

**THE STATE OF THE  
Internal Audit Profession  
IN AFRICA**

**PHASE II**



By Rigobert Pinga Pinga

## ACKNOWLEDGMENT

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## ABOUT THE RESEARCH

This research was executed under the fellowship memorandum of understanding between The IIA and the World Bank Group Internal Audit Vice Presidency (IAD). Phase I of the research studied the state of the internal audit profession in 11 African anglophone countries as commissioned by The IIA. This research focused on nine African countries, mostly francophone.

## ABOUT THE AUTHOR



**Rigobert Pinga Pinga, CIA, CPA, CFE, CGMA**

is Audit Specialist at the World Bank Group. Rigo has over 20 years of professional experience in external and internal auditing

with Ernst & Young and the World Bank Group. His areas of expertise include governance, risk management, internal control, audit data analytics, and internal audit quality assurance and process improvement. He has authored numerous internal audit related articles, including *Budgeting for Analytics*<sup>1</sup>. Versatile in French, English, Spanish, and Italian, Rigo is an active member of The IIA's Volunteer Facilitation Team.

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<sup>1</sup> Internal Auditor Magazine (Ia), October 2015 Issue, <https://iaonline.theiia.org/2015/budgeting-for-analytics>

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## ACRONYMS AND ABBREVIATIONS

AC	Audit Committee
AfDB	African Development Bank
AFIIA	African Federation of Institutes of Internal Auditors
CAATTs	Computer Assisted Audit Tools and Techniques
CAE	Chief Audit Executive
CBOK	Common Body of Knowledge
CEOs	Chief Executive Officers
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
CFOs	Chief Financial Officers
CIA	Certified Internal Auditor
CPE	Continuous Professional Education
CPI	Corruption Perception Index
DFID	Department for International Development (United Kingdom)
ECOWAS	Economic Community of West African States
EY	Ernst & Young
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFAC	International Federation of Accountants
IA	Internal Audit
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IPPF	International Professional Practices Framework
PEFA	Public Expenditure Financial Accountability
PwC	PricewaterhouseCoopers
SMEs	Small and medium-sized enterprises
USAID	United States Agency for International Development
UEMOA	Union Economique et Monétaire Ouest Africaine

## EXECUTIVE SUMMARY

To inform the planning and delivery of future capacity building of the internal auditing profession and meet the growing expectations of the profession's key stakeholders in Africa, The IIA has commissioned research on the state of the profession in the continent. Phase I of the research was completed in 2016 and covered 11 English-speaking countries. This second phase of the study takes account of the current state of the internal audit profession in nine mostly French-speaking countries, namely Cameroon, Congo (Democratic Republic of), Lesotho, Mali, Mauritius, Morocco, Mozambique, Togo, and Tunisia.

The IIA's initial analysis of the situation in Africa found that there is a greater need for effective internal audit in the public and private sectors, awareness of internal audit and its contribution to governance is limited, and resources available for training are inadequate. The preliminary assessment also noted that efforts to support the development of good governance across the continent are not optimized, support from local IIA Affiliates is constrained by limited resources, and finally, accounting associations with a limited grasp of and capability in internal auditing are moving aggressively to take on internal audit responsibilities.

The national maturity model for internal auditing developed in the first phase of this research was used as the basis for the assessment of the nine countries. The model focuses on elements that have the most relevance to internal audit maturity, grouped together under four indicators: National Context, Governance, Quality, and Resources. The model also consists of five discrete levels to indicate the respective country's level of maturity for each of the indicators: Initial, Emerging, Established, Integrated, and Optimized.

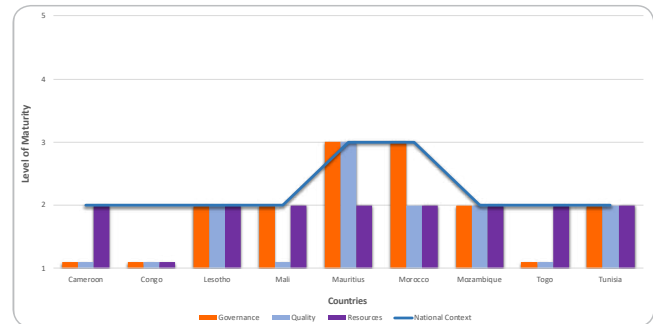
*The main finding of the research is that the internal audit profession is largely emerging in the nine countries studied, and the maturity level for National Context and Governance sets the tone for the Quality and Resources maturity levels in both the public and private sectors.*

The contributing factors for the current state include the following:

- Key internal audit stakeholders have limited understanding and recognition of the role and value of the profession. In the majority of countries, internal audit functions are largely perceived and positioned as second line of defense, the scope of their work is often limited to compliance review and financial controls, and the resources allocated to their work are generally inadequate to deliver the audit plan;
- Poor governance, mainly due to the lack of audit committees (or their equivalent) or their effectiveness in holding the organization and head of internal audit functions to account;
- Organizational risk management is nascent in the public sector and is starting to emerge in the private sector;
- IIA membership and the number of skilled internal audit professionals are very low. In addition, audit firms and accounting associations provide very limited services and guidance for internal audit. As a result, audit planning, scope of work, quality of audit reports, follow-up of audit issues, and quality assurance activities do not meet IIA Standards; and
- The Transparency International Fraud and Corruption Perception Index is high in seven of the nine countries reviewed.

Chart I shows the maturity levels of the four indicators of the internal audit national maturity model in the **public sector** for each country in the study. The National Context indicator is depicted as a line as it remains the same for both the public and private sectors and provides a background for the other indicators.

Chart I: Public Sector Internal Audit National Maturity Levels



Of the nine countries studied, only two (Mauritius and Morocco) show an Established maturity on the National Context indicator. This is mainly attributable to the following elements:

- Relatively good ranking on the fraud and corruption perception index;
- Recognized governance framework in both the public and private sectors;
- Understanding and recognition by key stakeholders of the role and value of internal auditing;
- Active advocacy for the internal audit function in organizations by stock exchanges, central banks, and national Institutes of Directors; and
- Active participation of the Big Four accounting firms in the marketing of the profession in their provision of internal audit services.

The contributing factors that impede the seven other countries from attaining an Established maturity level include low perceived value of internal audit by key stakeholders, shortage of skilled internal audit professionals, poor ranking on the fraud and corruption index, and insufficient funding for training and advocacy provided by development agencies.

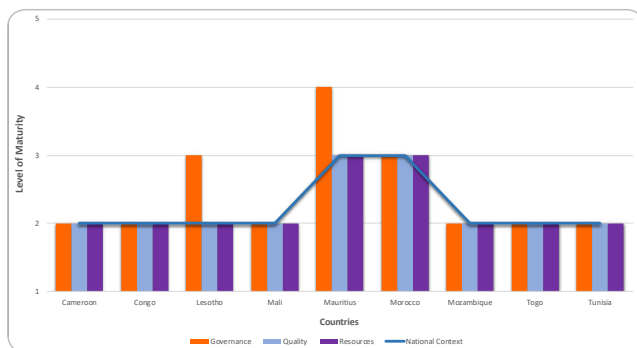
*Internal audit functions in the private sector are more mature than their public-sector counterparts in the Governance and Quality indicators, while inadequate resources are common to both.*

Compared to the public sector, the private sector displays a better maturity level in the Governance and Quality indicators, while the Resources indicator maturity for both sectors is Emerging. The difference on the maturity of the Governance and Quality indicators is largely explained as follows:

- **Governance:** Internal audit functions in the private sector have a better identity with functional reporting lines to increasingly independent and influential audit committees, and organizations have a consistent approach to managing risk.
- **Quality:** In general, internal audit functions in the private sector have better practices in terms of risk-based audit planning, audit strategies and charters, scope of audit work, quality of audit reports, and effectiveness in follow-up of issues. However, internal audit functions in both sectors are still lagging in quality assurance programs.

Chart II shows the maturity levels of the four indicators of the internal audit national maturity model in the **private sector** for each country reviewed in during this phase.

**Chart II: Private Sector Internal Audit National Maturity Levels**



Raising awareness and deepening understanding of the value proposition of internal audit by key stakeholders are sine qua non for a firm rooting of the profession in Africa. The IIA could achieve these objectives by considering the following actions or areas:

- **Partnering with key internal audit stakeholders,** including development agencies (e.g.: World Bank Group Institutions, African Development Bank, International Monetary Fund), audit firms, accounting associations, Institutes of Directors, and regional internal auditors' associations such as the African Federation of Institutes of Internal Auditors (AFIIA) to promote good governance practices, advocate for internal audit, coordinate efforts in internal audit capacity building, and jointly engage with and provide guidance for internal audit to government leaders, with a view to helping them create or improve the regulatory framework on good governance in general, and internal auditing in particular.
- **Building capacity and leadership of local IIA Affiliates:** Local IIA Affiliates remain relatively under-equipped to drive awareness and understanding of the role and value of internal audit. Very few have a clear strategy or hold revenue-generating activities (such as training), and their resources depend generally on membership fees, which are notably instable. IIA Affiliates must develop the capacity to advocate and promote the value internal audit professionals add to their organizations, provide comprehensive professional educational and development opportunities, and bring together local internal auditors to share information and experiences.

- **Disseminating and promoting the legislative and regulatory guidelines recently approved by The IIA's Global Board:** The research noted that the majority of countries do not have any IA regulation/legislation. On this matter, very few Affiliates are viewed as trusted partners in their countries; some are being challenged to propose a framework or guidelines for IA regulation/legislation, an area where they are not well equipped. Local Affiliates can adopt and adapt The IIA's recommended guidelines to their respective context.
- **Developing a strategy for increasing IIA membership and number of certified professionals:** In a majority of the countries reviewed in this Phase, fees related to membership, quality internal audit training, and certifications appear high, especially given the relatively low purchasing power of most internal audit practitioners (as evidenced by GDP per capita).
- **Increasing the availability of quality internal audit resources in French:** In seven of the nine countries studied, French is either the official language or a language widely used by businesses. The study noted that internal auditors in those countries have limited access to quality and affordable resources in French. Making more affordable internal audit educational resources available in French can prove to be important.
- **Expanding partnerships with local universities:** While many recognize the value of engaging with universities to boost internal audit programs, local IIA Affiliates have limited interactions with them. Very few IIA leaders are aware of the toolkits and materials developed by The IIA's Academic Relations team.

To ensure greater impact of the implementation of the preceding suggested activities, IIA Global could consider the following three critical success factors:

- **Strengthening the role of AFIIA,** which could serve as the central institution to develop tools, guidelines, and capacity that could be used by all Affiliates at the national level;
- **Partnering with regional institutions** such as the Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC), the Union Economique et Monétaire Ouest Africaine (UEMOA), the broader Communauté Economique des Etats de l'Afrique Centrale (CEEAC), and the Economic Community of West African States (ECOWAS), as these institutions are influential in the promotion of good corporate governance; and
- **Enhancing partnerships with the accountancy profession** to develop strong IIA institutions and internal audit practices.

# 1. INTRODUCTION

## 1.1. Background

The opportunities, challenges, and needs of Africa are immense. Internal audit becomes increasingly important as economies develop and wish to build sustainable success, as governments try to tackle the problems of fraud and corruption, and as donors and development agencies seek assurance on the responsible disbursement of funds. The World Bank Group Institutions<sup>2</sup>, the African Development Bank, and other development agencies have been working for many years to build internal audit capacity in African countries to enhance fiduciary capabilities to manage public funds. Internal audit can play a central role in these by bringing challenge and rigor, and enabling transparency, accountability, and positive change.

The IIA has identified Africa as a strategic priority for capacity building. The IIA has 25 Affiliates in Africa (others are currently under development) with total membership of around 15,000, of which approximately half is in South Africa. This represents a very low penetration of the assumed internal audit profession and of the potential contribution internal audit could be making.

Preliminary assessment showed, and Phase I of the research confirmed, that the internal audit profession is operating below capacity in many African countries. The challenges vary from one country to another and are influenced by many

factors, including limited awareness of internal audit as a profession, narrow scope, shortage of qualified internal auditors, limited access to quality training, absence of national regulation/legislation, and low implication of audit firms in the delivery of internal audit services and guidance for the profession.

## 1.2 Research Purpose

The purpose of this research was to inform the planning and delivery of future capacity building of the internal audit profession in Africa in general. Phase I of the research covered 11 English-speaking countries. This second phase of the study takes account of the current state of the internal audit profession in nine mostly French-speaking countries, namely: Cameroon, Congo (Democratic Republic of), Lesotho, Mali, Mauritius, Morocco, Mozambique, Togo, and Tunisia.

The research specifically endeavored to identify: activities with the greatest potential for growing the capacity of the internal audit profession in the selected countries; the most significant challenges to such efforts; and organizations and agencies that have complementary objectives in Africa, whose efforts it would be appropriate to attempt to coordinate to maximize impact.

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<sup>2</sup> The World Bank Group consists of five organizations: The International Bank for Reconstruction and Development (IBRD); The International Development Association (IDA) — together, IBRD and IDA make up the World Bank; The International Finance Corporation (IFC); The Multilateral Investment Guarantee Agency (MIGA); and The International Centre for Settlement of Investment Disputes (ICSID). Throughout this report, the term World Bank Group Institutions primarily refers to World Bank and IFC.

## 2. RESEARCH METHODOLOGY AND LIMITATIONS

### 2.1. Research Methodology

This research was conducted through a combination of primary and secondary research. The primary research consisted of deploying surveys and conducting interviews with key players as follows:

- Interviews with and completion of a questionnaire by the respective country IIA Affiliate leaders;
- Surveys of public accounting firms: PwC, Deloitte, KPMG, EY, and other major local audit firms; and
- Surveys of heads of Central Banks, Supreme Auditor Generals, heads of Internal Audit in central/national government, heads of capital markets/stock exchanges, and heads of accounting associations/bodies of the nine countries in the study.

Appendix III lists the interviewees and survey respondents.

The secondary research consisted of a desk review of (i) regulatory/legislative documents, e.g., corporate governance codes, relevant acts, circulars; (ii) World Bank publicly available reports, e.g., country governance assessments, Public Expenditure and Financial Accountability (PEFA) Assessments, and Reports on the Observance of Standards and Codes (ROSC); and (iii) other relevant previous research, e.g., local research, reports from accounting firms, accounting bodies, and local Institutes of Directors.

In addition, existing IIA survey data was used to supplement data from the primary research. The data used included the latest data on IIA Affiliates and the Common Body of Knowledge (CBOK) 2015 data. The 2016 Transparency International data was also used for the country CPI rankings and scores.

All the data for the nine countries, collected from the primary and secondary sources, were analyzed using the **internal audit national maturity model** developed in the first phase of this research.

The model has four indicators, which are broken down into 19 elements and then into 41 sub-elements. It focuses on elements/sub-elements that have most relevance to internal audit maturity, grouped together under four indicators:

- **National Context:** This indicator looks at country macro factors, which include professionalism, education programs, and recognition; national indicators for fraud and corruption; role of audit firms and accounting associations; development agencies; and role of other bodies, including stock exchange and central bank.
- **Governance:** This indicator assesses such elements as legislation, regulation, corporate governance code, and national policies; leadership and tone at the top in organizations from CEOs and boards; positioning of internal audit in organizations and its effective independence; audit committees; and risk management practices.
- **Quality:** This indicator focuses on the internal audit function and elements considered include audit strategy and charter; audit planning, including risk assessment; use of internal audit standards; scope of internal audit work, reporting, and follow-up; and quality assurance and improvement planning.
- **Resources:** This indicator reviews resources for the internal audit function, including adequacy of staffing resources; staff skills; staff training; and use of technology.

The model consists of five discrete levels to indicate the respective country's level of maturity for each of the indicators:

- Level 1 - Initial,
- Level 2 - Emerging,
- Level 3 - Established,
- Level 4 - Integrated, and
- Level 5 - Optimizing

A sample of the model is included in Appendix I. Details of each country analysis using the model are included in Appendix II.

## 2.2 Research Limitations

The report recognizes the fact that the analysis conducted has limitations. First, the research is limited in its scope due to a heavy reliance on a few key individuals, especially for the surveys. The survey responses had disparity in the sufficiency of information, with some being more extensive than others. Moreover, not all those surveyed responded to the questionnaire, so the data was not comparable across countries in almost all cases.

Further, some of the secondary data used is not current. For example, some PEFA reports are from 2013. Also, the 2015 CBOK data for some countries was based on very few samples due to poor responses from these countries. Finally, the Transparency International Corruption Perceptions Index 2016 (issued in 2017) was used to identify countries' fraud and corruption ranking.

Despite these limitations, the author made attempts to corroborate evidence by i) matching statements and statistics collected from multiple independent sources, and ii) conducting follow-up interviews with targeted respondents. Thus, the researcher is confident about the findings presented in this report.

## 3. RESEARCH FINDINGS

### 3.1. Cross Country Analysis

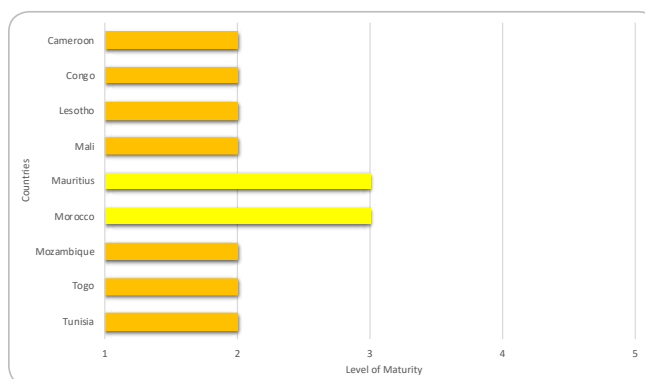
#### 3.1.1. National Context Indicator

Except for Mauritius and Morocco, all the countries are at the Emerging maturity for the National Context indicator. The contributing factors include the following:

- Low perceived value of internal audit by key stakeholders, mainly scholars, audit firms, boards, or accountants. Generally, universities in these countries have few to no programs in internal audit, and audit firms' and accounting associations' role in the delivery of internal audit services, guidance, and training for internal audit is limited to a small number of organizations;
- Shortage of skilled internal audit professionals, as shown by the low membership and very limited number of IIA-certified internal auditors;
- High ranking in the Transparency International Fraud and Corruption Perception Index. The majority of countries' scores on this index range from "Initial" to "Emerging," evidencing an unfavorable perception of the corruption level of the public sector; and
- Significant demand for funding and advocacy for internal audit from development agencies, but funding is not commensurate with the need.

Chart III shows the National Context indicator maturity levels by country.

Chart III: National Context Indicator Maturity Level



Mauritius and Morocco are at an Established maturity on the National Context indicator. This is mainly attributable to the following:

- Relatively good ranking on the fraud and corruption perception index;
- Recognized governance framework in both the public and private sectors;
- Understanding and recognition by key stakeholders of the role and value of internal auditing;
- Active advocacy for the internal audit function in organizations by stock exchanges, central banks, and national Institutes of Directors; and
- Active participation of the Big Four accounting firms in the marketing of the profession in their provision of internal audit services.

The maturity level is an average of the maturities of the 14 sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 1. The maturity levels of the sub-elements range from Initial to Integrated (Mauritius). None of the sub-elements was found to be at the Optimizing level.

**Table 1: National Context Indicator – Sub-element Level of Maturity (by Country)**

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Professionalism, education programs, recognition	1. Presence of university programs in internal auditing	●	●	●	●	●	●	●	●	●
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	●	●	●	●	●	●	●	●	●
	3. IIA membership and GDP per capita	●	●	●	●	●	●	●	●	●
	4. IIA certification and GDP per capita	●	●	●	●	●	●	●	●	●
B. National indicators for fraud and corruption	1. Transparency International 2016 CPI score (/100)	●	●	●	●	●	●	●	●	●
	2. Transparency International CPI rank (/168)	●	●	●	●	●	●	●	●	●
C. Role of audit firms and accounting associations	1. Role of audit firms in delivering internal audit services (assurance and consulting)	●	●	●	●	●	●	●	●	●
	2. Role of audit firms in delivering training and guidance for internal audit	●	●	●	●	●	●	●	●	●
	3. Role of accounting associations in delivering training and guidance for internal audit	●	●	●	●	●	●	●	●	●
	4. Role of accounting associations in delivering training and guidance for audit committees	●	●	●	●	●	●	●	●	●
D. Development agencies	1. Availability of funding for internal audit training commensurate with need	●	●	●	●	●	●	●	●	●
	2. Delivery of advocacy for internal auditing commensurate with need	●	●	●	●	●	●	●	●	●
E. Role of other bodies, including stock exchanges and central banks	1. Provision of advocacy for internal auditing	●	●	●	●	●	●	●	●	●
	2. Setting of internal audit-related policy and corresponding enforcement	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established ● Integrated

### 3.1.2. Public Sector Governance Indicator

There is a significant disparity in the levels of maturity for Governance in the public sector. Only two countries are at the Established stage of maturity, four are at the Emerging stage, and three are at Initial maturity. The main factors contributing to Initial maturity for Cameroon, Congo, and Togo include the fact that requirements for internal audit and audit committees in the public sector are absent, or when they exist, internal audit functions are not fully operational and/or audit committees are weak; internal audit functions are generally positioned as a second line of defense; and public entities generally lack formal risk management frameworks.

