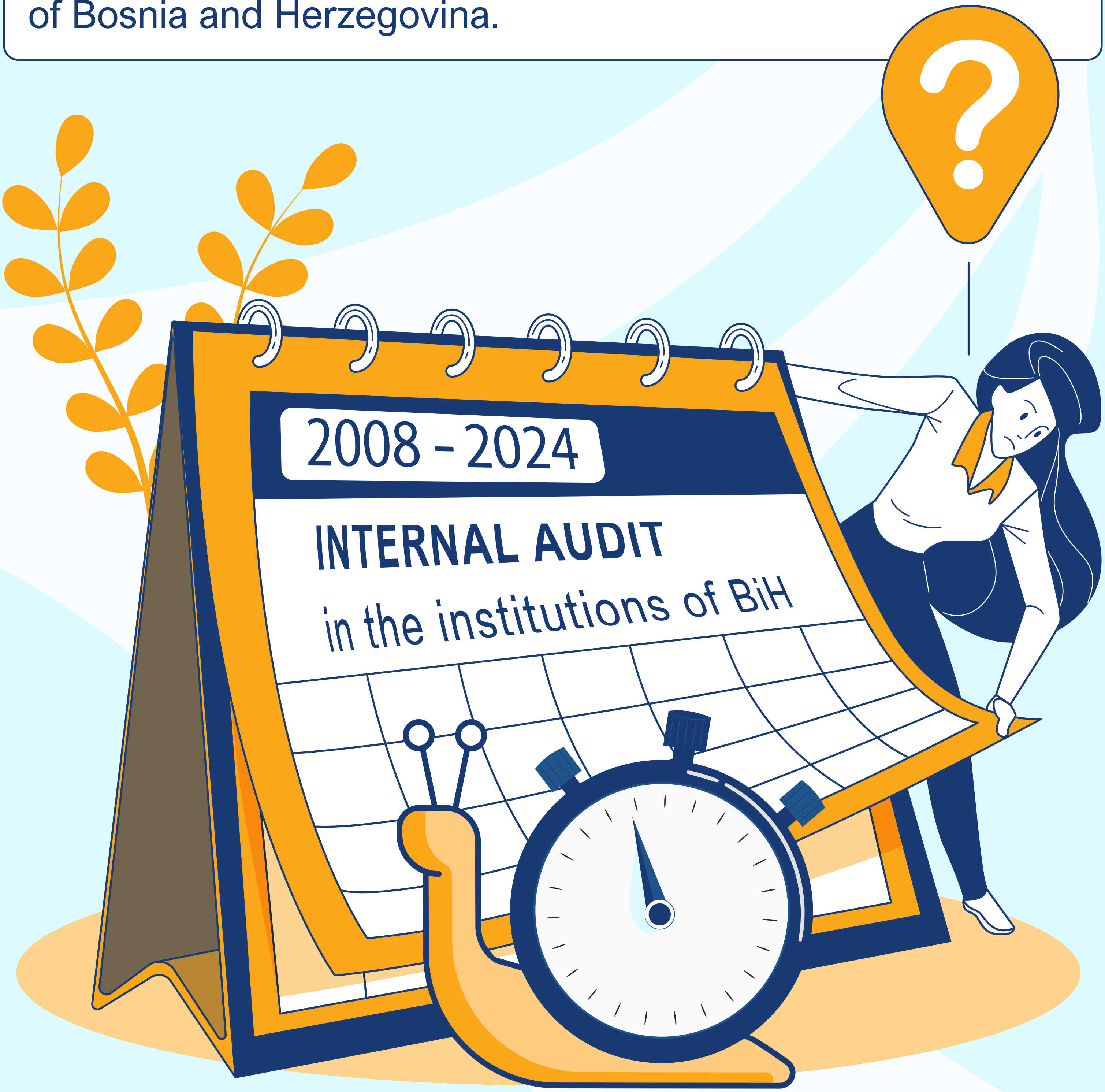
# PERFORMANCE AUDIT

## „SETTING-UP A FUNCTIONAL INTERNAL AUDIT IN THE INSTITUTIONS OF BIH“

### WHY A PERFORMANCE AUDIT ON INTERNAL AUDIT?

**16 YEARS AFTER THE ADOPTION OF THE LAW ON INTERNAL AUDIT,** functional internal audit **HAS STILL NOT BEEN FULLY ESTABLISHED** in the institutions of Bosnia and Herzegovina.



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### WHAT WE LOOKED AT?

*HAVE THE RELEVANT INSTITUTIONS BEEN EFFICIENT IN THE PROCESS OF ESTABLISHING AND MAINTAINING THE CAPACITY OF INTERNAL AUDIT UNITS?*

*HAS THE FUNCTIONALITY OF THE INTERNAL AUDIT UNITS BEEN ENSURED BY ESTABLISHING A SYSTEM OF SUPERVISION AND QUALITY ASSURANCE OVER THEIR WORK?*

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### WHAT WE FOUND?