Factors contributing to the Emerging maturity stage for Lesotho, Mali, Mozambique, and Tunisia include:

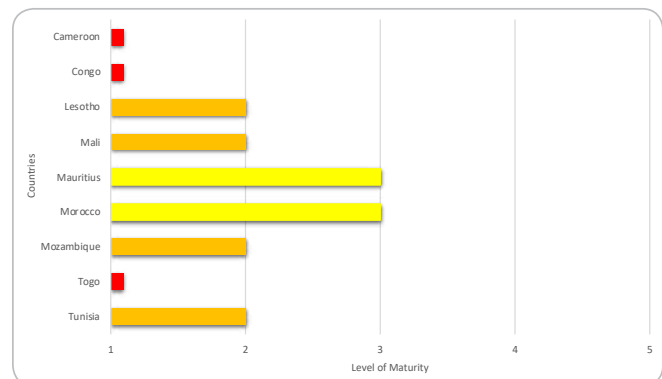
- Existence of some form of requirements for internal audit but ineffective monitoring;
- Existence of internal audit functions and audit committees despite absence of clear requirements for having them;
- Nascent or ongoing development of risk management frameworks in the public sector;
- Positioning of the internal audit function as a second line of defense; and
- Majority of heads of IA functions in State-owned companies reporting to the CEO, both functionally and administratively.

Finally, Mauritius and Morocco are at the Established maturity level, thanks to the following elements:

- Existence of requirements for internal audit functions and audit committees in the public sector, especially through the adoption of the provisions of the national code of corporate governance for public entities;
- Internal audit mostly part of a combined second and third line of defense and heads of internal audit reporting to audit committees; and
- Existence of a consistent approach to managing risk in the public sector.

Chart IV shows the public sector Governance indicator maturity levels by country.

Chart IV: Public Sector Governance Indicator Maturity Level



The maturity level is an average of the maturities of the 13 sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 2. The maturity levels of the sub-elements range from Initial to Integrated. None of the sub-elements was found to be at the Optimizing level.

**Table 2: Governance Indicator (Public Sector) – Sub-element Level of Maturity (by Country)**

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Legislation, regulation, corporate governance code, and national policies	1. Requirement for internal audit	●	●	●	●	●	●	●	●	●
	2. Status of internal audit	●	●	●	●	●	●	●	●	●
	3. Standards for internal audit	●	●	●	●	●	●	●	●	●
	4. Audit committees	●	●	●	●	●	●	●	●	●
	5. Monitoring and enforcement	●	●	●	●	●		●	●	●
B. Leadership and tone at the top in organizations from CEOs and boards	1. Extent to which CEOs and boards support internal audit	●	●	●	●	●	●	●	●	●
C. Positioning of internal audit in organizations and its effective independence	1. Reporting lines and independence	●	●	●	●	●	●	●	●	●
	2. Positioning of internal audit within the organization	●	●	●	●	●	●	●	●	●
D. Audit committees	1. Independence and strength of audit committee membership	●	●	●	●	●	●	●	●	●
	2. Understanding of internal audit	●	●	●	●	●	●	●	●	
	3. Powers of the audit committee include to hire and fire CAE, approve audit plan and resources	●	●	●	●	●	●	●	●	●
	4. Effectiveness in holding the CAE and the organization to account	●	●	●	●	●	●	●	●	●
E. Risk management	1. Organizational risk management maturity	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established ● Integrated

### 3.1.3. Public Sector Quality Indicator

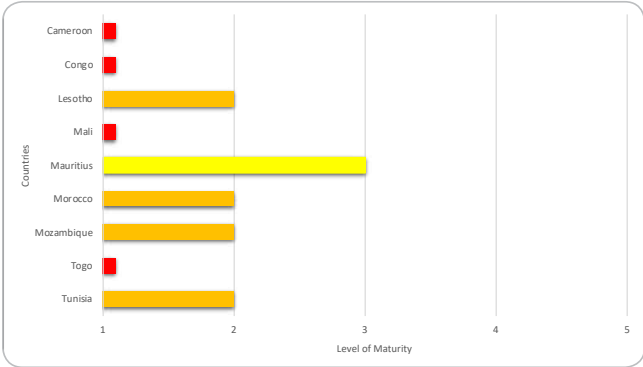
Similar to the public sector Governance indicator, the Quality indicator differs from one country to another, with Mauritius moving towards Established maturity. Lack of IA charters and strategies, absence of a risk-based audit plan, narrow scope focused on compliance and financial controls, absence or infrequent follow-up of audit issues, and lack of arrangements for quality assurance are the main factors contributing to Initial maturity for Cameroon, Congo, Mali, and Togo.

Factors having an adverse impact on the maturity of Lesotho, Morocco, Mozambique, and Tunisia include basic IA charters, partial application of IIA *Standards*, non-dynamic internal audit work plans, and either absent or only recently adopted arrangements for quality assurance.

In Mauritius, a majority of line ministries have internal audit charters aligned with the IPPF. In addition, IA functions apply a risk-based methodology, annual plans are consistent with entities' priorities, and arrangements for quality assurance are somewhat formalized.

Chart V shows the public sector Quality indicator maturity levels by country.

Chart V: Public Sector Quality Indicator Maturity Level



The maturity level is an average of the maturities of the eight sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 3. The maturity levels of the sub-elements range from Initial to Integrated. None of the sub-elements was found to be at the Optimizing levels.

**Table 3: Quality Indicator (Public Sector) – Sub-element Level of Maturity (by Country)**

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Audit strategy and charter	1. Presence and strength of charter, sense of purpose, and focus	●	●	●	●	●	●	●	●	●
B. Audit planning, including risk assessment	1. Extent to which audit planning is risk-based and aligned with strategy	●	●	●	●	●	●	●	●	●
	2. Frequency of risk assessment and alignment with strategy	●	●	●	●	●	●	●	●	●
C. Use of standards	1. Use of robust internal audit standards	●	●	●	●	●	●	●	●	●
D. Scope, reporting, and follow-up	1. Scope of audit work	●	●	●	●	●	●	●	●	●
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	●	●	●	●	●	●	●	●	●
	3. Effectiveness in following up on issues	●	●	●	●	●	●	●	●	●
E. Quality assurance and improvement planning	1. Internal (monitoring, supervision, appraisal, training, review of audit papers, self-assessment) and external (quality assurance review)	●	●	●	●	●	●	●	●	●

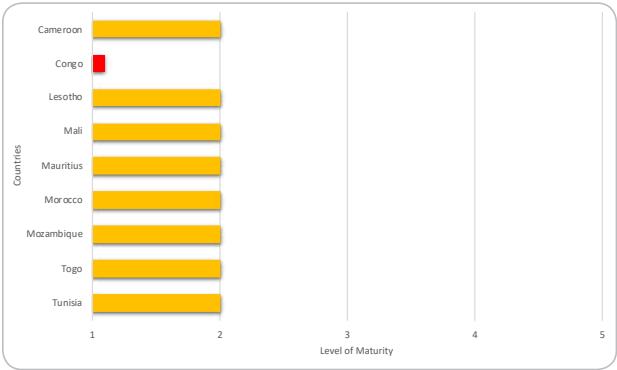
LEGEND: ● Initial ● Emerging ● Established ● Integrated

### 3.1.4. Public Sector Resources Indicator

The Resources indicator is at the Initial maturity level for Congo and at the Emerging stage for the rest of the countries. The overall low score of the indicator is mainly due to a combination of a shortage of skilled internal audit professionals, limited access to quality internal audit training, and limited use of CAATTs.

Chart VI shows the public sector Resources indicator maturity levels by country.

Chart VI: Public Sector Resources Indicator Maturity Level



The maturity level is an average of the maturities of the six sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 4. The maturity levels of the sub-elements range from Initial to Established. None of the sub-elements was found to be at the Integrated or Optimizing levels.

Table 4: Resources Indicator (Public Sector) – Sub-element Level of Maturity (by Country)

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Adequacy of staffing resources, including structure	1. Adequacy of staffing resources	●	●	●	●	●	●	●	●	●
B. Skills	1. Competency and experience	●	●	●	●	●	●	●	●	●
	2. Internal audit specific certifications held	●	●	●	●	●	●	●	●	●
	3. Highest educational level	●	●	●	●	●	●	●	●	●
C. CPE and training	1. Access to and frequency of training	●	●	●	●	●	●	●	●	●
D. Technology	1. Use of CAATTs	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established

### 3.1.5. Private Sector Governance Indicator

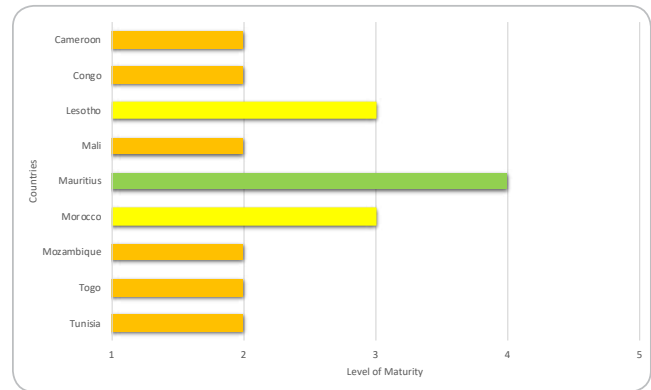
Unlike the public sector, the private sector Governance maturity is almost evenly distributed among the countries, with Mauritius topping the list. The indicator is at the Integrated maturity for Mauritius because most organizations have adopted the National Code of Corporate Governance, absence of audit committee or audit function is viewed as an exception, internal audit reports functionally to audit committees and administratively to CEOs, audit committees provide oversight of internal audit functions, and most companies have a risk framework.

In general, negative aspects hindering Governance maturity for the other countries include:

- Limited to no requirement for internal audit functions and audit committees, except for financial institutions and listed companies;
- Limited monitoring and enforcement of internal audit by regulatory agencies such as central banks and stock exchanges;
- Inappropriate positioning of internal audit, as head of the function is part of middle management and reports functionally and administratively to the CEO; and
- Absence of explicit adoption of The IIA's *Standards* for internal audit, and most companies not having a consistent approach to risk management.

Chart VII shows the private sector Governance indicator maturity level by country.

Chart VII: Private Sector Governance Indicator Maturity Level



The maturity level is an average of the maturities of the 13 sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 5. The maturity levels of the sub-elements range from Initial to Integrated. None of the sub-elements was found to be at the Optimizing level.

**Table 5: Governance Indicator (Private Sector) – Sub-element Level of Maturity (by Country)**

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Legislation, regulation, corporate governance code, and national policies	1. Requirement for internal audit	●	●	●	●	●	●	●	●	●
	2. Status of internal audit	●	●	●	●	●	●	●	●	●
	3. Standards for internal audit	●	●	●	●	●	●	●	●	●
	4. Audit committees	●	●	●	●	●	●	●	●	●
	5. Monitoring and enforcement	●	●	●	●	●	●	●	●	●
B. Leadership and tone at the top in organizations from CEOs and boards	1. Extent to which CEOs and boards support internal audit	●	●	●	●	●	●	●	●	●
C. Positioning of internal audit in organizations and its effective independence	1. Reporting lines and independence	●	●	●	●	●	●	●	●	●
	2. Positioning of internal audit within the organization	●	●	●	●	●	●	●	●	●
D. Audit committees	1. Independence and strength of audit committee membership	●	●	●	●	●	●	●	●	●
	2. Understanding of internal audit	●	●	●	●	●	●	●	●	●
	3. Powers of the audit committee include to hire and fire CAE, approve audit plan and resources	●	●	●	●	●	●	●	●	●
	4. Effectiveness in holding the CAE and the organization to account	●	●	●	●	●	●	●	●	●
E. Risk management	1. Organizational risk management maturity	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established ● Integrated

### 3.1.6. Private Sector Quality Indicator

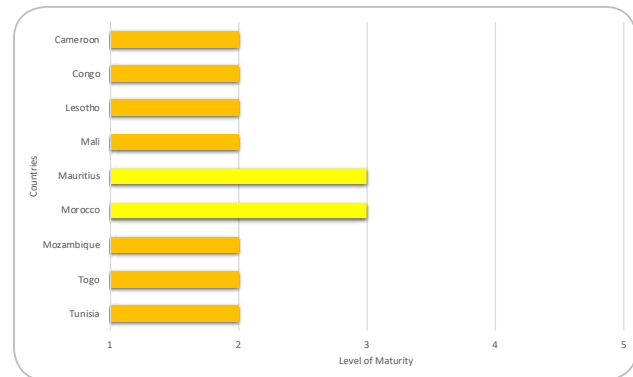
Except for Mauritius and Morocco, which have an Established maturity, all the countries are at the Emerging maturity for the private sector Quality indicator. Factors that negatively affect the current state include the following:

- Few internal audit functions have charters and quality assurance programs in place;
- Scope of internal audit work is mostly financial and compliance, and IIA *Standards* are only partially applied;
- Follow-up of audit issues is sporadic and incomplete; and
- Arrangements for quality assurance are very limited.

In Mauritius and Morocco, most companies have adopted audit charters and strategies, and risk-based planning is common.

Chart VIII shows the private sector Quality indicator maturity levels for each country.

**Chart VIII: Private Sector Quality Indicator Maturity Level**



The maturity level is an average of the maturities of the eight sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 6. The maturity levels of the sub-elements range from Initial to Established. None of the sub-elements was found to be at the Integrated or Optimizing levels.

**Table 6: Quality Indicator (Private Sector) – Sub-element Level of Maturity (by Country)**

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Audit strategy and charter	1. Presence and strength of charter, sense of purpose, and focus	●	●	●	●	●	●	●	●	●
B. Audit planning, including risk assessment	1. Extent to which audit planning is risk-based and aligned with strategy	●	●	●	●	●	●	●	●	●
	2. Frequency of risk assessment and alignment with strategy	●	●	●	●	●	●	●	●	●
C. Use of standards	1. Use of robust internal audit standards	●	●	●	●	●	●	●	●	●
D. Scope, reporting, and follow-up	1. Scope of audit work	●	●	●	●	●	●	●	●	●
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	●	●	●	●	●	●	●	●	●
	3. Effectiveness in following up on issues	●	●	●	●	●	●	●	●	●
E. Quality assurance and improvement planning	1. Internal (monitoring, supervision, appraisal, training, review of audit papers, self-assessment) and external (quality assurance review)	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established

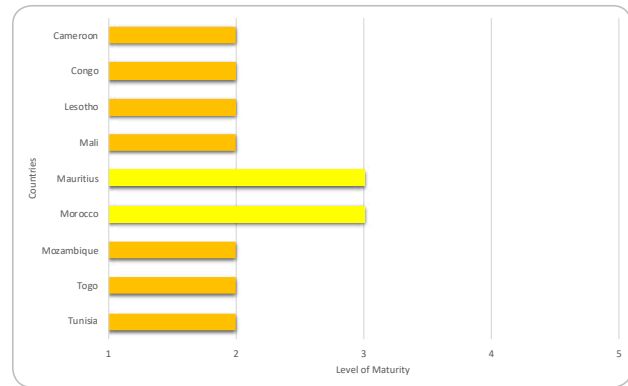
### 3.1.7. Private Sector Resources Indicator

Similar to the Quality indicator, the private sector Resources indicator maturity is at the Emerging maturity, except for Mauritius and Morocco. This is explained by the shortage of qualified internal audit staff with relevant skills, the limited access to quality internal audit training, and the limited use of CAATTs by internal audit functions.

Mauritius and Morocco lean towards Established maturity, mainly due to somewhat adequate staffing, good internal auditors' experience, and access to quality internal audit training.

Chart IX shows the private sector Resources indicator maturity level for each country.

Chart IX: Private Sector Resources Indicator Maturity Level



The maturity level is an average of the maturities of the six sub-elements of this indicator. Some sub-elements are at a more mature level on the spectrum of maturity than others, as depicted in Table 7. The maturity levels of the sub-elements range from Initial to Integrated. None of the sub-elements was found to be at the Optimizing level.

Table 7: Resources Indicator (Private Sector) – Sub-element Level of Maturity (by Country)

Elements	Sub-elements	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
A. Adequacy of staffing resources, including structure	1. Adequacy of staffing resources	●	●	●	●	●	●	●	●	●
B. Skills	1. Competency and experience	●	●	●	●	●	●	●	●	●
	2. Internal audit specific certifications held	●	●	●	●	●	●	●	●	●
	3. Highest educational level	●	●	●	●	●	●	●	●	●
C. CPE and training	1. Access to and frequency of training	●	●	●	●	●	●	●	●	●
D. Technology	1. Use of CAATTs	●	●	●	●	●	●	●	●	●

LEGEND: ● Initial ● Emerging ● Established ● Integrated

## 3.2. Country Findings

### 3.2.1. Cameroon

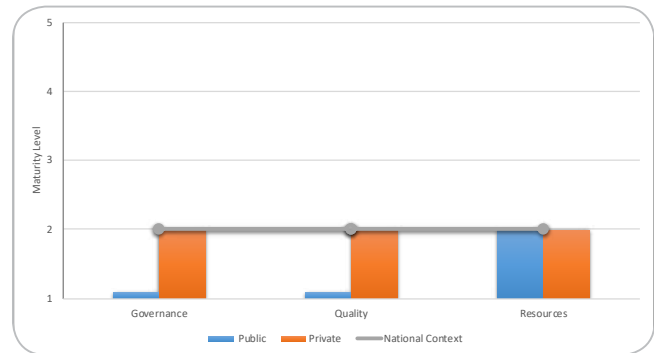
The country is located in Central Africa; its coastline lies on the Bight of Biafra, part of the Gulf of Guinea and the Atlantic Ocean. It has a population of 23.4 million people and a GDP of \$24.20 billion as of 2016. Cameroon is considered a lower middle-income country<sup>3</sup> with a GDP per capita of \$1,033.

Internal audit in the public sector is not regulated and practice of modern internal audit is absent. The internal audit framework in the public sector is centered on the Contrôle Supérieur de l'Etat (CONSUPE), also established as the Supreme Audit Institution. The regional central bank and insurance organization regulate and monitor corporate governance and internal control requirements for financial institutions and insurance companies, respectively. Internal audit in the remaining private sector entities is still in its infancy.

The current state of internal audit in Cameroon shows that the National Context indicator is at an Emerging maturity stage. Despite significant improvement programs over the past decade, Cameroon suffers a high ranking in the fraud and corruption index, the lack of a good governance framework in both the public and private sectors, and the low perceived value of internal audit by scholars, board of chartered accountants, and audit firms.

Chart X shows the internal audit national maturity levels for both the private and public sectors in Cameroon.

Chart X: Cameroon Internal Audit National Maturity Indicators



**Public Sector:** The Governance and Quality indicators are at an Initial maturity stage, and the Resources indicator is at the Emerging level of maturity.

- The Governance indicator is Initial mainly because:
  - » strict internal audit is not fully operational in any service of the public administration;
  - » internal audit is largely positioned as a second line of defense;
  - » there are no requirements for audit committees in public administration, and audit committees in parastatal organizations are weak; and
  - » public entities lack formal risk management frameworks.
- The Quality indicator is Initial because:
  - » internal audit functions lack charters and strategies;
  - » risk-based planning is nascent;

<sup>3</sup> <http://data.worldbank.org/country/cameroon>

- » methodology is under development;
  - » scope of work is narrow, with focus on compliance checks; and
  - » arrangements for quality assurance are not formalized.
- The Resources indicator is Emerging because:
    - » audit staff have limited understanding of modern internal audit work;
    - » internal auditors have limited access to quality internal audit training; and
    - » internal audit functions' use of CAATTs is limited.

**Private Sector:** As Chart X shows, the Governance, Quality, and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Emerging level due to limited requirements for audit committees<sup>4</sup>, limited monitoring and enforcement of internal audit by regulatory agencies, no reference to the use of standards for internal audit, and a limited and inconsistent approach to risk.
- The Quality indicator is at the Emerging level of maturity because very few internal audit functions have charters and quality assurance programs, scope of internal audit work is mostly financial and compliance, IIA *Standards* are only partially applied, audit reports fail to effectively communicate findings, and follow-up of audit issues is sporadic and incomplete.
- The Resources indicator is at the Emerging stage due to the shortage of qualified internal audit staff with relevant skills, the limited access of internal auditors to quality internal audit training, and the limited use of CAATTs by internal audit functions.

### 3.2.2. Congo, Democratic Republic of

The Democratic Republic of Congo is a country located in Central Africa. With a population of 78.7 million, it is the fourth most populated nation in Africa. In 2016, the country's GDP amounted to \$35.00 billion. With a GDP per capita of \$445, Congo is ranked as a low-income country<sup>5</sup>.

The first noticeable decree to boost internal audit in public companies was signed in 1999. Since then, and despite effort by the government and development agencies, modern internal audit in the public sector suffers from lack of recognition and strong advocacy. In the private sector, except for financial institutions regulated by the Central Bank of Congo, there is no requirement for having internal audit functions or audit committees. Private organizations — especially affiliates of multinational companies — try to follow best practice, but limited understanding of the role of internal auditors impedes positive results.

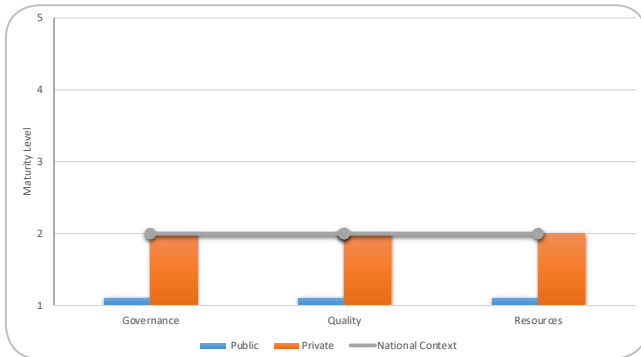
The current state of internal audit in Congo shows that the National Context indicator is at an Emerging maturity stage. This is mainly due to a low perceived value and recognition of the internal audit profession by scholars and the professional world; limited advocacy for internal audit from audit firms, accounting associations, and development agencies; and a shortage of skilled internal audit practitioners.

<sup>4</sup> Except for regulated companies in the financial and insurance industries. Only three companies are listed at the Douala Stock Exchange, and requirements for internal audit are absent.

<sup>5</sup> <http://data.worldbank.org/country/congo-dem-rep>

Chart XI shows the internal audit national maturity levels for both the private and public sectors in Congo.

**Chart XI: Congo Internal Audit National Maturity Indicators**



**Public Sector:** The Governance, Quality, and Resources indicators are at an Initial stage.

- The Governance indicator is Initial because:
  - » requirement for modern internal audit in the public sector is absent;
  - » internal audit is positioned as a monitoring function;
  - » there are no audit committees in the public sector; and
  - » public entities lack formal risk management frameworks.
- The Quality indicator is Initial because:
  - » internal audit functions are largely in their infancy, with no charters or strategies;
  - » audit planning is not risk-based;
  - » IIA *Standards* are only partially applied;
  - » Internal audit functions have a narrow scope focused on financial and compliance;
  - » audit issues are not systematically followed up and reported on; and
  - » there are no arrangements for quality assurance.

- The Resources indicator is also Initial because:
  - » there are insufficient qualified staff with relevant internal audit skills;
  - » a majority of internal auditors have very limited access to quality internal audit training; and
  - » internal audit functions' use of CAATs is very limited.

**Private Sector:** In contrast with the public sector, the Governance, Quality, and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Emerging stage because internal audit is required in financial institutions, head of the internal audit function is part of middle management reporting functionally and administratively to the CEO, and audit committees comprise a mix of executives and non-executives playing an advisory role in the appointment of the CAE and the approval of the audit plan and resources.
- The Quality indicator is at the Emerging level of maturity, as some internal audit functions have charters and strategies, partially apply risk-based planning and IIA *Standards*, and have unsystematic follow-up of audit issues.
- The Resources indicator is at the Emerging stage primarily because the academic qualifications of internal auditors are a first degree or above. Staffing resources remain inadequate; access to quality IA training and use of CAATs are limited.

### 3.2.3. Lesotho

The Kingdom of Lesotho is a country located in Southern Africa, an enclave of South Africa, with a population of 2.2 million. In 2016, the country's GDP amounted to \$2.20 billion. With a GDP per capita of \$998, Lesotho is ranked as a lower middle-income country<sup>6</sup>.

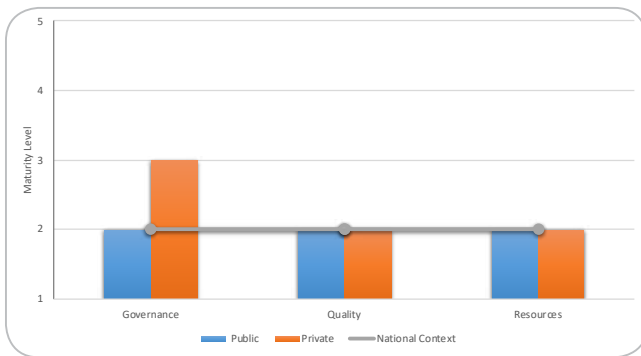
<sup>6</sup> <http://data.worldbank.org/country/lesotho>

Internal audit in the public sector is governed by the Public Financial Management and Accountability Act, and the Treasury Regulations. In the private sector, the Central Bank of Lesotho has set requirements for internal audit. Despite these efforts, the lack of understanding and recognition by key stakeholders of the role and value of internal auditing is holding Lesotho in an Emerging stage.

The current state of internal audit in Lesotho shows that the National Context indicator is at an Emerging maturity stage. Although audit firms' role in delivering IA services and guidance for IA is noticeable, and the Central Bank of Lesotho has set requirements for IA in financial institutions, the perceived value and recognition of the profession remains low.

Chart XII shows the internal audit national maturity levels for both the private and public sectors in Lesotho.

**Chart XII: Lesotho Internal Audit National Maturity Indicators**



**Public Sector:** Similar to the National Context indicator, the Governance, Quality, and Resources indicators are at an Emerging stage.

- The Governance indicator is Emerging because:
  - » there is a requirement for IA in the public sector, although IA functions are not yet fully operational in line ministries;

- » although required, in practice, audit committees are not yet established; and
- » public entities lack formal risk management frameworks.

- The Quality indicator is Emerging because:
  - » the public sector internal audit charter was revised, albeit not implemented;
  - » audit planning is not fully risk-based;
  - » IIA *Standards* are only partially applied;
  - » audit reports are generally of poor quality and limited use to management;
  - » audit issues are not systematically followed up and reported on; and
  - » there are no arrangements for quality assurance.
- The Resources indicator is Emerging because:
  - » there are insufficient qualified staff with relevant internal audit skills; and
  - » the majority of internal audit functions do not use CAATs.

**Private Sector:** The Governance indicator is at Established, while the Quality and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Established stage because internal audit functions and audit committees are required in financial institutions, a majority of heads of the internal audit function are part of middle management reporting functionally to the AC and administratively to the CEO, and audit committees comprise a mix of executives and non-executives playing an advisory role in the appointment of the CAE and the approval of the audit plan and resources.
- The Quality indicator is at the Emerging level of maturity, as most internal audit functions have charters and strategies, partially apply risk-based planning and IIA *Standards*, follow up on reported issues, and do not have arrangements for a formal quality assurance and improvement program.

- The Resources indicator is at the Emerging stage because staffing resources remain inadequate, most internal auditors have limited practical experience of modern IA, and use of CAATs is limited.

### 3.2.4. Mali

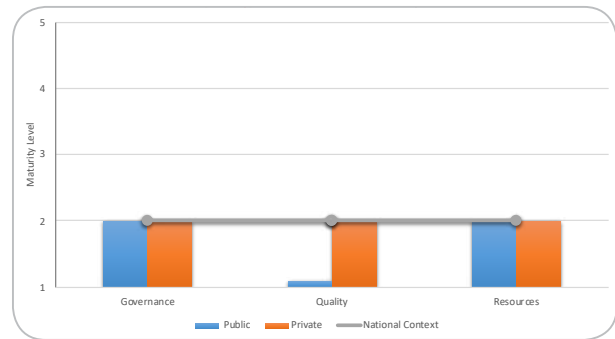
The Republic of Mali is a landlocked country in West Africa with a population of 18.0 million and a GDP worth \$14.05 billion in 2016. With a GDP per capita of \$781, Mali is ranked as a low-income country<sup>7</sup>.

Since 2002, Mali has undertaken several actions to promote and strengthen internal audit in the public sector. But these actions are yet to yield noteworthy impact. Except for the 13 financial institutions present in the country, internal audit in the private sector struggles to be fully recognized and strengthened. This is mainly attributed to the absence of a clear regulation, low capacity of the local IIA Affiliate, and limited engagement by major IA stakeholders.

The current state of internal audit in Mali shows that the National Context indicator is at an Emerging maturity. Despite contribution from development agencies<sup>8</sup> and internal audit requirements set by the regional stock exchange and banking commission, there is low understanding and recognition of modern internal audit, and little to no involvement of audit firms and board of accountancy in the advocacy for IA.

Chart XIII shows the internal audit national maturity levels for both the private and public sectors in Mali.

Chart XIII: Mali Internal Audit National Maturity Indicators



**Public Sector:** Similar to the National Context indicator, the Governance and Resources indicators are at the Emerging level of maturity while the Quality indicator is at the Initial stage.

- The Governance indicator is Emerging mainly because:
  - » development of a robust internal audit framework for the public sector is ongoing;
  - » there is no requirement for audit committees in central administration or parastatals;
  - » internal audit is still largely viewed and positioned as a second line of defense; and
  - » risk management is in its infancy.
- The Quality indicator is Initial because:
  - » internal audit functions have basic charters;
  - » risk-based audit planning is nascent;
  - » IIA *Standards* are only partially applied;
  - » scope of audit work is focused on financial and compliance; and
  - » arrangements for quality assurance are not formalized.

<sup>7</sup> <http://data.worldbank.org/country/mali>

<sup>8</sup> Mainly World Bank, Swiss Agency for Development and Cooperation (SDC), Canadian International Development Agency (CIDA), African Development Bank (AfDB), and United States Agency for International Development (USAID).

- The Resources indicator is Emerging because:
  - » there are insufficient qualified staff with relevant internal audit skills;
  - » internal auditors have limited access to internal audit training; and
  - » use of CAATTs is limited.

**Private Sector:** As Chart XIII shows, the Governance, Quality, and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Emerging stage because there is no requirement for internal audit functions and audit committees except for financial institutions, and most companies do not have a consistent approach to risk management.
- The Quality indicator is at the Emerging level of maturity due to lack of a clear IA strategy, absence of a risk-based audit plan, infrequent follow-up of audit issues, and lack of a quality assurance arrangement.
- The Resources indicator is at the Emerging stage due to a shortage of qualified internal audit staff, the limited access of internal auditors to quality internal audit training, and the limited use of CAATTs.

### 3.2.5. Mauritius

The Republic of Mauritius is an island nation in the Indian Ocean with an estimated population of 1.263 million and a GDP worth \$12.16 billion in 2016. With a GDP per capita of \$9,628, Mauritius is an upper middle-income country<sup>9</sup>.

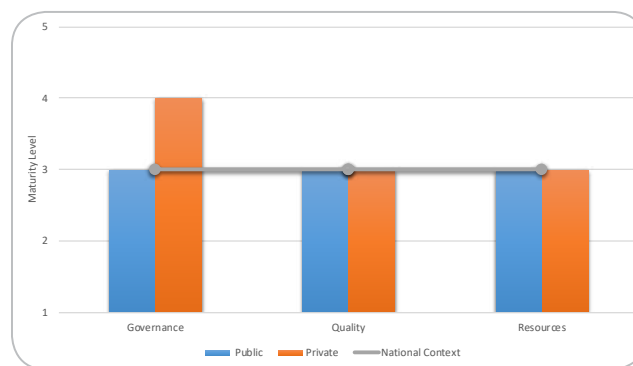
Mauritius has a long experience in implementing a robust internal audit framework in the public sector. In 2007, the country adopted the Internal Audit Policy and the Internal Audit Charter as

part of the government’s decision to strengthen governance in the public sector. In the private sector, most organizations have adopted the National Code of Corporate Governance<sup>10</sup>, which provides strong guidance for internal audit applicable to entities listed on the Stock Exchange, financial institutions regulated by the Bank of Mauritius, and insurance companies.

The current state of internal audit in Mauritius shows that the National Context indicator is at an Established maturity stage. Mauritius is viewed as one of the most transparent countries in Africa, with a strong governance framework in both the public and private sectors. While stakeholders generally understand and recognize the role and value of internal audit, the profession struggles to establish a strong footprint due to a very low IIA membership rate, insufficient funds for its advocacy, and a low presence of internal audit in university programs.

Chart XIV shows the internal audit national maturity levels for both the private and public sectors in Mauritius.

**Chart XIV: Mauritius Internal Audit National Maturity Indicators**



<sup>9</sup> <http://data.worldbank.org/country/mauritius>

<sup>10</sup> Launched in 2003, it has since been revised twice (April 2004 and November 2016). In addition, the Financial Reporting Act 2004 requires external auditors to highlight non-compliance with the codified principles.

**Public Sector:** Similar to the National Context indicator, the Governance, Quality, and Resources indicators are at the Established level of maturity.

- The Governance indicator is Established mainly because:
  - » all line ministries have established audit committees;
  - » internal audit is part of a combined second and third line of defense, and is present in all large ministries and departments;
  - » heads of IA functions report to audit committees;
  - » IA units apply IA methodology aligned with IPPF guidelines; and
  - » There is a consistent approach to managing risk.
- The Quality indicator is Established because:
  - » internal audit charters, aligned with IPPF, exist in a majority of line ministries;
  - » IA functions apply a risk-based methodology, and annual plans are consistent with priorities;
  - » audit reports are timely and effectively communicate findings; and
  - » arrangements for quality assurance are formalized.
- The Resources indicator is also Established because:
  - » there are adequate qualified staff with relevant internal audit skills; and
  - » there are multiple sources for quality internal audit training.

**Private Sector:** As Chart XIV shows, Governance is at an Integrated level of maturity while the Quality and Resources indicators are at the Established level of maturity.

- The Governance indicator is at the Integrated stage because most organizations have adopted the National Code of Corporate Governance (which provides strong guidance for internal audit), absence of audit committee or an audit function is viewed as an exception that requires justification, internal audit functions report functionally to audit committees comprised predominantly of non-executive directors and administratively to CEOs, audit committees provide oversight of internal audit functions, and most companies have a risk framework that is updated on a regular basis.
- The Quality indicator is at the Established level of maturity as internal audit functions have charters and strategies, have adopted risk-based planning, and deliver timely audit reports that effectively communicate findings.
- Similar to the public sector, the Resources indicator is at the Established stage because internal audit functions generally have sufficient and qualified staff with relevant internal audit skills, and internal auditors have access to quality internal audit training.

### 3.2.6. Morocco

The Kingdom of Morocco is a country located in the Maghreb region of North Africa. Morocco has a population of 35.277 million people and a GDP of \$101.45 billion as of 2016. With a GDP per capita of \$2,832, Morocco is a lower middle-income country<sup>11</sup>.

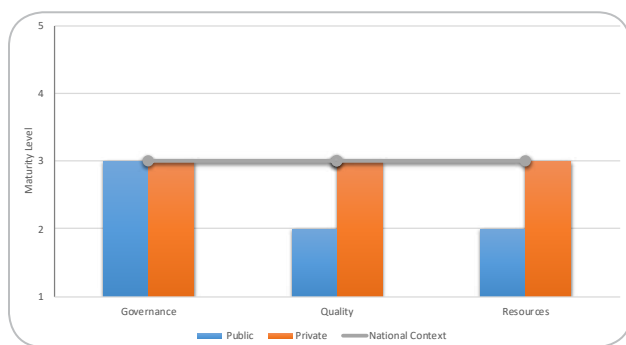
Since 2005, Morocco has initiated transformational projects that aim at implementing a robust governance framework in the public and private sectors, with a noteworthy impact on internal audit. The adoption of a code of good governance in 2008 and its subsequent rollout to government-owned entities and private SMEs have started to change the perception of the internal audit profession in the country.

<sup>11</sup> <http://data.worldbank.org/country/morocco>

The current state of internal audit in Morocco shows that the National Context indicator is at an Established maturity stage. The Moroccan Central Bank (Banque Al-Maghrib), the Casablanca Stock Exchange (Bourse de Casablanca), the Moroccan Institute of Directors (IMA), and audit firms are providing strong advocacy for internal audit. While stakeholders in financial institutions, insurance, and listed companies generally understand the role of internal auditors, additional effort is needed to promote the profession in SMEs, especially family-owned businesses.

Chart XV shows the internal audit national maturity levels for both the private and public sectors in Morocco.

**Chart XV: Morocco Internal Audit National Maturity Indicators**



**Public Sector:** The Governance indicator is at the Established stage while the Quality and Resources indicators are at the Emerging level of maturity.

- The Governance indicator is Established mainly because:
  - » all line ministries are required to establish IA functions and audit committees in all government entities (State, local administration, and government-owned companies);
  - » the use of IIA *Standards* is defined;
  - » heads of IA functions (IGF and IGM) report to the MoF/heads of line ministries; and

- » there is an increased monitoring of requirements for IA functions and audit committees, with IGF tasked with introducing IA functions in line ministries.

- The Quality indicator is Emerging because:
  - » IGF and IGMs have basic charters;
  - » audit planning is increasingly fully risk-based;
  - » scope of work is focused on financial controls and compliance; and
  - » arrangements for quality assurance are formalized and are being implemented.
- The Resources indicator is also Emerging because:
  - » there are somewhat adequately qualified staff with relevant internal audit skills;
  - » there are multiple sources for quality internal audit training; and
  - » there is an increased use of CAATs.

**Private Sector:** As Chart XV shows, the Governance, Quality, and Resources indicators are at an Established level of maturity.

- The Governance indicator is at the Established stage because there are requirements for having audit committees and internal audit functions, the internal audit function is part of a combined second and third line of defense, audit committees comprise a mix of executives and non-executives and provide an advisory role in the approval of the audit plan and resources, and there is an increased adoption of a risk framework by companies.
- The Quality indicator is at the Established level of maturity as internal audit functions have charters and strategies, have adopted annual or pluriannual risk-based planning, and prepare audit reports that effectively communicate audit issues that are actioned.

- The Resources indicator is at the Established stage because internal audit functions generally have sufficient and qualified staff with relevant internal audit skills, and internal auditors have access to quality internal audit training.

### 3.2.7. Mozambique

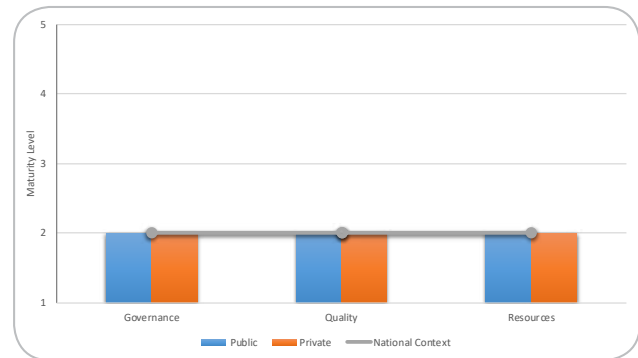
The Republic of Mozambique is a country in the Southeast region of Africa. In 2016, the population was estimated at 28.8 million and the country's GDP was \$11.01 billion. Mozambique is ranked as a low-income country<sup>12</sup> with a GDP per capita of \$382.

Although a decree consecrated the *Inspeção-Geral de Finanças* as the supervisory body of the public sector internal control system, there is no formal regulation on internal audit in the Mozambican public sector. Internal audit is governed in the private sector by rules set by the Central Bank of Mozambique and the Stock Exchange. Other firms are encouraged to adopt the Mozambican Code of Corporate Governance issued in 2011.

The current state of internal audit in Mozambique shows that the National Context indicator is at an Emerging maturity stage. This maturity level is explained by the increased recognition of the value of the internal audit by scholars, audit firms, the Central Bank of Mozambique, and the Mozambican Institute of Directors.

Chart XVI shows the internal audit national maturity levels for both the private and public sectors in Mozambique.

Chart XVI: Mozambique Internal Audit National Maturity Indicators



**Public Sector:** Similar to the National Context indicator, the Governance, Quality, and Resources indicators are at an Emerging stage.

- The Governance indicator is Emerging because:
  - » there is no regulation on internal audit;
  - » the use of IA standards is recommended, but not defined;
  - » internal audit is largely positioned as a second line of defense;
  - » a majority of heads of IA functions in State-owned companies report to the CEO, both functionally and administratively; and
  - » there are no audit committees in the public sector.
- The Quality indicator is Emerging because:
  - » some IA functions have basic audit charters and strategies;
  - » audit planning is risk-based, but is not updated systematically;
  - » IIA *Standards* are only partially applied; and
  - » there are no arrangements for quality assurance.

<sup>12</sup> <http://data.worldbank.org/country/mozambique>

- The Resources indicator is also Emerging because:
  - » there are insufficient qualified staff with relevant internal audit skills; and
  - » internal audit functions' use of CAATTs is very limited.

**Private Sector:** Like in the public sector, the Governance, Quality, and Resources indicators in the private sector are at an Emerging level of maturity.

- The Governance indicator is at the Emerging stage because internal audit is required in financial institutions and listed companies, heads of the internal audit functions are part of middle management and a majority report functionally and administratively to the CEO, and there is somewhat a consistent approach to managing risk.
- The Quality indicator is at the Emerging level of maturity, as some internal audit functions have charters and strategies, very few have adopted systematic risk-based audit planning and partially apply IIA Standards, focus and scope of IA work is predominantly compliance and finance, and arrangements for quality assurance are very limited.
- The Resources indicator is at the Emerging stage because although the academic qualifications of internal auditors are a first degree or above and auditors have access to quality IA training, staffing resources remain inadequate and use of CAATTs is limited.