The relevant institutions **WERE NOT ENTIRELY EFFICIENT IN THE PROCESS OF SETTING-UP A FUNCTIONAL INTERNAL AUDIT** in the institutions of Bosnia and Herzegovina.


Staff vacancies and turnover **MAY NEGATIVELY AFFECT** the important role that internal audit plays in strengthening the public sector and controlling the way public money is used.

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### WHAT WE FOUND?

The relevant institutions **HAVE NOT FULLY ESTABLISHED A SYSTEM OF SUPERVISION AND QUALITY** assurance over the work of internal audit units.


**NO INDEPENDENT** external assessment of internal audit work exists.

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## WHAT COULD BE CHANGED?

The process of setting-up a functional internal audit in the institutions of Bosnia and Herzegovina would be more effective if:

### *The Council of Ministers:*

- Took all necessary activities **TO COMPLETE THE ESTABLISHMENT OF INTERNAL AUDIT UNITS** in line with applicable regulations.

### *The Institutions of BiH:*

- Took necessary activities **RELATED TO THE FILLING OF MANAGEMENT POSTS IN THE INTERNAL AUDIT UNITS.**

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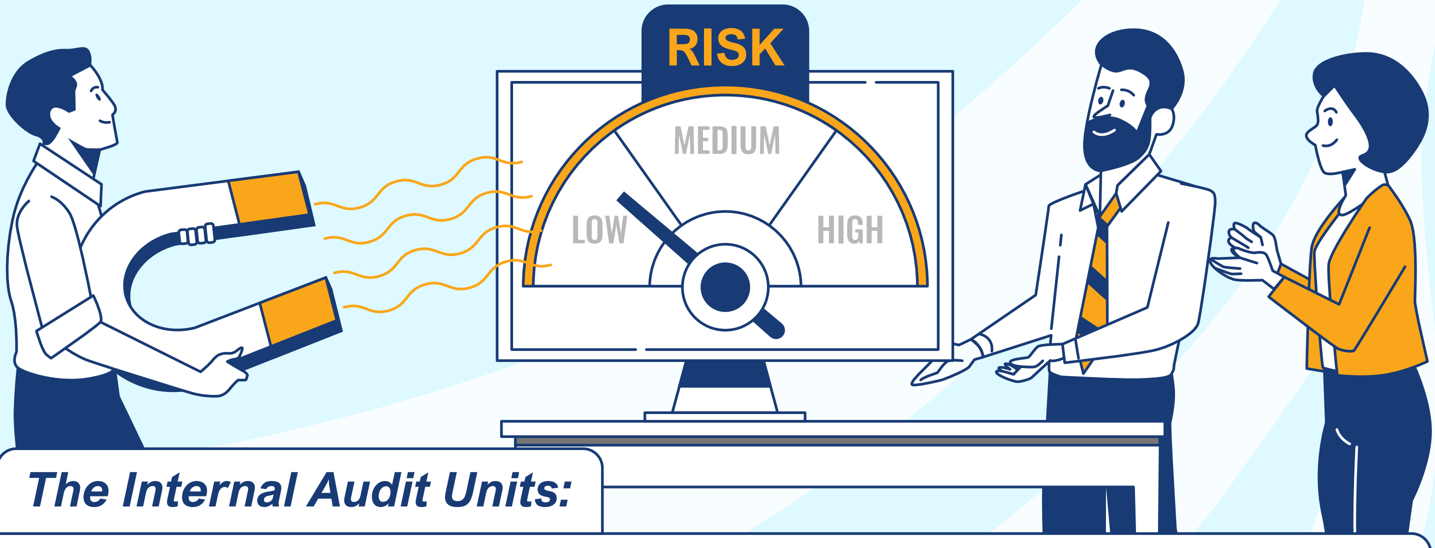


***The Internal Audit Units:***

- Directed their existing resources **TO AUDITING HIGH-RISK AND RESULT-ORIENTED AREAS,** and reporting **ON THE EFFECTS OF THEIR WORK.**

***The Central Harmonization Unit of the Ministry of Finance and Treasury of BiH:***

- Took activities to find most economical models for **EXTERNAL ASSESSMENT OF THE QUALITY OF WORK OF INTERNAL AUDIT UNITS** and regularly maintained and improved the PIFC application.

***The Ministry of Finance and Treasury of BiH:***

- Ensured all the necessary **TECHNICAL CONDITIONS** to enable **THE SMOOTH OPERATION** of the PIFC application.

URED ZA REVIZIJU INSTITUCIJA BIH
КАНЦЕЛАРИЈА ЗА РЕВИЗИЈУ ИНСТИТУЦИЈА БИХ
AUDIT OFFICE OF THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA

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