### 3.2.8. Togo

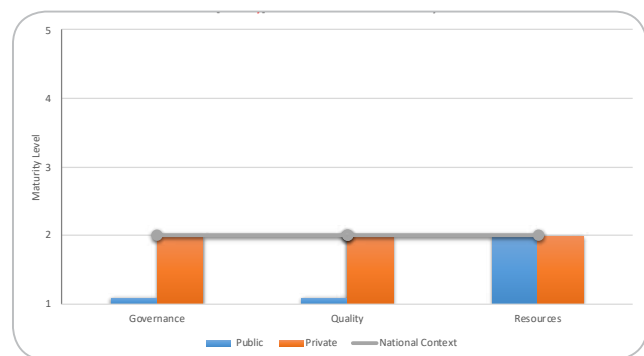
The Republic of Togo is a West African State with a population of 7.6 million and a GDP worth \$4.40 billion in 2016. With a GDP per capita of \$578, Togo is ranked as a low-income country<sup>13</sup>.

Since 2008, the government of Togo has taken actions to modernize and strengthen the practice of modern internal audit in the central administration and government-owned organizations. But tangible results are yet to be noticed. In the private sector, internal audit functions, when they exist, are vastly perceived as second line of defense. This is mainly attributed to the absence of a regulation or directives on internal audit, low capacity of the local IIA Affiliate to drive advocacy, and limited actions taken by major IA stakeholders, including the board of accountancy and audit firms.

The current state of internal audit in Togo shows that the National Context indicator is at an Emerging maturity. This is primarily due to the limited understanding and recognition of internal audit by key stakeholders, the limited role of audit firms in the delivery of IA services and training, and advocacy for internal audit essentially done through the regional central bank's requirements.

Chart XVII shows the internal audit national maturity levels for both the private and public sectors in Togo.

**Chart XVII: Togo Internal Audit National Maturity Indicators**



<sup>13</sup> <http://data.worldbank.org/country/togo>

**Public Sector:** The Governance and Quality indicators are at the Initial level of maturity while the Resources indicator is at the Emerging stage.

- The Governance indicator is Initial mainly because:
  - » there is no requirement for audit committees in central administration, and there are very few parastatals with audit committees;
  - » internal audit is still largely viewed and positioned as a second line of defense; and
  - » risk management is still nascent, despite ongoing government action to develop risk cartography.
- The Quality indicator is Initial because:
  - » risk-based audit planning is nascent;
  - » audit reports are of poor quality and limited use to management;
  - » scope of audit work is mainly financial; and
  - » arrangements for quality assurance are not formalized.
- The Resources indicator is Emerging because:
  - » there are insufficient qualified staff with relevant internal audit skills;
  - » internal auditors have limited understanding and experience of modern internal auditing;
  - » internal auditors have limited access to internal audit training; and
  - » use of CAATTs is limited to a few staff.

**Private Sector:** As Chart XVII shows, the Governance, Quality, and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Emerging stage because there is no requirement for internal audit functions and audit committees except for financial institutions, the role of internal audit is limited, and most companies do not have a consistent approach to risk management.
- The Quality indicator is at the Emerging stage due to lack of a clear IA strategy, absence of risk-based audit planning, partial use of IA standards, infrequent follow-up of audit issues, and lack of quality assurance arrangements.
- The Resources indicator is at the Emerging stage due to a shortage of qualified internal audit staff, the limited access of internal auditors to quality internal audit training, and the limited use of CAATTs.

### 3.2.9. Tunisia

The Republic of Tunisia is located in the eastern part of the Maghreb with neighboring Algeria and Libya. It has a population of 11.403 million people and a GDP of \$42.06 billion as of 2016. In 2016, GDP per capita amounted to \$3,689, making Tunisia a lower middle-income country<sup>14</sup>.

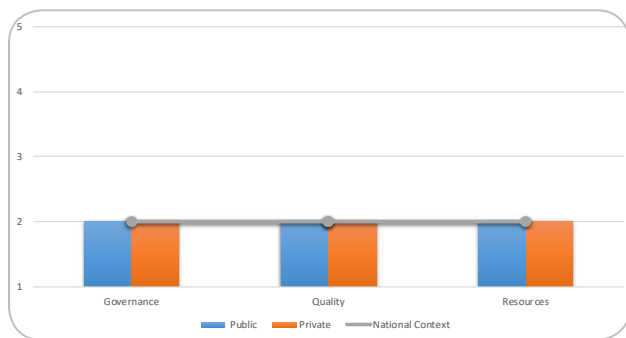
Several regulations, including the 2005 law on security of financial relationships, support or enforce the adoption of internal audit in financial institutions and listed companies, and in government-owned entities. Most SMEs are yet to fully understand the role and value of internal audit. While there is no concrete institutional support for internal audit in the public administration, the “Management by Objectives” unit of the Ministry of Finance is advocating for full adoption of the internal audit profession within the public sector. Currently, there are three interdepartmental audit inspection functions, and most line ministries have general inspection units, though at the discretion of heads of departments.

<sup>14</sup> <http://data.worldbank.org/country/Tunisia>

The current state of internal audit in Tunisia shows that the National Context indicator is at an Emerging maturity stage. Scholars, government, and regulatory agencies are embracing internal audit, but advocacy and funds to support the profession remain insufficient.

Chart XVIII shows the internal audit national maturity levels for both the private and public sectors in Tunisia.

**Chart XVIII: Tunisia Internal Audit National Maturity Indicators**



**Public Sector:** Similar to the National Context indicator, the Governance, Quality, and Resources indicators are at the Emerging level of maturity.

- The Governance indicator is Emerging mainly because:
  - » there is no institutional support for internal audit in the public administration;
  - » public entities lack formal risk management frameworks; and
  - » there is no effective monitoring of any requirements for internal auditing or audit committees.

The Quality indicator is Emerging because:

- » internal audit functions have basic charters and strategies;
- » audit planning is partially risk-based;

- » IIA *Standards* are only partially applied; and
- » arrangements for quality assurance are not formalized.

- The Resources indicator is also Emerging because:
  - » there are insufficient qualified staff with relevant internal audit skills;
  - » internal auditors have limited access to internal audit training; and
  - » internal auditors' use of CAATs is limited.

**Private Sector:** As Chart XVIII shows, the Governance, Quality, and Resources indicators are at an Emerging level of maturity.

- The Governance indicator is at the Emerging level due to no reference to the use of standards for internal audit, a limited role of internal audit in most SMEs<sup>15</sup>, limited monitoring and enforcement of internal audit by regulatory agencies, and a limited and inconsistent approach to risk.
- The Quality indicator is at the Emerging level of maturity because of partial use of IIA *Standards*, scope of audit work is mostly financial and compliance, lack of quality assurance and improvement programs, and failure of audit reports to effectively communicate findings.
- The Resources indicator is at the Emerging level due to a shortage of qualified internal audit staff with relevant skills, the limited access of internal auditors to internal audit training, and the limited use of CAATs by internal audit functions.

Detailed analyses of the internal audit national maturity indicators for all nine countries are included in Appendix II.

<sup>15</sup> With most CAEs reporting administratively and functionally to CEOs.

## 4. CONCLUSIONS

This second phase of the research confirms that the internal audit profession is operating below capacity in the majority of African countries, with an even lower capacity in French-speaking countries. The main factors that justify this situation include absence of a national or regional regulation/legislation related to internal audit; limited awareness of internal audit as a profession and lack of understanding of its role and contribution to good governance; often narrow internal audit scope; shortage of skilled professionals; and limited access to quality internal audit training opportunities, especially in French-speaking countries.

The results also show that the National Context and Governance indicators determine the overall state of the internal audit profession in all the countries reviewed. Mauritius and Morocco present an established corporate governance framework, implication of regulatory bodies (mainly the central bank and the stock exchange), active audit firms and Institutes of Directors, and noticeable commitment by the government to modernize management in public administration. This justifies the relative best performance by these two countries.

On the contrary, the low maturity of the internal audit profession in countries like Cameroon, Democratic Republic of Congo, and Togo is mainly explained by the absence of a national framework for good governance in the public and private sectors, low involvement of key stakeholders such as audit firms and accounting associations, and slow modernization of internal control in the public administration.

Finally, compared to the public sector, the private sector shows a slightly more mature level on the Governance, Quality, and Resources indicators<sup>16</sup>.

The key strengths and areas for improvement of each of the nine countries are presented below.

**Cameroon:** Two public sector indicators (Governance and Quality) are at Initial maturity, while the rest are at Emerging maturity. Key areas for improvement, where the sub-elements are at the Initial stage, include:

- Increasing IIA membership and the number of IIA-certified professionals;
- Addressing the high fraud and corruption ranking;
- Participation of accounting firms and board of chartered accountants in support of the internal audit profession;
- Legislation and regulation of internal audit;
- Improving understanding and recognition of the role and value of internal auditing by key stakeholders;
- Empowerment of audit committees in the public sector;
- Improving organizational risk management frameworks in the public sector; and
- Formalizing quality assurance arrangements in the public sector.

**Congo, Democratic Republic of:** All indicators for the public sector are at Initial maturity, while those for the private sector are starting to emerge. The key areas for improvement, where the sub-elements are at the Initial stage, include:

- Introduction of internal audit programs in colleges and universities;
- Increasing IIA membership and the number of IIA-certified professionals;
- Addressing the high fraud and corruption ranking;

<sup>16</sup> But still lagging compared to the private sector studied in Phase I of the research, especially on the Governance and Quality indicators.

- Increasing participation of accounting firms and board of chartered accountants in support of the internal audit profession;
- Legislation and regulation of internal audit;
- Improving understanding and recognition of the role and value of internal auditing by key stakeholders;
- Empowerment of audit committees in the public and private sectors;
- Improving organizational risk management frameworks in the public sector;
- Adoption of IIA *Standards* with respect to audit strategy and charters, and risk-based audit planning; and
- Formalizing quality assurance arrangements in both public and private sectors; and
- Increasing access to quality training by internal auditors from the public and private sectors.

**Lesotho:** The Governance indicator for the private sector is at Established; all other indicators for both public and private sectors are Emerging. The key strength is mainly the status of internal audit in the private sector: the function is a combined second and third line of defense, and a majority of heads of IA functions report administratively to the CEO and functionally to the AC, which comprises a mix of executives and non-executives. The areas for improvement, where the sub-elements are at the Initial stage, include:

- Increasing IIA membership and the number of IIA-certified professionals;
- Increasing participation of accounting firms and board of chartered accountants in support of the internal audit profession;
- Improving understanding and recognition of the role and value of internal auditing by key stakeholders in the public sector;

- Establishment and empowerment of audit committees in the public sector;
- Improving organizational risk management frameworks in the public sector;
- Implementing the revised public sector internal audit charter; and
- Establishing formal arrangements for quality assurance in the public sector.

**Mali:** Except for the public sector's Quality indicator, which is at the Initial stage, all other indicators are at the Emerging maturity level. The key areas for improvement include the following:

- Improving understanding and recognition of the role and value of internal auditing by key stakeholders;
- Increasing IIA membership and the number of IIA-certified professionals;
- Increasing participation of accounting firms and board of chartered accountants in support of the internal audit profession;
- Establishment and empowerment of audit committees in the public and private sectors;
- Improving organizational risk management frameworks in the public and private sectors;
- Implementing IIA *Standards* with respect to audit strategy and charters, and risk-based audit planning in the public and private sectors;
- Formalizing quality assurance arrangements in both public and private sectors; and
- Increasing use of CAATTs.

**Mauritius:** The private sector Governance indicator is at Integrated maturity, while the others are predominantly at Established maturity. The key strengths include understanding and recognition of the role and value of internal auditing by key stakeholders, the fact that Mauritius is among the few Sub-Saharan African

countries that hold a good ranking on the fraud and corruption indexes, existence of a mature Code of Corporate governance (2003) with strong provisions on internal audit, an increased role of audit firms in the delivery of internal audit services and training, mature organizational risk management in both public and private sectors, the position of internal audit functions largely as a third line of defense, and the role played by audit committees, which generally comprise non-executives. The key areas for improvement, where the sub-elements are at the Initial or Emerging stages, are:

- Introduction of stand-alone internal audit programs in colleges and universities;
- Increasing IIA membership and the number of IIA-certified professionals;
- Increasing monitoring and enforcement of compliance with the Code in the public sector;
- Completing establishment and empowerment of audit committees in the public sector; and
- Formalizing quality assurance arrangements in the private sector.

**Morocco:** The internal audit national maturity indicators for Morocco range from Emerging to Established. The Governance, Quality, and Resources indicators in the private sector are all Established in maturity, while the public sector scores Established in Governance and Emerging in both Quality and Resources indicators. Key strengths include presence of stand-alone internal audit programs in universities' curricula, understanding and recognition of the role and value of internal auditing by key stakeholders, role of audit firms in the delivery of internal audit services and training, existence of requirements for internal audit in both public and private sectors, adoption of a Code of Good Governance in 2008, and positioning of the internal audit function and role of the AC in the private sector.

The areas for improvement where the sub-elements are ranked at the Initial or Emerging stage include:

- Increasing IIA membership and the number of IIA-certified professionals;
- Addressing the high fraud and corruption ranking;
- Improving organizational risk management frameworks in the public sector;
- Increasing empowerment of audit committees in the public and private sectors;
- Increasing implementation of IIA *Standards* with respect to audit strategy and charters, and risk-based audit planning in the public and private sectors;
- Formalizing quality assurance arrangements in the public sector; and
- Increasing use of CAATTs in the public sector.

**Mozambique:** All four indicators are at Emerging maturity level for both the public and private sectors. The key strengths include strong IIA membership, role of audit firms in the delivery of internal audit services, positioning of the internal audit function and role of the AC in the public and private sectors, and increased use of risk-based planning in the public sector. The areas for improvement where the sub-elements are ranked at the Initial stage include:

- Increasing IIA membership and the number of IIA-certified professionals;
- Addressing the high fraud and corruption ranking;
- Increasing role of audit firms in the delivery of training and guidance for audit committees;
- Formalizing quality assurance arrangements in both public and private sectors; and
- Increasing use of CAATTs in the public sector.

**Togo:** All indicators are at Emerging maturity, except for Governance and Quality indicators for the public sector, which are ranked Initial. The areas for improvement where the sub-elements are ranked at the Initial stage include:

- Introduction of internal audit programs in colleges and universities;
- Improving understanding and recognition of the role and value of internal auditing by key stakeholders;
- Increasing IIA membership and the number of IIA-certified professionals;
- Addressing the high fraud and corruption ranking;
- Increasing participation of accounting firms and board of chartered accountants in support of the internal audit profession;
- Improving organizational risk management frameworks in the public and private sectors;
- Empowerment of audit committees in the public and private sectors;
- Increasing adoption of IIA *Standards* with respect to audit strategy and charters, and risk-based audit planning;
- Increasing access to quality training by internal auditors from the public and private sectors; and
- Increasing use of CAATTs in the public sector.

**Tunisia:** All four indicators for the public and private sectors are at Emerging maturity. The key strengths for Tunisia are the presence of internal audit contents in universities' curricula, understanding and recognition of the role and value of internal auditing by key stakeholders, a somewhat good ranking on fraud and corruption indexes, extent of the support to internal audit despite absence of an institutional regulation, and increased risk-based audit planning in both public and private sectors. The areas for improvement where the sub-elements are ranked at the Initial stage include:

- Increasing IIA membership and the number of IIA-certified professionals;
- Increasing role of audit firms in the delivery of training and guidance for audit committees;
- Legislation and regulation of internal audit;
- Improving organizational risk management frameworks in the public sector;
- Formalizing quality assurance arrangements in the public and private sectors; and
- Increasing access to quality training by internal auditors from the public and private sectors.

Table 8 shows a summary of the areas for improvement where sub-elements are at the Initial or Emerging maturity stages.

**Table 8: Areas for Improvement – Sub-elements Rated “Initial” or “Emerging”<sup>17</sup>**

Areas for Improvement	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
Introducing internal audit in university programs		●			●			●	
Increasing IIA membership and number of IIA-certified internal auditors	●	●	●	●	●	●	●	●	●
Adoption/implementation of IIA Standards		●		●		●		●	
Addressing high fraud and corruption index	●	●				●	●	●	
Participation of audit firms and accounting board	●	●	●	●			●	●	●
Legislation/regulation of internal audit	●	●						●	●
Increasing monitoring of compliance with Code					●				
Improving understanding and recognition of IA	●	●	●	●				●	
Creation/empowerment of ACs in public sector	●	●	●	●	●	●		●	
Empowerment of ACs in private sector		●		●		●		●	
Formalizing quality assurance in public/private sector	●	●	●	●	●	●	●		●
Increasing access to quality training		●						●	●
Improving organization risk management framework		●	●	●		●		●	●
Increasing use of CAATTs in the public sector						●	●	●	

<sup>17</sup> Mainly for Mauritius and Morocco.

## 5. NEXT STEPS AND KEY SUCCESS FACTORS

### 5.1. Next Steps

The research helped identify the challenges faced by the internal audit profession in the countries reviewed in this Phase. It also helped isolate areas for opportunities where the key actions below have the greatest potential for growing the capacity of the profession. These actions include:

- **Partnering with key internal audit stakeholders**, including development agencies (e.g.: World Bank Group Institutions, African Development Bank, International Monetary Fund), audit firms, accounting associations, Institutes of Directors, and regional internal auditors' associations such as the African Federation of Institutes of Internal Auditors<sup>18</sup> (AFIIA) to promote good governance practices, advocate for internal audit, coordinate efforts in internal audit capacity building, and jointly engage with and provide guidance for internal audit to government leaders, with a view to helping them create or improve the regulatory framework on good governance in general, and internal auditing in particular.
- **Building capacity and leadership of local IIA Affiliates**: Local IIA Affiliates remain relatively underequipped to drive awareness and understanding of the role and value of internal audit. Very few have a clear strategy or hold revenue-generating activities (such as training), and their resources depend generally on membership fees, which are notably instable. IIA Affiliates must develop the capacity to advocate and promote the value internal audit professionals add to their organizations, provide comprehensive professional educational and development opportunities, and bring together local internal auditors to share information and experiences.
- **Disseminating and promoting the legislative and regulatory guidelines recently approved by The IIA's Global Board**: The research noted that a majority of countries do not have any IA regulation/legislation. On this matter, very few Affiliates are viewed as trusted partners in their countries; some are being challenged to propose a framework or guidelines for IA regulation/legislation, an area where they are not sufficiently equipped. Local Affiliates can adopt and adapt The IIA's recommended guidelines to their respective context.
- **Developing a strategy for increasing IIA membership and number of certified professionals**: In a majority of the countries reviewed in this Phase, fees related to membership, quality internal audit training, and certifications appear high, especially given the relatively low purchasing power of most internal audit practitioners (as evidenced by GDP per capita).
- **Increasing the availability of quality internal audit resources in French**: In seven of the nine countries studied, French is either the official language or a language widely used by businesses. The study noted that internal auditors in those countries have limited access to quality and affordable resources in French<sup>19</sup>. Making more affordable internal audit educational resources available in French can prove to be important.
- **Expanding partnerships with local universities**: While many recognize the value of engaging with universities to boost internal audit programs, local IIA Affiliates have limited interactions with them. Very few IIA leaders are aware of the toolkits and materials developed by The IIA's Academic Relations team.

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<sup>18</sup> See also key success factors below.

<sup>19</sup> For example, CIA candidates are required to disburse up to \$900 for the full kit of The IIA's CIA Learning System®, the only CIA course materials currently available in French. This amount represents more or less 45% of the total exam cost, a significant portion of annual revenue for a majority of candidates (in some case months of salary). Employers seldom pay for the exam. Therefore, most candidates sit for the exam, unprepared, with limited chance to pass.

Table 9 shows, at each country level, actions that can be taken into consideration while developing a strategy for local capacity building in internal audit.

**Table 9: Suggested Internal Audit Capacity-building Activities**

Country	Suggested Internal Audit Capacity-building Activities
<b>Cameroon</b>	<ul style="list-style-type: none"> <li>• Empower and train new IIA leadership on actions to increase membership and the number of IIA-certified internal auditors;</li> <li>• Work closely with government/development agencies to develop a framework or an organic law for IA in public and private sectors;</li> <li>• Engage with local employers’ organization (GICAM) and government on the development of a national code of corporate governance;</li> <li>• Collaborate with board of chartered accountants for the advocacy of internal audit;</li> <li>• Reinforce the CONSUPE’s role as an internal audit institution and have it fully hand over its external audit role to the Audit Bench (Cour des Comptes) of the Supreme Court<sup>20</sup>; and</li> <li>• Accompany CONSUPE in the modernization of its IA practice and staff capacity-building programs.</li> </ul>
<b>Congo, Democratic Republic of</b>	<ul style="list-style-type: none"> <li>• Partner with top local universities to develop stand-alone IA curricula in study programs;</li> <li>• Develop and implement actions to increase IIA membership; and</li> <li>• Partner with audit firms and development agencies to advocate for internal audit.</li> </ul>
<b>Lesotho</b>	<ul style="list-style-type: none"> <li>• Develop and implement actions to increase IIA membership; and</li> <li>• Partner with audit firms and development agencies to advocate for internal audit.</li> </ul>
<b>Mali</b>	<ul style="list-style-type: none"> <li>• Empower and train local IIA leadership;</li> <li>• Partner with top local universities to develop stand-alone IA curricula in study programs;</li> <li>• Continue to partner with audit firms and development agencies to advocate for internal audit; and</li> <li>• Develop and implement actions to increase IIA membership.</li> </ul>
<b>Mauritius</b>	<ul style="list-style-type: none"> <li>• Partner with top local universities to develop stand-alone IA curricula in study programs;</li> <li>• Help IIA Mauritius develop strong partnerships with key stakeholders (e.g.: MloD) for joint training, Mauritius Institute of Professional Accountants (MIPA), Financial Reporting Council of Mauritius, and the National Committee on Corporate Governance to lobby for IA legislation;</li> <li>• Support IIA Mauritius in the development and implementation of concrete actions to increase IIA membership;</li> <li>• Fund sustainable advocacy activities with focus on the uniqueness of the CIA certification (vs. ACCA); and</li> <li>• Work with government to promote full adherence by organizations to the provisions of the Code on audit committees and internal audit functions.</li> </ul>
<b>Morocco</b>	<ul style="list-style-type: none"> <li>• Invest in advocacy to promote internal audit in SMEs, especially family-owned businesses;</li> <li>• Support IIA Morocco in its strategy to contribute to the strengthening of good governance in Morocco (perhaps through more IA-oriented training — e.g. risk-based auditing — in collaboration with the Moroccan Institute of Directors, and consultation with government and development agencies to boost implementation of internal audit in the public sector); and</li> <li>• Develop and implement actions to increase IIA membership.</li> </ul>

<sup>20</sup> In accordance with the provisions of the CEMAC directive 01/11-UEAC-190-CM-22 (articles 72 et 73).

<b>Mozambique</b>	<ul style="list-style-type: none"> <li>• Guide IIA Mozambique in the design and development of a regulation for the internal audit profession in Mozambique;</li> <li>• Mentor the local IIA Affiliate to accelerate its maturity and capacity to lead the profession in the country;</li> <li>• Support the local IIA Affiliate in the development and implementation of an action plan to increase IIA membership and the number of IIA-certified internal auditors;</li> <li>• Promote stand-alone internal audit programs in universities' curricula; and</li> <li>• Build partnerships with key stakeholders, including audit firms and accounting board.</li> </ul>
<b>Togo</b>	<ul style="list-style-type: none"> <li>• Guide IIA Togo in its ongoing collaboration with the government (Secretariat chargé des Réformes);</li> <li>• Train IIA Togo to advocate for internal audit programs in universities;</li> <li>• Mentor the local IIA Affiliate to accelerate its maturity and capacity;</li> <li>• Collaborate with development agencies to advocate for the internal audit profession in government and with stakeholders; and</li> <li>• Develop and implement actions to increase IIA membership.</li> </ul>
<b>Tunisia</b>	<ul style="list-style-type: none"> <li>• Partner with OECD and UK Arab Partnership Fund to support MoF in its program to reshape governance and internal control in public administration; and</li> <li>• Guide or assist IIA Tunisia in its ongoing efforts to i) promote a regulation related to internal audit, ii) develop and implement actions to boost IIA membership and certifications, iii) grow academic relations with universities, iv) provide targeted training to public administration, and v) partner with other stakeholders (accounting board, association of public controllers, etc.) for joint IA programs/training.</li> </ul>

One of the ways The IIA can maximize outcomes on internal capacity building is to partner with development agencies on the ground. The research found that many development agencies are active in building internal audit capacity, either in conjunction with the government or independently, in the nine countries covered by this report.

Table 10 gives a summary of development agencies active in each country in the study.

**Table 10: Active Development Agencies**

Agencies	Cameroon	Congo	Lesotho	Mali	Mauritius	Morocco	Mozambique	Togo	Tunisia
ACBF	●						●		
AfDB	●	●	●	●			●	●	
CIDA				●					
GIZ	●								
ECOWAS				●				●	
EU	●	●		●				●	
IMF						●			●
OECD						●			●
Swiss SDC				●					
UNIDO	●								
USAID	●	●		●		●			
UK DFID									
World Bank	●	●	●	●		●	●	●	●

The internal audit capacity-building activities implemented or being implemented by the development agencies included:

- Improving internal audit process in the public sector;
- Adopting and implementing OECD norms and standards on governance;
- Training public sector internal auditors on risk-based internal auditing;
- Developing internal auditing manuals and training materials for governments;
- Financing development of risk cartography or framework in the public sector; and
- Financing public sector auditors' CIA and CGAP certification fees.

Implementation of the above suggested activities could have a greater impact if key success factors are considered.

## 5.2. Key Success Factors

To ensure further strengthening of the internal audit profession in the nine countries reviewed, IIA Global could consider the following three critical success factors:

- **Strengthening the role of AFIIA, which could serve as the central institution to develop tools, guidelines, and capacity that could be used by all Affiliates at the national level.** Created in May 2009, AFIIA positions itself as the “unified voice of the members of (from) the African Continent” and aims to facilitate “the coordination and implementation of development initiatives by working with its constituent member national institutes to advocate and enhance the profession<sup>21</sup>.” As of this report’s date, AFIIA comprises 27 members, including all nine countries reviewed in this research. IIA Global could efficiently use AFIIA’s venue for coordinated capacity-building activities, including but not limited to, approach for disseminating regulation of internal audit, strategy for increasing membership and number of certified internal auditors, and tools and techniques for introducing internal audit in university programs.
- **Partnering with some regional institutions such as the Communauté Economique et Monétaire de l’Afrique Centrale (CEMAC<sup>22</sup>), the Union Economique et Monétaire Ouest Africaine (UEMOA<sup>23</sup>), the broader Communauté Economique des Etats de l’Afrique Centrale (CEEAC<sup>24</sup>), and Economic Community of West African States (ECOWAS<sup>25</sup>),** as these institutions are influential in the promotion of good corporate governance. They issued Directives with provisions on Public Financial Management, including on budget execution and controls, which are binding on and enforceable in all Member States.
- **Enhancing partnerships with the accountancy profession to develop strong IIA institutions and internal audit practices.** Several reasons militate in favor of a robust partnership between local Affiliates and accounting associations. First, the limited understanding by stakeholders of the fundamental difference between the two professions and the absence of clear legislation mean that internal audit is given second place in the governance structure of organizations. Also, in many of the countries reviewed, the research noted that a majority of co-sourced or outsourced internal audit services are increasingly performed by accountants and audit firms, which do not always have the necessary resources and qualifications. Finally, there is a very limited partnership between accounting associations and local Affiliates<sup>26</sup>, and internal audit is viewed as a threat to their profession by some accounting associations.

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<sup>21</sup> [www.afiaa.org/afiaaabout.htm](http://www.afiaa.org/afiaaabout.htm)

<sup>22</sup> Central African Economic and Monetary Community. Member countries include Cameroon, Central Africa Republic, Chad, Equatorial Guinea, Gabon, and Republic of Congo. <https://www.cemac.int/>

<sup>23</sup> West African Economic and Monetary Union. Member countries include Benin, Burkina Faso, Cote d’Ivoire, Guinee Bissau, Mali, Niger, Senegal, and Togo. <http://www.uemoa.int/>

<sup>24</sup> Economic Community of Central African States. In addition to the CEMAC’s member countries, CEEAC includes Angola, Burundi, Democratic Republic of Congo, Sao Tomé & Principe, and Rwanda for a total of 11 countries. <http://www.ceeac-eccas.org>

<sup>25</sup> In addition to the UEMOA’s member countries, ECOWAS includes Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone, for a total of 15 countries. <http://www.ecowas.int/>

<sup>26</sup> Of the nine countries reviewed, only IIA Morocco has a signed memorandum of understanding with the board of accountancy.

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# APPENDIX I: INTERNAL AUDIT NATIONAL CONTEXT MATURITY MODEL

## Maturity Indicator I: National Context

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	No programs	One or more programs incorporating internal audit content	One or more stand-alone programs	Multiple stand-alone programs linked to professional status	Multiple stand-alone programs present linked to professional status and internships
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Very limited or inaccurate	Limited to compliance and/or financial controls	General appreciation of broader role across multiple risk areas	Comprehensive view consistent with the three lines of defense model	Comprehensive view consistent with the three lines of defense model and stakeholders act as advocates for the profession
	3. IIA membership and GDP per capita	Very low (less than 25%)	Low (25% or more but less than 50%)	Moderate (50% or more but less than 75%)	Substantial (75% or more but less than 100%)	High (100%)
	4. IIA certification and GDP per capita	Very low (less than 5%)	Low (5% or more but less than 10%)	Moderate (10% or more but less than 15%)	Substantial (15% or more but less than 20%)	High (20% or more)
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	Less than 20%	20% or more but less than 40%	40% or more but less than 60%	60% or more but less than 80%	80% or more
	2. Transparency International CPI rank (/168)	Above 100	76-100	51-75	26-50	25 and below
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Negligible	Limited to a small number of organizations for specialist audits	More common in large organizations for specialist audits	Generally common in large organizations for specialist and general audits	Common in organizations of all sizes for specialist and general audits
	2. Role of audit firms in delivering training and guidance for internal audit	Negligible	Limited to a small number of organizations for specialist training and guidance	More common in large organizations for specialist training and guidance	Generally common in large organizations for specialist and general training and guidance	Common in organizations of all sizes for specialist and general training and guidance
	3. Role of accounting associations in delivering training and guidance for internal audit	Negligible	Limited to a small number of organizations for specialist training	More common in large organizations for specialist training	Generally common in large organizations for specialist and general training	Common in organizations of all sizes for specialist and general training
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible	Limited to a small number of organizations	More common in large organizations	Generally common in large organizations	Common in organizations of all sizes

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is a significant need for funding from development agencies but none is available	There is a significant need for funding from development agencies and some is available but it is insufficient	The need for funding from development agencies is matched by what is available	The need for funding is matched and there is a coordinated effort among development agencies, or there is no need for funding from development agencies	The need for funding is matched and there is a harmonized effort among development agencies, or there is no need for funding and the country is a net provider of funds elsewhere
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy from development agencies but none is available	There is a significant need for advocacy from development agencies and some is available but it is insufficient	The need for advocacy from development agencies is matched by what is available	The need for advocacy is matched and there is a coordinated effort among development agencies, or there is no need for advocacy from development agencies	The need for advocacy is matched and there is a harmonized effort among development agencies, or there is no need for advocacy and the country supports advocacy efforts elsewhere
<b>E. Role of other bodies, including stock exchange and central bank</b>	1. Provision of advocacy for internal auditing	No advocacy is provided	Limited advocacy is provided	Bodies are active in delivering advocacy	Bodies are active in delivering advocacy and this is reinforced by legislation and/or regulation	Bodies are highly active and coordinated in delivering advocacy and this is reinforced by legislation and/or regulation
	2. Setting of internal audit related policy and corresponding enforcement	No requirements are set for internal audit	Limited requirements are set for internal audit but with little or no enforcement	Positive requirements for internal audit are set with some enforcement	Positive requirements for internal audit are set with effective enforcement	Comprehensive requirements for internal audit are set with effective enforcement

## Maturity Indicator II: Governance

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	No requirement or negative requirements	Requirements for internal audit are very new and not yet established or are limited or contain limitations	Requirements for internal audit are detailed and positive and are established	Requirements for internal audit are detailed and positive and are somewhat supported by policies and procedures	Requirements for internal audit are highly detailed and positive and are effectively integrated into policies and procedures
	2. Status of internal audit	Internal audit has no clear or separate identity	The head of internal audit is part of junior level management	The head of internal audit is part of middle management	The head of internal audit is part of senior management	The head of internal audit is regarded as an executive
	3. Standards for internal audit	There is no reference to the use of standards	The use of standards is recommended but not defined	The use of standards is defined but does not include the IIA Standards or “internationally recognized standards” or words to that effect	The use of standards is defined and does include the IIA Standards or “internationally recognized standards” or words to that effect	The use of standards is defined and given emphasis to the IIA Standards or “internationally recognized standards” or words to that effect
	4. Audit committees	There are no requirements for having an audit committee	There are limited requirements for having an audit committee	There are effective requirements for having an audit committee	There are effective and detailed requirements for having an audit committee	There are comprehensive requirements for having an audit committee
	5. Monitoring and enforcement	There is no effective monitoring of any requirements for internal auditing or audit committees	There is limited monitoring of requirements for internal auditing and audit committees but little or no means of enforcement	There is regular monitoring of requirements for internal auditing and audit committees but limited means of enforcement	There is regular monitoring of requirements for internal auditing and audit committees and some form of effective enforcement	There is regular monitoring and effective enforcement of requirements for internal auditing and audit committees
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Those charged with governance provide no effective support for internal audit	Those charged with governance provide limited support for internal audit	Those charged with governance provide general support for internal audit	Those charged with governance provide responsive support for internal audit	Internal audit is a fully integrated part of governance
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	Where there is internal audit, it does not report functionally to an audit committee or equivalent and reports to a low level in the organization administratively	Internal audit reports functionally to a management position within the organization	Internal audit reports functionally to an audit committee comprising predominantly executive directors and administratively to a middle or senior ranking official within the organization	Internal audit reports functionally to an audit committee comprising predominantly non-executive directors and administratively to a senior ranking official within the organization	Internal audit reports functionally to the chair of a fully independent audit committee and administratively to the most senior executive officer within the organization
	2. Positioning of internal audit within the organization	Where internal audit exists, it is part of the first line of defense	Internal audit is largely a second line of defense function	Internal audit is part of a combined second and third line of defense	Internal audit is largely a third line of defense function	Internal audit is fully a third line of defense function

## Maturity Indicator II: Governance (continued)

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no audit committee or equivalent	The audit committee comprises solely executive directors with little transparency in the nomination process	The audit committee includes non-executive directors and accounting experience rotating on a regular basis through a transparent nominations process	The audit committee comprises predominantly non-executive directors and individuals of high caliber, including some with accounting experience, serving no more than two terms of three years through a transparent nominations process	The audit committee comprises solely non-executive directors and individuals of high caliber in accounting and other disciplines relevant to the organization serving no more than two terms of three years through a transparent nominations process
	2. Understanding of internal audit	Members of the audit committee have no appreciable understanding of internal audit	Members of the audit committee have a limited understanding of internal audit	Members of the audit committee have a general understanding of internal audit	Members of the audit committee have a good understanding of internal audit and receive occasional updates	Members of the audit committee have a comprehensive understanding of internal audit and receive regular updates
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	The audit committee, if there is one, has no effective powers or authority	The audit committee has only limited involvement in the appointment of the CAE and in the approval of the audit plan and resources	The audit committee has an advisory role in the hiring and firing of the CAE, does not routinely undertake an annual performance appraisal, commends the audit plan to management, and makes recommendations on resources	The audit committee leads on the hiring and firing of the CAE, undertakes an occasional performance appraisal, approves the audit plan, and makes recommendations on resources	The audit committee is fully empowered to hire and fire the CAE, undertake an annual performance appraisal, approve the audit plan, and assign resources
	4. Effectiveness in holding the CAE and the organization to account	The audit committee is unable to hold either the CAE or the organization to account	The audit committee has limited effectiveness in holding the CAE and the organization to account	The audit committee is somewhat effective in holding the CAE and the organization to account	The audit committee is effective in holding the CAE and the organization to account	The audit committee is highly effective in holding the CAE and the organization to account
<b>E. Risk management</b>	1. Organizational risk management maturity	There is no formal or consistent approach to managing risk	There is a somewhat limited and inconsistent approach to managing risk	There is a consistent approach to managing risk	Enterprisewide risk management in place	Enterprisewide risk management is fully embedded

## Maturity Indicator III: Quality

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	There is no charter and no defined internal audit strategy	There is a rudimentary charter and a rudimentary internal audit strategy	There is a charter consistent with the IPPF and a clear strategy	There is a charter consistent with the IPPF that is reviewed annually and a clear strategy	There is a charter consistent with the IPPF that is reviewed annually and a clear strategy that informs professional practice
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Audit planning is not risk-based and is not aligned with organizational strategy	Audit planning is partially risk-based and is partially aligned with organizational strategy	Audit planning is fully risk-based, fully aligned with organizational strategy, and updated at least annually	Audit planning is fully risk-based, fully aligned with organizational strategy, and updated at least twice a year	Audit planning is fully risk-based, fully aligned with organizational strategy, and updated continuously
<b>C. Use of standards</b>	1. Frequency of risk assessment and alignment with strategy	There are no formal risk assessments	Risk assessments are completed infrequently and are partially aligned with organizational strategy	Risk assessments are completed at least annually and are fully aligned with organizational strategy	Risk assessments are completed at least twice a year and are fully aligned with organizational strategy	Risk assessments are completed continuously and are fully aligned with organizational strategy
	2. Use of robust internal audit standards	Does not apply formal standards	Partially applies formal standards	Fully applies formal standards	Implements standards that are partially consistent with IPPF	Implements standards that are fully consistent with IPPF
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit work is primarily a control function	Internal audit has a narrow scope focused on financial controls and compliance	Internal audit work covers a broad scope of risks but is not dynamic and has limited scope for ad hoc assignments	Internal audit covers a very broad scope of risks, including emerging risks, with scope for ad hoc assignments	Internal audit covers a comprehensive scope of risks, including emerging risks, with flexibility and scope for ad hoc assignments
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Audit reports are generally of poor quality and limited use to management	Audit reports are largely perfunctory and are not timely and effective	Audit reports are timely and effectively communicate findings	Audit reports are timely, effectively communicate findings, and help management address control weaknesses	Audit reports are timely, effectively communicate findings, help management address control weaknesses and exploit opportunities, and encourage innovation
	3. Effectiveness in following up on issues	There is no follow-up on reported issues	Follow-up on reported issues is sporadic and incomplete	Follow up on reported issues is systematic, resulting in resolution of issues	Follow up on reported issues is systematic, resulting in timely resolution of issues	Follow-up on reported issues is systematic and complete, resulting in timely, cost effective, and innovative resolution of issues
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit papers, self-assessment) and external (QAR)	There are no formal arrangements for quality assurance	Arrangements for quality assurance are incomplete and partially conform with Standard 1300	Arrangements for quality assurance are comprehensive and generally conform with Standard 1300	Arrangements for quality assurance are comprehensive, generally conform with Standard 1300, and embrace innovative solutions	Arrangements for quality assurance are comprehensive, generally conform with Standard 1300, embrace innovative solutions, and the function assists in peer reviews of other internal audit functions

## Maturity Indicator IV: Resources

Elements	Sub-elements	Level 1 – Initial	Level 2 – Emerging	Level 3 – Established	Level 4 – Integrated	Level 5 – Optimizing
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	The budget for internal audit staff (in-house and from other sources) is very limited and inadequate to deliver the audit plan and staff are not well organized	The budget for internal audit staff (in-house and from other sources) is inadequate to deliver the audit plan although the available resource is reasonably well organized	The budget for internal audit staff (in-house and from other sources) is adequate to deliver the audit plan and staff are well organized	The budget for internal audit staff (in-house and from other sources) is adequate to deliver the audit plan and has built-in flexibility and staff are very well organized	The budget for internal audit staff (in-house and from other sources) is adequate to deliver the audit plan, has built-in flexibility, and allows for the temporary secondment of internal audit staff to other functions, and the organization of staff is optimized
<b>B. Skills</b>	1. Competency and experience	Internal audit staff have very limited understanding and experience of internal auditing	Internal audit staff have limited understanding and experience of internal auditing	Internal audit staff have a good practical knowledge of internal auditing based on experience	Internal audit staff have a very good practical and theoretical knowledge of internal auditing based on solid experience and formal study	Internal audit staff have excellent practical and theoretical knowledge of internal auditing based on extensive experience and formal study
	2. Internal audit specific certifications held	Internal audit staff do not hold internal audit certifications	Some internal audit staff hold internal audit certifications	The majority of internal audit staff hold an internal audit certification, including some who are active CIAs	The majority of internal audit staff are active CIAs and some hold other IIA certifications	All members of the internal audit function hold CIA or other IIA certification or are actively working towards it
	3. Highest educational level	A majority of internal audit staff hold a high school diploma	A majority of internal audit staff hold an associate degree or equivalent	A majority of internal audit staff hold a first degree or equivalent	A majority of internal audit staff hold a first degree and some hold a master's degree or above	The significant majority of internal audit staff hold a first degree and some hold a master's degree or above
	4. CAE skills	The CAE had no internal audit experience prior to assuming the position	The CAE had minimal internal audit experience prior to assuming the position	The CAE had some internal audit experience prior to assuming the position	The CAE is an experienced internal auditor	The CAE is an experienced internal auditor and is CIA or QIAL certified
<b>C. CPE and training</b>	1. Access to and frequency of training	Internal audit staff have very limited access to training (less than 10 hours CPE per year)	Internal audit staff have limited access to training (between 10 and 40 hours CPE per year)	Internal audit staff have good access to training (a minimum of 40 hours CPE per year)	Internal audit staff have good access to training (a minimum of 40 hours CPE per year) and there is an in-house training program	Internal audit staff have good access to training (a minimum of 40 hours CPE per year), there is an in-house training program, and there is a peer coaching and mentoring system
<b>D. Technology</b>	1. Use of CAATs	There is no use of CAATs	There is limited use of CAATs	Internal audit planning and administration is fully automated	The use of CAATs is commonplace and integrated into operational processes	The internal audit function exemplifies leading practice in the use of CAATs and shares its expertise with other internal audit functions

# APPENDIX II: DETAILED COUNTRY FINDINGS

## 1. CAMEROON

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	Universities/colleges have one or more programs incorporating internal audit content.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Very limited understanding of role and value of internal audit. No demand for internal audit knowledge has led universities/colleges to be hesitant in introducing IA programs.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 5.8%.
	4. IIA certification and GDP per capita	Very low: IIA certification to GDP per capita is 0.5%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 26%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 145/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Generally, audit firms lack the internal audit skills needed to deliver IA services. Their role is very limited to a small number of companies, mostly affiliates of international organizations.
	2. Role of audit firms in delivering training and guidance for internal audit	Audit firms occasionally organize training events.
	3. Role of accounting associations in delivering training and guidance for internal audit	Except for Big Four audit firms, members of the Institute of Chartered Accountants in Cameroon (ONECCA <sup>27</sup> ) do not have the required skills to deliver training and guidance for internal audit.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	The World Bank, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the African Development Bank, the European Union, Development Bank of the Central African States (BDEAC <sup>28</sup> ), the United States Agency for International Development (USAID), the French Institute for Audit and Internal Control (IFACI <sup>29</sup> ), the United Nations Industrial Development Organization (UNIDO), and the African Capacity Building Foundation (ACBF) have invested in some studies and capacity-building initiatives, with a very marginal impact.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy but focus by development agencies in this area is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy mainly through the regional central bank's requirements <sup>30</sup> . No advocacy is provided by the Douala Stock Exchange (DSX).
	2. Setting of internal audit related policy and corresponding enforcement	Requirements are set for internal audit mainly through central bank requirements for financial institutions.

<sup>27</sup> Ordre National des Experts Comptables du Cameroun.

<sup>28</sup> Banque de Développement des Etats de l'Afrique Centrale.

<sup>29</sup> L'Institut Français de l'Audit et du Contrôle Interne.

<sup>30</sup> The regional banking commission for central African countries has issued several notes related to governance and internal control requirements for banking institutions.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
A. Legislation, regulation, corporate governance code, and national policies	1. Requirement for internal audit	<p>Requirements for internal audit are very limited. The institutional framework for internal audit is centered on the supreme audit institution (CONSUPE<sup>31</sup>) at the central level. As per the 2013/287 September 4, 2013 presidential decree, CONSUPE is considered the main unit responsible for conducting and/or coordinating internal audit services in line ministries, government-owned organizations, and private organizations that receive public funds.</p> <p>Three MoF's services perform some type of IA work:</p> <ul style="list-style-type: none"> <li>• General Inspection (IG),</li> <li>• Division in charge of the budgetary control (DCOB<sup>32</sup>), and</li> <li>• Treasury's services inspection (IST<sup>33</sup>)</li> </ul> <p>Line ministries have inspection units that do not perform strict internal audit services. It is established that internal audit functions are provided for in the various presidential decrees related, that they are in the process of being organized, and that they are still not fully operational in any service or institution.</p> <p>Government-owned companies follow the rules established by COBAC (banks) and CIMA<sup>34</sup> (insurance companies).</p>	<p>There is no national regulation or legislation on internal audit. Companies in the banking and insurance industries follow COBAC and CIMA rules, respectively. COBAC requires an IA function that reports functionally to the AC and administratively to the CEO. The CIMA code recommends creation of AC and describes its composition and mandate<sup>35</sup>.</p>
	2. Status of internal audit	Internal audit has no clear or separate identity.	In banks and insurance companies, internal audit has a clear identity. In other companies (generally national SMEs), the role of internal audit is limited as the CAE reports to the CEO or the CFO.
	3. Standards for internal audit	The use of standards is recommended but not defined.	The use of standards is recommended but not defined.
	4. Audit committees	There are no audit committees in local and central administrations. Government-owned companies (especially banks) are required to have audit committees as per COBAC or CIMA requirements.	Except for regulated industries (bank and insurance), there are limited requirements for having an AC.
	5. Monitoring and enforcement	Very limited to parastatal organizations in the financial sector.	Monitoring and enforcement of requirements for IA and AC is conducted by COBAC and CIMA, respectively, for banks and insurance companies.

<sup>31</sup> Contrôle Supérieur de l'Etat. CONSUPE is also established the Supreme Audit Institution (i.e. the external audit agency).

<sup>32</sup> Direction du Contrôle Budgétaire (DCOB).

<sup>33</sup> Inspection des Services du Trésor (IST).

<sup>34</sup> Conférence Interafricaine des Marchés d'Assurances (CIMA).

<sup>35</sup> CIMA code, Section 5, Art. 331-14.

## Maturity Indicator II: Governance (continued)

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Those charged with governance provide limited support for internal audit.	Compliance with banking and insurance regulation is the primary reason for the creation of an AC and an IA function. Very few companies have an AC and an IA function as best practice.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	Head of CONSUPE reports to the Presidency. Heads of IST, DCOB, and IG report to the MoF. Heads of inspection services report to their respective line ministers.	For banks and insurance companies, heads of internal audit report functionally to the AC and administratively to the CEO. In SMEs, head of internal audit generally reports to the CEO or the CFO.
	2. Positioning of internal audit within the organization	Internal audit is largely a second line of defense as some perform ex ante controls and rarely carry out review of operations and systems.	Internal audit is largely a second line of defense.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no audit committee or equivalent in central government units and line ministries. In government-owned companies, appointment of board members (and AC members) is not transparent and, in some cases, is politically oriented. CEO and board members are State employees. In practice, it is possible that some members of the board of directors do not have the technical, administrative, accounting, and financial skills required to effectively evaluate the work of senior management.	In banks and listed companies, audit committees comprise three to four members, with at least one non-executive. Most SMEs do not have an audit committee.
	2. Understanding of internal audit	Members of the audit committee in parastatals have a very limited understanding of internal audit, which is generally misinterpreted as investigation or inspection.	Members of the audit committee have a limited understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	In government-owned companies, audit committees have a very limited role in the appointment of the CAE and in the approval of the audit plan and resources.	In practice, the audit committee has limited involvement in the appointment of the CAE and in the approval of internal audit plan and resources.
	4. Effectiveness in holding the CAE and the organization to account	In government-owned companies, the AC has limited effectiveness in holding the CAE and the organization to account, as board members and management are generally appointed by the President of the Republic.	The AC has limited effectiveness in holding the CAE and the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is no risk management framework. Transaction control is predominant.	Except for international companies, risk management is in its infancy.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	There is no charter or defined internal audit strategy.	IA functions, when they exist (banking, insurance, and affiliates of international companies), have charters that are consistent with IPPF and aligned with strategy.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	CONSUPE has initiated the development of a risk-based framework for IA plan. Currently spot checks are common.	Existing IA functions develop risk-based work plans.
	2. Frequency of risk assessment and alignment with strategy	There are no formal risk assessments.	Risk assessments are completed at least annually and are aligned with strategies and emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	IST has a draft "Audit Guide" that describes methodology for conducting engagements. It also includes reference to IIA and INTOSAI standards. DCOB and IG do not have any audit manuals.	Partially apply IIA <i>Standards</i> .
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Narrow scope focused on compliance checks. In some cases, the oversight units perform ex ante controls.	Mostly financial and compliance engagements.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Reports are generally of poor quality and classified as confidential, thus of limited use to management.	In general, audit reports are timely; but reports fail to effectively communicate findings and add value.
	3. Effectiveness in following up on issues	There is no mechanism in place for follow-up of issues noted.	Except in large international organizations and regulated companies, follow-up of audit issues is sporadic and incomplete.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	Few IA functions have a formal QAIP in place.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Staffing resources are generally sufficient.	Staffing resources are generally insufficient.
<b>B. Skills</b>	1. Competency and experience	MoF oversight units (IG, DCOB, IST) and line ministries audit staff have very limited understanding and experience of modern internal audit work.	Internal audit staff have limited understanding and experience of internal auditing.
	2. Internal audit specific certifications held	Very few staff hold internal audit certifications or other audit-related certifications.	Very few auditors hold internal audit certifications or other audit-related certifications. Nationwide, the number of CIAs is extremely low.
	3. Highest educational level	Majority of staff are graduates of the École Nationale d'Administration et de la Magistrature (ENAM), an advanced school for senior officials.	Majority of internal audit staff hold a first university degree.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have limited access to quality IA training.	Majority of internal audit staff have limited access to quality IA training.
<b>D. Technology</b>	1. Use of CAATs	Limited use of CAATs.	Limited use of CAATs.

## 2. CONGO, DEMOCRATIC REPUBLIC OF

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	Internal auditing is not part of university programs.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Stakeholders have a very limited understanding of the role of modern internal auditing, which is often mistaken for external auditing or financial control.
	3. IIA membership and GDP per capita	Emerging: IIA membership to GDP per capita is 26.3%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.7%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 21%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 156/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Involvement of audit firms in the delivery of internal audit services is very limited: PwC and KPMG deliver on-demand training and carry out a few outsourced engagements.
	2. Role of audit firms in delivering training and guidance for internal audit	PwC and KPMG deliver on-demand training.
	3. Role of accounting associations in delivering training and guidance for internal audit	Very limited. DRC's boards of chartered accountants <sup>36</sup> are not involved in delivering training and guidance for internal audit.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	Despite the involvement of the World Bank and the African Development Bank – through bilateral cooperation with the government – funding for internal audit training is inexistent.
	2. Delivery of advocacy for internal auditing commensurate with need	Internal auditing advocacy by development agencies is inexistent.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy mainly through the Central Bank's requirements.
	2. Setting of internal audit related policy and corresponding enforcement	The Central Bank has set requirements <sup>37</sup> for governance framework and internal audit in financial institutions.

<sup>36</sup> Ordre National des Experts-Comptables (ONEC) and Institut des Reviseurs Comptables (IRC).

<sup>37</sup> Instructions #17, #21, and #22 of the Central Bank of Congo.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	Internal audit is not regulated in Congo. Although the Ministère du Portefeuille signed a special decree related to internal audit in public companies in February 1999, modern internal audit is absent in central government and state-owned entities. In practice, internal audit like activities are carried out by the Inspection Générale des Finances (IGF) and the Division des Services Extérieurs de Contrôle de la Comptabilité Publique (Finance Controllers).	Except for financial institutions regulated by the Central Bank of Congo, there is no requirement for internal audit.
	2. Status of internal audit	Head of IGF reports to the MoF. Head of the Division des Services Extérieurs de Contrôle reports to the Director of Public Accounting.	In general, the head of internal audit is part of middle management.
	3. Standards for internal audit	The use of IA standards is not explicitly defined.	The use of IA standards is not explicitly defined.
	4. Audit committees	There are no requirements for audit committees in central government and public organizations.	There are limited requirements for having an audit committee.
	5. Monitoring and enforcement	There is no monitoring of compliance with laws and regulations on internal audit or audit committees.	For financial institutions, there is limited monitoring by Central Bank of Congo. Monitoring and enforcement is present in affiliates of multinational corporations.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Those charged with governance provide very limited support for internal audit.	CEOs and audit committees provide limited support for internal audit.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	Head of IGF reports to the MoF. Head of the Division des Services Extérieurs de Contrôle reports to the Director of Public Accounting. For parastatals, CAEs generally report functionally and administratively to the CEOs.	Majority of heads of the IA function report functionally and administratively to the CEOs.
	2. Positioning of internal audit within the organization	Internal audit is largely a second line of defense function.	Internal audit is largely a second line of defense function.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no audit committee in public organizations.	Audit committees comprise a mix of executives and non-executives.
	2. Understanding of internal audit	There is no audit committee in public organizations.	In general, members of the audit committee have a limited understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	There is no audit committee in public organizations.	The audit committee has limited involvement in the appointment of the CAE, approval of the audit plan and resources.
	4. Effectiveness in holding the CAE and the organization to account	There is no audit committee in public organizations.	The audit committee is unable to hold either the CAE or the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is no formal or consistent approach to managing risk.	There is a somewhat limited and inconsistent approach to managing risk.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	IA functions have basic charters and strategies. IGF and the Division des Services Extérieurs de Contrôle de la Comptabilité Publique do not have audit charters and strategies. Very few government-owned companies have audit charters.	IA functions have basic charters and usually do not have a clear strategy.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Audit planning is not risk-based. IGF's verification manual is being updated to adopt risk-based planning <sup>38</sup> . In parastatals, IA functions generally have risk-based planning.	Audit planning is partially risk-based.
	2. Frequency of risk assessment and alignment with strategy	Annual and pluriannual work plans are prepared.	Generally, annual work plans are prepared. Frequency of updates varies from one organization to another and depends on the size of IA function.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA Standards.	IIA Standards are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit has a narrow scope focused on financial controls and compliance.	Internal audit has a narrow scope focused on financial controls and compliance.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	IA reports are generally of poor quality and limited use to management.	Audit reports are largely perfunctory.
	3. Effectiveness in following up on issues	Audit issues are not systematically followed up and reported on.	Follow-up on reported issues is sporadic and incomplete.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	Majority of IA functions do not have arrangements for quality assurance. They are limited to financial institutions and affiliates of multinational companies.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	The budget for internal audit staff is very limited and inadequate to deliver the audit plan.	In general, the budget for internal audit staff is inadequate to deliver the audit plan.
<b>B. Skills</b>	1. Competency and experience	Internal audit staff have very limited understanding and experience of modern internal auditing.	Most internal audit staff have limited understanding and experience of modern internal auditing.
	2. Internal audit specific certifications held	Very few internal audit staff hold internal audit certifications.	Majority of IA staff hold accounting qualifications, with very few holding internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree in accounting or finance.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have very limited access to quality IA training.	Majority of IA staff have very limited access to quality training opportunities. IIA Congo has limited capacity, audit firms and accounting board do not offer regular training.
<b>D. Technology</b>	2. Use of CAATs	Majority of IA functions do not use CAATs.	There is limited use of modern CAATs as majority of IA functions rely on MS Excel and Word.

<sup>38</sup> Supported by a World-Bank financed project, the General Inspection of Finance has started improving its oversight function and has conducted five risk-based audits.

## 3. LESOTHO

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	Some universities offer programs incorporating internal audit content and few have stand-alone programs in internal audit (Bachelor in internal audit).
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Stakeholders have a limited understanding of the role of modern internal auditing.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 9.8%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.8%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 39%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 83/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Audit firms carry out a few co-sourced and outsourced internal audit services.
	2. Role of audit firms in delivering training and guidance for internal audit	Audit firms deliver on-demand training and carry out a few outsourced engagements.
	3. Role of accounting associations in delivering training and guidance for internal audit	Minimal.
	4. Role of accounting associations in delivering training and guidance for audit committees	Minimal.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is a significant need for funding from development agencies and some is available, but is insufficient.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy from development agencies and some is available, but is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy mainly through the Central Bank's requirements.
	2. Setting of internal audit related policy and corresponding enforcement	The Central Bank of Lesotho has set requirements <sup>39</sup> for internal audit functions in financial institutions.

<sup>39</sup> 2014, Financial Institutions Act, Section 7, Business Plan

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	The Public Financial Management and Accountability Act (Act 12 of 2011) and the 2014 Treasury Regulations (Section 11) constitute the main regulatory framework for internal audit in Lesotho.	The Central Bank of Lesotho requires financial institutions to have internal audit functions and audit committees.
	2. Status of internal audit	Heads of IA function are generally part of middle management.	In general, the head of internal audit is part of middle management.
	3. Standards for internal audit	The use of IA standards is defined.	The use of IA standards is defined.
	4. Audit committees	The PFMAA and Treasury Regulations do not incorporate the establishment of audit committees. Amendments are ongoing to legitimize the mandate and role of AC to support operationalization and enhance professional independence of the Internal Audit Director (IAD).	There are some requirements for having an AC in financial institutions.
	5. Monitoring and enforcement	There is limited monitoring of compliance with the regulatory framework for internal audit, as evidenced by the absence of audit committees and fully operational IA functions in line ministries.	For financial institutions, there is limited monitoring by Central Bank of Lesotho.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Government of Lesotho provides general support to the implementation of modern internal audit in the public sector.	CEOs and audit committees provide general support for internal audit.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	The IAD of the MoF and heads of line ministries internal audit functions report to Chief Accounting Officers, both functionally and administratively.	Majority of heads of the IA function report administratively to the CEOs and functionally to the audit committees.
	2. Positioning of internal audit within the organization	Internal audit is part of a combined second and third line of defense.	Internal audit is part of a combined second and third line of defense.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	The 2014 Treasury Regulations recommend that line ministries audit committees should comprise mostly non-executives and that chairperson of the audit committee shall not be a political office bearer.	Audit committees comprise a mix of executives and non-executives.
	2. Understanding of internal audit	In practice, audit committees are not yet established.	In general, members of the audit committee have a good understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	In practice, audit committees are not yet established.	The audit committee has an advisory role in the appointment of the CAE. The audit committee approves the internal audit plan and resources.
	4. Effectiveness in holding the CAE and the organization to account	In practice, audit committees are not yet established.	The audit committee is effective in holding the CAE or the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is no formal or consistent approach to managing risk in government.	There is a somewhat limited and inconsistent approach to managing risk.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	The public sector internal audit charter was revised, albeit not implemented.	Most IA functions have charters and a clear strategy generally aligned with organizations' priorities.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	IA activities are not prioritizing risks as prescribed in the PFMAA and in accordance with IIA Standards.	Audit planning is partially risk-based.
	2. Frequency of risk assessment and alignment with strategy	The 2014 Treasury Regulations, Section 11 require the development of a three-year annual strategic work plan. This requirement is not yet fully established, despite recent increases in the development and institutionalization of annual internal audit planning across several Ministries, Departments, and Agencies (MDAs).	IA work plans are completed annually.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA Standards.	IIA Standards are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit covers a broad scope (adequacy and effectiveness of internal controls, integrity of financial information, safeguard of assets, compliance with laws and regulations) but is not dynamic.	Internal audit covers a broad scope of risks.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	IA reports are generally of poor quality (lack of coverage, limited compliance to standards) and limited use to management.	Audit reports are timely and effectively communicate findings.
	3. Effectiveness in following up on issues	Audit issues are not systematically reported on and followed up, resulting in low implementation of audit recommendations.	Follow-up on reported issues is systematic.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	Majority of IA functions do not have arrangements for quality assurance.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	The budget for internal audit staff is inadequate to deliver the audit plan as confirmed with pending recruitments and prolonged acting appointments <sup>40</sup> .	In general, the budget for internal audit staff is inadequate to deliver the audit plan.
<b>B. Skills</b>	1. Competency and experience	Internal audit staff have limited understanding and experience of modern internal auditing.	Most internal audit staff have good understanding and limited practical experience of modern internal auditing.
	2. Internal audit specific certifications held	Some IA staff hold internal audit certifications, including the CIA, Internal Audit Technician (IAT), and Professional Internal Auditor (PIA) — previously known as the General Internal Auditor (GIA) delivered by IIA South Africa.	Majority of IA staff hold accounting qualifications, with few holding internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree in accounting or finance.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have good access to quality IA training mostly provided by IIA South Africa. The PFM reform action plan provides a training plan to strengthen capacity of internal auditors.	Majority of IA staff have good access to quality training opportunities provided by IIA South Africa.
<b>D. Technology</b>	1. Use of CAATs	Majority of IA functions do not use CAATs, although there is noticeable increased use of Audit Command Language (ACL) software in the Central Internal Audit Department (CIAD).	Use of modern CAATs and general audit management software (such as TeamMate) is commonplace.

<sup>40</sup> 2016 Annual Report, Public Financial Management Reform Secretariat.

## 4. MALI

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	In the past, the Malian Association of Controllers, Inspectors, and Auditors <sup>41</sup> (IIA Mali) had initiated partnerships with local universities to offer internal audit courses that mirror the French Diplôme Professionnel en Audit Interne (DPAI). Currently, IIA Mali is partnering with a university for internal audit courses where a member is teaching <sup>42</sup> .
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Although the country has undertaken actions in promoting internal audit, understanding and recognition of the role and value of the profession in both public sector and private sectors is limited.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 16.4%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.3%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 32%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 116/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Negligible.
	2. Role of audit firms in delivering training and guidance for internal audit	Some local audit firms partner with IIA Mali to deliver training and guidance for internal audit.
	3. Role of accounting associations in delivering training and guidance for internal audit	Negligible. Primary focus of the accounting board is external audit.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	Despite the involvement of various development agencies, there is significant need for funding but little is available.
	2. Delivery of advocacy for internal auditing commensurate with need	Development agencies' primary focus includes capacity building, country assistance in the development of a public sector internal audit guide, etc. Internal auditing advocacy by development agencies is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy, mainly through the regional central bank's requirements <sup>43</sup> .
	2. Setting of internal audit related policy and corresponding enforcement	IA requirements for financial institutions are set through the banking commission of the West African Monetary Union <sup>44</sup> . The regional stock exchange (BRVM <sup>45</sup> ) has also set internal audit requirements for listed companies. The financial market regulatory authority (CREPMF <sup>46</sup> ) monitors compliance with the BRVM's requirements.

<sup>41</sup> Association des Contrôleurs, Inspecteurs et Auditeurs du Mali (ACIAM).

<sup>42</sup> Report on Mentoring of IIA Mali, Mireille Harnois, June 2016.

<sup>43</sup> The regional banking commission for West African countries has issued several notes related to governance and internal control requirements for banking institutions.

<sup>44</sup> Union Monétaire Ouest-Africaine (UMOA).

<sup>45</sup> Bourse régionale des valeurs mobilières de l'Afrique de l'Ouest. Only one Malian company (Bank of Mali) is listed at the BRVM as of June 2017 (<http://www.brvm.org/fr/emetteurs/societes-cotees>).

<sup>46</sup> Conseil régional de l'épargne publique et des marchés financiers.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	Internal audit is not regulated in Mali. A 2002 Prime Ministry's instruction <sup>47</sup> requires establishment of internal audit functions in State-owned companies and public institutions. In 2011, a national strategy for internal control <sup>48</sup> in public administration was developed. In practice, internal audit like activities are carried out by the Inspection des Finances (IF) and the Contrôle Général des Services Publics (CGSP), under the Prime Ministry. If necessary, line ministries can set up IA functions <sup>49</sup> within their departments.	There is no internal audit regulation for the private sector in Mali. The regional banking commission has set IA requirements for financial institutions. A code of ethics for auditors in the private sector was promulgated in July 2009.
	2. Status of internal audit	Head of CGSP reports to the Prime Minister and head of IF reports to the MoF.	Except in financial institutions, the role of internal audit is limited, as the CAE reports to the CEO or the CFO.
	3. Standards for internal audit	The use of IA standards is recommended but not explicitly defined.	The use of IA standards is recommended but not explicitly defined.
	4. Audit committees	There is no requirement for having an audit committee.	Except for banks and listed companies, there is no requirement for having an audit committee.
	5. Monitoring and enforcement	There is no monitoring of any recommendations for internal audit or audit committees.	There is regular monitoring and enforcement by the regional central bank commission for financial institutions, and the BRVM for listed companies.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Those charged with governance provide limited support for internal audit.	Internal audit is considered a key element for good governance. Those charged with governance provide limited support for IA.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	Head of CGSP reports to the Prime Minister and head of IF reports to the MoF. For parastatals, CAEs report administratively and functionally to the CEOs.	Where there is internal audit, heads of IA report mostly to CEOs.
	2. Positioning of internal audit within the organization	Internal audit is largely a second line of defense.	Internal audit is largely a second line of defense.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no audit committee in public administration and parastatals.	In general, companies with internal audit do not have an audit committee.
	2. Understanding of internal audit	There is no audit committee in public administration and parastatals.	In general, companies with internal audit do not have an audit committee.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	There is no audit committee in public administration and parastatals.	In general, companies with internal audit do not have an audit committee.
	4. Effectiveness in holding the CAE and the organization to account	There is no audit committee in public administration and parastatals.	In general, companies with internal audit do not have an audit committee.
<b>E. Risk management</b>	1. Organizational risk management maturity	Risk management is nascent, despite the progress measured by the implementation of a risk taxonomy and cartography established by the CGSP.	Most organizations do not have a consistent approach to managing risk.

<sup>47</sup> Instruction 02-0003 PRIM CAB related to internal control in public services.

<sup>48</sup> Stratégie Nationale du Contrôle Interne (SNCI).

<sup>49</sup> Article 17 of Law 2014-049, September 19, 2014.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	In parastatals with IA units, IA functions generally have basic charters.	Internal audit functions have basic charters, but no strategies.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Risk-based audit planning is nascent, as CGSP has just started to implement it with help from the World Bank. Only five ministries have a formal risk cartography.	Risk-based audit planning is in its infancy, and is generally not aligned to any IA strategy.
	2. Frequency of risk assessment and alignment with strategy	There is no formal risk assessment framework. When risk assessments are completed, they are infrequent.	Annual work plans are generally not updated with emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA <i>Standards</i> . Internal audit has been put in place in most central institutions, but does not yet meet international professional standards.	IIA <i>Standards</i> are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit work is primarily a control function, and focus includes mainly financial and compliance review. In addition, given its involvement in the procurement process, the Inspection des Finances (IF) generally does not always deliver the agreed upon annual work plan.	Internal audit work is essentially financial and compliance.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Generally, audit reports are timely but do not effectively communicate findings.	Audit reports are largely perfunctory and are not effective.
	3. Effectiveness in following up on issues	Follow-up of audit issues is done by the IF unit of the MoF. Implementation of management action plans is not mandatory; as a result, the implementation rate is low <sup>50</sup> .	Follow-up of audit issues is infrequent.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	There are no formal arrangements for quality assurance.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Staffing resources for internal audit work are inadequate.	Staffing resources for internal audit work are inadequate.
<b>B. Skills</b>	1. Competency and experience	Internal auditors have very limited understanding and experience of modern internal auditing.	Most internal audit staff have limited understanding and experience of modern internal auditing.
	2. Internal audit specific certifications held	Majority of IA staff hold accounting qualifications with a very few holding internal audit qualifications, including the Diplôme Professionnel de l'Audit Interne (DPAI) delivered in the past by the IFACI.	Majority of IA staff hold accounting qualifications with a very few holding internal audit qualifications (DPAI, CIA).
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree, with some holding a master's degree in audit.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have limited access to IA training.	Majority of internal audit staff have limited access to IA training.
<b>D. Technology</b>	1. Use of CAATs	Limited use of CAATs (mostly MS Excel).	Limited use of CAATs (mostly MS Excel).

<sup>50</sup> In 2016, CGSP reported that only 50% of management action plans were implemented.

## 5. MAURITIUS

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	Still in its infancy, as IIA Mauritius only recently approached University of Mauritius to develop a stand-alone internal audit program.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	There is a significant understanding of the role of internal audit. The National Code of Corporate Governance lays out requirements for internal audit. External auditors have the duty to report on the adherence of companies to the Code. Also, management and the Board have an appetite for internal audit services.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 2.0%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.4%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 54%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 50/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Big Four audit and accounting firms provide co-sourcing and out-sourcing internal audit services.
	2. Role of audit firms in delivering training and guidance for internal audit	Limited training and guidance opportunities are offered by audit firms.
	3. Role of accounting associations in delivering training and guidance for internal audit	ACCA Mauritius, Mauritius Institute of Directors (MIoD), and Mauritius Institute of Professional Accountants (MIPA) offer internal audit related training.
	4. Role of accounting associations in delivering training and guidance for audit committees	MIoD's register consists of a pool of directors and senior executives from cross-sections of industries and professions. MIoD training events include programs directly targeting members of audit committees.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is significant need for funding but none is available.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy but focus by development agencies in this area is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Central Bank requirements and provisions of the National Code of Corporate Governance advocate for internal audit.
	2. Setting of internal audit related policy and corresponding enforcement	National Code of Corporate Governance provides that external auditors have the duty to report on the adherence of companies to the code.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	Although internal audit is present in all large ministries and departments, there is no independent legislation that supports its establishment. The National Code of Corporate Governance provides guidance for internal audit applicable to large public organizations and state-owned enterprises, including statutory corporations and parastatal bodies <sup>51</sup> .	The National Code of Corporate Governance provides guidance for internal audit applicable to entities listed on the Stock Exchange of Mauritius, financial institutions regulated by the Bank of Mauritius, and insurance companies. Other companies are encouraged to give due consideration to the application of the Code.  The Bank of Mauritius issued guidelines on the corporate governance of banks, which establishes good practice for banks in the respective roles of the board and management, and mandates an audit committee. Organizations with no IA function should assess the need for an IA at least annually.
	2. Status of internal audit	Head of the Internal Control Unit (internal audit) reports to the Accounting Officer that is the Senior Chief Executive or Permanent Secretary of the Ministry, who is part of middle-level management.	Heads of internal audit are part of senior management. They report to the AC and to the CEO.
	3. Standards for internal audit	National Code of Corporate Governance recommends that internal audit units apply internal audit methodology that is in line with The IIA's International Professional Practices Framework (IPPF) guidelines.	National Code of Corporate Governance recommends that internal audit units apply internal audit methodology that is in line with The IIA's International Professional Practices Framework (IPPF) guidelines.
	4. Audit committees	Since 2006, each central government entity has its own audit committee, established to ensure implementation of internal audit recommendations. In 2014, all line ministries had an established audit committee. Very few State-owned enterprises (SOEs) had an established audit committee <sup>52</sup> .	Most companies have established audit and corporate governance committees. In addition, organizations are encouraged to follow provisions of the King Report on Corporate Governance. Not having an audit committee is an exception that requires justification.
	5. Monitoring and enforcement	There is limited monitoring of compliance with the Code. Most public entities voluntarily follow best practice. Also, establishment of audit committees in central government entities seems not to be fully operational.	External auditors have the duty to report on the adherence of companies to the code.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	An Internal Audit Regulation and an Audit Charter were introduced in 2005 <sup>53</sup> following a government decision in 2000.	CEOs and audit committees provide general support for internal audit.

<sup>51</sup> The Financial Reporting Act 2004, First Schedule.

<sup>52</sup> Report on the state of corporate governance in the public sector (parastatal bodies), OPSG, 2013.

<sup>53</sup> Ministry of Finance and Economic Development (MOFED), Circular #12, November 2005.

## Maturity Indicator II: Governance (continued)

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	The Director Internal Control Cadre (ICC), the central internal audit unit, reports to the Permanent Secretary Corporate Services in MoFED and is assisted by the Deputy Director ICC. In line ministries, Heads of Internal Control Units (ICU) report to the respective Accounting Officers and audit committees. For government-owned companies, the CAEs report administratively to the CEOs and functionally to the audit committees.	Internal audit reports functionally to an audit committee comprised predominantly of non-executive directors, and administratively to the CEO.
	2. Positioning of internal audit within the organization	The Internal Control Cadre is part of a combined second and third line of defense.	Internal audit is largely a third line of defense function.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	Audit committees have at least three members, non-executive directors, with at least two independent non-executive directors, with relevant experiences. Most members are appointed by the Accounting Officers though.	Audit committees comprise non-executives – mainly accountants.
	2. Understanding of internal audit	Members of the audit committee have a limited understanding of internal audit.	Members of the audit committee have a general understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	Audit committees have the power to approve the appointment or termination of the head of internal audit, ensure the function has the necessary resources, and review and assess the annual internal audit work plan.	The audit committee approves appointment or termination of the CAE and in some cases, has a say on the budget and other resources for IA.
	4. Effectiveness in holding the CAE and the organization to account	Audit committees in central government units are not fully operational, thus have limited effectiveness in holding Heads of Internal Control Units to account. The percentage of established audit committees in parastatal bodies is very low.	The audit committee is the focal point of the corporate governance system and is effective in holding the CAE and the organization accountable.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is a consistent approach to managing risk. Accounting Officers in ministries/ departments are responsible for developing sound risk management programs.	Under the Code, companies are required to make public disclosures on risk management. The Code also recommends a board-level risk committee. In practice, most organizations have a risk framework that is updated on a regular basis.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	Internal Audit Charters, aligned with the IPPF, exist in all entities where internal audit is involved and these are endorsed by Accounting Officers.	Internal audit functions have strategies that are aligned to the organization's strategy/priorities.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	IA unit applies a risk-based methodology aligned with the IPPF and that addresses systemic issues.	In most IA functions, audit planning is risk-based and is updated at least annually.
	2. Frequency of risk assessment and alignment with strategy	Heads of IA establish an annual plan to determine the priorities of the internal audit activity, and submit it to the Accounting Officer for approval.	Most IA functions prepare audit work plans on an annual basis.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA <i>Standards</i> .	IIA <i>Standards</i> are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	IA has a narrow scope focused on financial controls and compliance.	Mainly compliance and financial. Operational and performance aspects are covered occasionally.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Audit reports are timely and effectively communicate findings. They are issued to the audited entities, MoFED, the Accounting Officers, the Audit Committees, the Office of Public Sector Governance (OPSG), and the Director of Audit of the National Audit Office (NAO).	Audit reports are timely and effectively communicate findings.
	3. Effectiveness in following up on issues	Management is required to prepare an action plan and the timing of their implementations. IA conducts follow-up exercises on a quarterly basis.	Most IA functions follow up audit issues on a regular basis.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	Comprehensive arrangements for quality assurance are described in the Internal Audit Standard Operational Procedure Manual.	Arrangements for quality assurance are incomplete and partially conform with standards. Most IA functions do not carry out QARs.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Staffing resources are somewhat adequate to deliver the audit plan.	Staffing resources are adequate to deliver the audit plan. Most IA functions use a mixture of in-house, co-sourced, and outsourced services.
<b>B. Skills</b>	1. Competency and experience	Internal auditors have good practical knowledge of internal auditing.	Internal auditors have good practical knowledge of internal auditing.
	2. Internal audit specific certifications held	More than 50% of the staff have professional accounting or audit qualifications.	Majority of IA staff hold accounting qualifications (esp. ACCA), with a few holding internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree.
<b>C. CPE and training</b>	1. Access to and frequency of training	Internal audit staff have access to modern internal audit training. The Mauritius Institute of Directors, ACCA, The IIA, and Big Four audit firms offer quality training on a regular basis.	Internal audit staff have good access to training. The Mauritius Institute of Directors, ACCA, The IIA, and Big Four audit firms offer quality training on a regular basis.
<b>D. Technology</b>	1. Use of CAATs	Data extraction and analysis software are used occasionally.	There is limited use of CAATs.

## 6. MOROCCO

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	IIA Morocco has partnered with two universities to develop stand-alone programs. Other universities/colleges propose programs that incorporate IA content.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Internal audit is generally perceived as a pillar for good governance.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 14.5%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.6%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 37%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 90/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	More common in large organizations. Audit firms (especially Big Four) provide co-sourcing and out-sourcing internal audit services.
	2. Role of audit firms in delivering training and guidance for internal audit	Training and guidance on internal audit are offered by audit firms. Audit firms are major partners for the Moroccan Institute of Directors (IMA) and IIA Morocco.
	3. Role of accounting associations in delivering training and guidance for internal audit	In 2014, the accounting body (Ordre des Experts Comptables, Conseil Régional de Casablanca et Sud – CROEC) and IIA Morocco signed a partnership agreement aimed at promoting internal audit.
	4. Role of accounting associations in delivering training and guidance for audit committees	CROEC is a founding member of the Moroccan Institute of Directors <sup>54</sup> . CROEC delivers training related to internal control and internal audit at IMA.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is significant need for funding but very little is available. The World Bank and USAID have invested in some capacity-building programs, though not directly related to internal audit.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy but focus by development agencies in this area is insufficient and not systematic.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	The Morocco Central Bank – Banque Al Maghrib (BAM) – and the Casablanca Stock Exchange (BVC) are very active in delivering advocacy for internal audit in financial institutions and listed companies, respectively. Other firms follow corporate governance best practices.
	2. Setting of internal audit related policy and corresponding enforcement	Positive requirements are set for internal audit mainly by BAM and BVC for financial institutions and listed companies, respectively.

<sup>54</sup> Institut Marocain des Administrateurs (IMA); <http://www.institut-administrateurs.ma/>.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	In addition to the MoF General Inspection of Finance (IGF), all line ministries are required to establish General Inspections (IGM). While IGF/IGMs' primary service is inspection, they have shifted from traditional inspections to modern internal audit services. Parastatals with effective information systems are required to have an internal audit function <sup>55</sup> . All other public bodies are encouraged to follow the Moroccan Code of Good Governance Practices for Enterprises and Public Entities.	Listed companies, insurance companies <sup>56</sup> , and financial institutions <sup>57</sup> are required, and all others are encouraged, on a voluntary basis, to establish an independent internal audit function. All other companies are encouraged to follow the Moroccan Code of Good Governance Practices and its related appendices.
	2. Status of internal audit	Head of IGF reports to the MoF. In parastatals, head of internal audit function reports functionally to the Board and administratively to the CEO.	Except for bank, insurance, and listed companies, most heads of internal audit are part of middle-level management, as they frequently report to the CFO and CEO.
	3. Standards for internal audit	The use of standards is defined and does include the IIA <i>Standards</i> .	The use of standards is defined and does include the IIA <i>Standards</i> .
	4. Audit committees	Requirements for having audit committees apply to all government entities <sup>58</sup> (State, local administration, government-owned entities, etc.)	Requirements for having audit committees apply mostly to banks, insurance, and listed companies <sup>59</sup> .
	5. Monitoring and enforcement	There is increased monitoring of requirements for internal audit functions and audit committees. IGF is tasked with introducing IA functions in line ministries.	There is increased monitoring by the central bank and the stock exchange (Bourse de Casablanca) for financial institutions and listed companies, respectively.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	The government of Morocco has demonstrated clear support for the development of IA in all the line ministries.	Except in banks, insurance, and listed companies, those charged with governance provide limited support for internal audit.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	In central government, heads of IGF and IGM report functionally to the MoF and heads of line ministries, respectively. In government-owned companies, the CAEs mostly report administratively to the CEOs and functionally to audit committees, when they exist.	Except in banks, insurance, and listed companies, a majority of heads of internal audit report to CFOs or CEOs.
	2. Positioning of internal audit within the organization	Internal audit is part of a combined second and third line of defense.	Internal audit is part of a combined second and third line of defense.

<sup>55</sup> Loi 69-00, Art. 17.

<sup>56</sup> Loi #17-99, Art. 239-2.

<sup>57</sup> Circulaire Bank Al-maghrib 4/W/2014.

<sup>58</sup> Law 69-00 Art. 14.

<sup>59</sup> A 2014 IMA survey shows that 87% of listed companies have an Audit Committee.

## Maturity Indicator II: Governance (continued)

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	In addition to the State Controller (Contrôleur d'Etat), the audit committees comprise two to four non-executives.	Audit committees comprise a mix of executives and non-executives.
	2. Understanding of internal audit	Members of the audit committee have a limited understanding of internal audit.	Members of the audit committee have a general understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	Audit committees have limited involvement in the appointment of the CAE and the approval of resources for the IA function.	In general, the audit committee has an advisory role in the appointment of the head of internal audit, can approve the audit plan, and can request budgetary resources.
	4. Effectiveness in holding the CAE and the organization to account	The AC has limited effectiveness in holding the CAE and the organization to account.	The AC is somewhat effective in holding the head of internal audit to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	Risk management is beginning to be put in place, with IGF and IGMs championing its implementation in their respective ministries.	There is a consistent approach to managing risk.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	IGF and IGMs have basic internal audit charters.	Some internal audit functions have charters that are aligned to the organization's strategy/priorities.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Audit planning is increasingly risk-based.	Some IA functions have adopted risk-based audit planning with flexibility to adjust for emerging risks.
	2. Frequency of risk assessment and alignment with strategy	Annual work plans are prepared within a framework of risk-based assessments.	Most IA functions have annual work plans that are updated regularly for emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	IGF uses a very comprehensive audit manual that applies IIA <i>Standards</i> .	IIA <i>Standards</i> are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit work has a narrow scope focused on financial controls and compliance.	Most IA functions' work covers a narrow scope, mainly financial and compliance.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Audit reports are timely and effectively communicate findings.	Audit reports are timely and effectively communicate findings.
	3. Effectiveness in following up on issues	Follow-up process is in place and working well. Since 2009, IGF has implemented a computerized system (SIGEM) for audit management and issues follow-up, but only a few IGF staff are familiar with the tool.	Audit issues are systematically followed up regularly.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	Following a self-evaluation conducted by IGF in 2013, arrangements for quality assurance are being implemented.	Arrangements for quality assurance are present in most financial institutions, insurance, and listed companies.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Staffing resources for internal audit are somewhat adequate.	Staffing resources for internal audit are adequate.
<b>B. Skills</b>	1. Competency and experience	Majority of internal auditors have some understanding of modern internal audit.	Internal auditors have a good practical knowledge of modern internal audit based on experience.
	2. Internal audit specific certifications held	Majority of IA staff hold accounting qualifications, with a few holding internal audit qualifications.	Majority of IA staff hold accounting qualifications, with a few holding internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree and some hold a master's degree with a specialization in audit and internal control.	Majority of internal audit staff hold a first university degree and some hold a master's degree with a specialization in audit and internal control.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of IGF staff have access to IA training. A December 2, 2005 decree has set continuing education requirements for civil servants.	Majority of internal audit staff have good access to IA training.
<b>D. Technology</b>	1. Use of CAATs	There is an increased use of CAATs. Some IA functions use audit management software, data analysis tools such as ACL, and knowledge sharing platforms such as SharePoint.	There is limited use of CAATs. A majority of IA functions do not use computerized automated auditing tools.

## 7. MOZAMBIQUE

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	There is no internal audit degree in the Mozambican universities or colleges. Some universities include IA content in their accounting and auditing majors.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Stakeholders have a limited understanding of the role of modern internal auditing.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 49.2%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 1.0%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 27%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 83/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Audit firms carry out co-sourced and outsourced internal audit services, mostly in the private sector.
	2. Role of audit firms in delivering training and guidance for internal audit	Audit firms deliver on-demand internal audit training.
	3. Role of accounting associations in delivering training and guidance for internal audit	Negligible.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is a significant need for funding from development agencies and some is available, but is insufficient.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy from development agencies and some is available, but is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	The Central Bank <sup>60</sup> is active in delivering advocacy for internal audit in financial institutions. Other firms are encouraged to adopt the Mozambican Code of Corporate Governance issued by the Institute of Directors of Mozambique <sup>61</sup> in 2011.
	2. Setting of internal audit related policy and corresponding enforcement	Positive requirements for internal audit functions are set by the Central Bank of Mozambique for financial institutions.

<sup>60</sup> Banco de Moçambique, [www.bancomoc.mz](http://www.bancomoc.mz).

<sup>61</sup> Instituto de Directores de Moçambique, [www.iodmz.com](http://www.iodmz.com).

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	There is no regulation on internal audit in Mozambique. Decree No. 60/2013 of 29 of November 2013 consecrated the Inspeção-Geral de Finanças <sup>62</sup> (IGF) as the supervisory body of the whole Sistema de Controlo Interno <sup>63</sup> , within the State Financial Administration System (SISTAFE).	The Central Bank of Mozambique has set requirements for internal audit functions in financial institutions and listed companies.
	2. Status of internal audit	Heads of IA function are generally part of middle management.	In general, the head of internal audit is part of middle management.
	3. Standards for internal audit	The use of IA standards is recommended but not defined.	The use of IA standards is recommended but not defined.
	4. Audit committees	There is no requirement for having an audit committee in the Central government.	There are some requirements for having an audit committee in financial institutions.
	5. Monitoring and enforcement	There is very limited monitoring of compliance with the regulatory framework for internal audit, as evidenced by the absence of audit committees and fully operational IA functions in line ministries.	For financial institutions, there is limited monitoring by Central Bank of Mozambique.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	The government provides general support to the implementation of modern internal audit in the public sector.	CEOs and audit committees provide general support for internal audit.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	The head of IGF reports to the Ministry of Economy and Finance (MEF). In State-owned companies and parastatals, the head of the IA function reports to the CEO, both functionally and administratively.	Except in multinationals and big private companies where there is a dual reporting to CEO/AC, a majority of heads of the IA function report administratively and functionally to the CEO.
	2. Positioning of internal audit within the organization	Internal audit is largely a second line of defense.	Internal audit is part of a combined second and third line of defense.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no requirement for having an audit committee in the Central government. Audit committees in parastatals and government-owned companies usually comprise a mix of executives and non-executives.	Audit committees, when they exist, comprise a mix of executives and non-executives.
	2. Understanding of internal audit	Members of audit committees have limited understanding of internal audit.	Members of audit committees have general understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	The audit committee has an advisory role in the appointment of the CAE. The AC approves the internal audit plan and resources.	The audit committee has an advisory role in the appointment of the CAE. The AC approves the internal audit plan and resources.
	4. Effectiveness in holding the CAE and the organization to account	The audit committee has limited effectiveness in holding the CAE or the organization to account.	The audit committee is effective in holding the CAE or the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is a consistent approach to managing risk in government.	There is a somewhat consistent approach to managing risk.

<sup>62</sup> Inspectorate General of Finance.

<sup>63</sup> Internal Control System.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	Some IA functions have basic audit charters and strategies.	Some internal audit functions have audit charters and strategies.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Audit planning is risk-based, and aligned with governmental strategy.	Very few internal audit functions have adopted risk-based planning aligned with the strategy.
	2. Frequency of risk assessment and alignment with strategy	Risk assessments are completed annually, but are not systematically updated.	IA work plans are completed annually, but are not systematically updated to include emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially applies formal internal audit standards.	IIA Standards are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	IGF covers a broad scope – activities and functions of the State, regardless of the nature of the responsible entities – with a focus on the major areas of systemic risk.	Focus and scope of audit work is predominantly compliance and finance.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Although they are timely, audit reports are largely perfunctory.	Audit reports are of good quality and effectively communicate issues.
	3. Effectiveness in following up on issues	IGF systematically follows up all audit issues, including those identified by the Tribunal Administrativo (State External Auditor).	Follow-up on reported issues is systematic.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	Arrangements for quality assurance are very limited.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	In general, the budget for internal audit staff is inadequate to deliver the audit plan.	In general, the budget for internal audit staff is inadequate to deliver the audit plan.
<b>B. Skills</b>	1. Competency and experience	Internal audit staff have limited understanding and experience of modern internal auditing.	Most internal audit staff have good understanding and limited practical experience of modern internal auditing.
	2. Internal audit specific certifications held	Majority of the internal auditors do not hold professional qualifications. Staff with ACCA, CPA, and CIA qualifications are few.	Majority of IA staff hold accounting qualifications, with few holding internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree in accounting or finance.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have good access to quality IA training mostly provided by IIA Mozambique (Associação Moçambicana de Auditores) and IIA Brazil.	Majority of internal audit staff have good access to quality IA training mostly provided by IIA Mozambique (Associação Moçambicana de Auditores) and IIA Brazil.
<b>D. Technology</b>	1. Use of CAATs	Majority of IA functions do not use CAATs.	Use of modern CAATs and general audit management software (such as TeamMate) is limited.

## 8. TOGO

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	University programs in internal audit are absent.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Stakeholders have a very limited understanding and recognition of the role and value of internal audit.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 10.5%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 1%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 32%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 116/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Limited to a small number of organizations for specialist audits.
	2. Role of audit firms in delivering training and guidance for internal audit	Limited to a small number of organizations for specialist training and guidance.
	3. Role of accounting associations in delivering training and guidance for internal audit	Negligible.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	There is significant need for funding but little is available.
	2. Delivery of advocacy for internal auditing commensurate with need	There is significant need for funding but little is available.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy, mainly through the regional central bank's requirements <sup>64</sup> .
	2. Setting of internal audit related policy and corresponding enforcement	IA requirements for financial institutions and listed companies are set through the banking commission of the West African Monetary Union <sup>65</sup> and the regional stock exchange (BRVM <sup>66</sup> ). The financial market regulatory authority (CREPMF <sup>67</sup> ) monitors compliance with the BRVM's requirements.

<sup>64</sup> The regional banking commission for West African countries has issued several notes related to governance and internal control requirements for banking institutions.

<sup>65</sup> Union Monétaire Ouest-Africaine (UMOA).

<sup>66</sup> Bourse régionale des valeurs mobilières de l'Afrique de l'Ouest. Only the Togolese branch of Ecobank Transnational Incorporated (ETI) is listed at the BRVM as of June 2017 (<http://www.brvm.org/fr/emetteurs/societes-cotees>).

<sup>67</sup> Conseil régional de l'épargne publique et des marchés financiers.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	Internal audit is not regulated in Togo. The General State Inspectorate (IGE) and the General Inspectorate of Finance (IGF) are the main institutions responsible for internal audit.	There is no internal audit regulation for the private sector in Togo. The regional banking commission has set IA requirements for financial institutions.
	2. Status of internal audit	Heads of IGE and IGF report to the Presidency of the Republic and the MoF, respectively.	Except in financial institutions and multinationals, the role of internal audit is limited, as the CAE reports to the CEO or the CFO.
	3. Standards for internal audit	The use of IA standards is recommended but not explicitly defined.	The use of IA standards is recommended but not explicitly defined. IIA Togo has recently launched the promotion of IIA <i>Standards</i> .
	4. Audit committees	There is no requirement for having an audit committee.	Except for banks and listed companies, there is no requirement for having an audit committee.
	5. Monitoring and enforcement	There is no monitoring of any recommendations for internal audit or audit committees.	There is regular monitoring and enforcement by the regional central bank commission for financial institutions, and the BRVM for listed companies.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Those charged with governance provide limited support for internal audit.	Those charged with governance provide limited support for IA.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	Heads of IGE and IGF report functionally and administratively to the Presidency of the Republic, and the MoF, respectively. In most parastatals, CAEs report administratively and functionally to the CEOs.	Where there is internal audit, heads of IA report mostly to CEOs or CFOs.
	2. Positioning of internal audit within the organization	Internal audit is largely a second line of defense.	Internal audit is largely a second line of defense.
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	There is no audit committee in public administration and very few in parastatals.	Except for bank, insurance, and listed companies, very few organizations have an audit committee.
	2. Understanding of internal audit	There is no audit committee in public administration and very few in parastatals.	Where applicable, members of the audit committee have a limited understanding of modern internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	There is no audit committee in public administration and very few in parastatals.	When there is one, the audit committee has only a limited involvement in the appointment of the CAE and the approval of IA resources.
	4. Effectiveness in holding the CAE and the organization to account	There is no audit committee in public administration and very few in parastatals.	The audit committee is unable to hold either the CAE or the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	Risk management is nascent, despite the progress measured by the implementation of a detailed risk cartography at the MoF.	Except for multinationals, most organizations do not have a consistent approach to managing risk.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	Purpose, authority, and responsibility of IGF and IGE are provided by rules of law. In parastatals with IA units, IA functions generally have basic charters.	Internal audit functions have basic charters, but no strategies.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	Risk-based audit planning is new to IGF and IGE has not started its implementation yet.	Risk-based audit planning is in its infancy, and is generally not aligned to any IA strategy.
	2. Frequency of risk assessment and alignment with strategy	IGE and IGF develop annual work plans. Risk assessment is nascent.	Annual work plans are generally not updated with emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA Standards.	IIA Standards are partially applied.
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	Internal audit work focus is financial and compliance.	Internal audit work is essentially financial and compliance.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Generally, audit reports are of poor quality and limited use to management.	Audit reports are largely perfunctory and are not effective.
	3. Effectiveness in following up on issues	Follow-up on reported issues is sporadic and incomplete (less than 50%).	Follow-up of audit issues is infrequent.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	There are no formal arrangements for quality assurance.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Staffing resources for internal audit work are inadequate.	Staffing resources for internal audit work are inadequate.
<b>B. Skills</b>	1. Competency and experience	Internal auditors have very limited understanding and experience of modern internal auditing.	Most internal audit staff have limited understanding and experience of modern internal auditing.
	2. Internal audit specific certifications held	Majority of IA staff hold accounting qualifications and lack internal audit qualifications.	Majority of IA staff hold accounting qualifications and lack internal audit qualifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have very limited access to IA training.	Majority of internal audit staff have limited access to IA training.
<b>D. Technology</b>	1. Use of CAATs	Limited use of CAATs. Only few staff in IGE are familiar with IDEA.	Limited use of CAATs.

## 9. TUNISIA

### Maturity Indicator I: National Context

Elements	Sub-elements	Analysis
<b>A. Professionalism, education programs, recognition</b>	1. Presence of university programs in internal auditing	Several universities offer programs that incorporate internal audit content. One university offers a full master's program in internal audit.
	2. Understanding and recognition by key stakeholders of the role and value of internal auditing	Understanding and recognition of the role and value of internal audit is absent in the public sector, and very limited in the private sector.
	3. IIA membership and GDP per capita	Very low: IIA membership to GDP per capita is 17.7%.
	4. IIA certification and GDP per capita	Very low: IIA certifications to GDP per capita is 0.8%.
<b>B. National indicators for fraud and corruption</b>	1. Transparency International 2016 CPI score (/100)	The 2016 CPI score is 41%.
	2. Transparency International 2016 CPI rank (/176)	The 2016 CPI ranking is 75/176.
<b>C. Role of audit firms and accounting associations</b>	1. Role of audit firms in delivering internal audit services (assurance and consulting)	Audit firms offer internal audit co-sourcing and/or outsourcing services generally to affiliates of international organizations.
	2. Role of audit firms in delivering training and guidance for internal audit	Negligible. Audit firms occasionally organize training events; the local IIA Affiliate is perceived as the main provider of training and guidance.
	3. Role of accounting associations in delivering training and guidance for internal audit	Negligible. The role of the accounting body (OECT) is very limited in internal audit.
	4. Role of accounting associations in delivering training and guidance for audit committees	Negligible.
<b>D. Development agencies</b>	1. Availability of funding for internal audit training commensurate with need	The World Bank and the Organization for Economic Co-operation and Development (OECD) have invested in some studies and capacity-building initiatives, with a very marginal impact.
	2. Delivery of advocacy for internal auditing commensurate with need	There is a significant need for advocacy but focus by development agencies in this area is insufficient.
<b>E. Role of other bodies, including stock exchanges and central banks</b>	1. Provision of advocacy for internal auditing	Limited advocacy mainly through the Central Bank's requirements.
	2. Setting of internal audit related policy and corresponding enforcement	Limited requirements are set for internal audit, mainly in listed companies.

## Maturity Indicator II: Governance

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Legislation, regulation, corporate governance code, and national policies</b>	1. Requirement for internal audit	Currently there is no institutional support for internal audit in the public administration. The “Gestion du budget par objectifs” (GBO) unit <sup>68</sup> advocates for full adoption of the internal audit profession within the public sector.	Several regulations support or enforce the adoption of internal audit in the private sector. Internal audit is mandatory for listed companies, companies with total assets greater than TDN 50 million, and financial institutions. A Corporate governance guide was adopted in 2012.
	2. Status of internal audit	There are three interdepartmental audit and inspection functions <sup>69</sup> . In addition, most line ministries have general inspections.	In banks and listed companies, internal audit has a clear identity. In other companies (generally SMEs), the role of internal audit is limited.
	3. Standards for internal audit	There is no reference to the use of internal audit standards.	The use of standards is recommended by the Corporate governance guide.
	4. Audit committees	Government-owned companies are required to have audit committees. In public administration, there is no such requirement. Attached to the Presidency of the Republic, the High Committee for administrative and financial control <sup>70</sup> coordinates the work of various internal audit structures.	As per the 2005 law on security of financial relationships, audit committees are mandatory for listed companies and companies that meet certain revenue criteria.
	5. Monitoring and enforcement	There is no monitoring of compliance, as most public entities voluntarily follow best practice.	For financial institutions, monitoring and enforcement is conducted by the Central Bank of Tunisia. The Stock Exchange monitors creation of internal audit functions in listed companies.
<b>B. Leadership and tone at the top in organizations from CEOs and boards</b>	1. Extent to which CEOs and boards support internal audit	Although there is no institutional support for internal audit at the public administration level, line ministries generally provide general support for internal audit.	When it is mandatory to have an internal audit function, CEOs and audit committees provide general support for internal audit. In general, IA is not valued in SMEs.
<b>C. Positioning of internal audit in organizations and its effective independence</b>	1. Reporting lines and independence	In central government, heads of the three interdepartmental audit and inspection units report administratively and functionally to the Ministry of Finance. In the absence of adequate reporting lines and to guarantee relative independence, they are entitled to exceptional benefits, their promotion is not the responsibility of the ministry, and they can report criminal activities directly to the Public Prosecutor. For parastatals, CAEs report administratively to the CEOs and functionally to audit committees.	For banks and listed companies, heads of internal audit report functionally to the audit committee and administratively to the CEO. In SMEs, head of internal audit generally reports to the CEO.
	2. Positioning of internal audit within the organization	Internal audit is part of a combined second and third line of defense.	Internal audit is part of a combined second and third line of defense.

<sup>68</sup> The Budgetary Management by Objective unit belongs to the Ministry of Finance and was created to modernize public management in Tunisia.

<sup>69</sup> Namely the Contrôle Général des Finances (CGF), the Contrôle Général des Services Publics, and the Contrôle des Domaines de l'Etat. These interdepartmental units are competent to audit/investigate in ministries, and public bodies that directly or indirectly benefit from State financial assistance.

<sup>70</sup> Le Haut comité du contrôle administratif et financier.

## Maturity Indicator II: Governance (continued)

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>D. Audit committees</b>	1. Independence and strength of audit committee membership	In government-owned companies, audit committees comprise non-executives.	In banks and listed companies, audit committees comprise non-executives. Most SMEs do not have an audit committee.
	2. Understanding of internal audit	Head of the audit committee in parastatals has specific competency in audit.	Members of the audit committee have a limited understanding of internal audit.
	3. Powers of the audit committee to include hire and fire CAE, approve audit plan and resources	In government-owned companies, audit committees have an advisory role in the appointment of the CAE and in the approval of the audit plan and resources.	The various laws are silent on the role of the audit committee on these aspects. In practice, the audit committee has limited involvement in the appointment of the CAE and in the approval of the internal audit plan and resources.
	4. Effectiveness in holding the CAE and the organization to account	In government-owned companies, the audit committee has limited effectiveness in holding the CAE and the organization to account.	The audit committee has limited effectiveness in holding the CAE and the organization to account.
<b>E. Risk management</b>	1. Organizational risk management maturity	There is no risk management framework. Risk assessment is poorly integrated into the control environment, which is based on transaction control.	There is a somewhat limited and inconsistent approach to managing risk.

## Maturity Indicator III: Quality

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Audit strategy and charter</b>	1. Presence and strength of charter, sense of purpose, and focus	IA functions have basic charters and strategies.	IA functions have charters consistent with IPPF and clear strategies.
<b>B. Audit planning, including risk assessment</b>	1. Extent to which audit planning is risk-based and aligned with strategy	In government-owned companies, audit planning is risk-based, and generally aligned with organizational strategy.	Audit planning is risk-based, aligned with organizational strategy, and updated regularly, especially in financial institutions.
	2. Frequency of risk assessment and alignment with strategy	Risk assessments are completed at least annually and are aligned with strategies and emerging risks.	Risk assessments are completed at least annually and are aligned with strategies and emerging risks.
<b>C. Use of standards</b>	1. Use of robust internal audit standards	Partially apply IIA <i>Standards</i> .	Partially apply IIA <i>Standards</i> .
<b>D. Scope, reporting, and follow-up</b>	1. Scope of audit work	In public administration, audit is effective although procedural and transactional. Scope of audit work includes finance, compliance, and “value for money” engagements.	Mostly financial and compliance engagements.
	2. Quality of the audit reports – effectiveness in identifying and communicating issues	Audit reports are timely and effectively communicate findings.	Audit reports are timely, but fail to effectively communicate findings.
	3. Effectiveness in following up on issues	Follow-up of audit recommendations is generally provided during subsequent missions.	Follow-up of audit issues varies from one organization to another.
<b>E. Quality assurance and improvement planning</b>	1. Internal (monitoring, supervision, appraisal, training, review of audit)	There are no formal arrangements for quality assurance.	Very few IA functions have a QAIP in place.

## Maturity Indicator IV: Resources

Elements	Sub-elements	Public Sector Analysis	Private Sector Analysis
<b>A. Adequacy of staffing resources, including structure</b>	1. Adequacy of staffing resources	Although the three interdepartmental units are well staffed, the budget for delivering audit plan remains inadequate.	Staffing resources are generally insufficient.
<b>B. Skills</b>	1. Competency and experience	In general, internal audit staff have a good practical knowledge of internal audit based on experience.	Internal audit staff have limited understanding and experience of internal auditing.
	2. Internal audit specific certifications held	Some internal auditors hold internal audit certifications or other audit-related certifications.	Some internal auditors hold internal audit certifications or other audit-related certifications.
	3. Highest educational level	Majority of internal audit staff hold a first university degree.	Majority of internal audit staff hold a first university degree.
<b>C. CPE and training</b>	1. Access to and frequency of training	Majority of internal audit staff have very limited access to IA training.	Majority of internal audit staff have very limited access to IA training.
<b>D. Technology</b>	1. Use of CAATs	Limited use of CAATs.	Limited use of CAATs.

## APPENDIX III: LIST OF INTERVIEWEES/SURVEY RESPONDENTS

Country	Interviewees/Survey Respondents
<b>Cameroon</b>	Head of Internal Audit – Commercial Bank Cameroon
	Head of Internal Audit – ECOBANK Cameroon
	Ernst & Young Cameroon
	KPMG Cameroon
	Afrique Audit Conseil Baker Tilly (AACBTI)
<b>Congo, Democratic Republic of</b>	Head of Internal Audit – W Vision
	Head of Internal Audit – Caritas Congo
	Head of Internal Audit – GECAMINES
	Auditor General – Central Bank of Congo
	PwC Democratic Republic of Congo
	KPMG Democratic Republic of Congo
	IIA Affiliate Leaders
<b>Lesotho</b>	Ernst & Young Lesotho
	Internal Audit in the Government of Lesotho
	Central Bank of Lesotho
	IIA Affiliate Leaders
<b>Mali</b>	Head of Internal Audit – Institut National de Prévoyance Sociale
	Head of Internal Audit – Les Aéroports du Mali
	General Controller – Contrôle Général des Services Publics (CGSP)
	Supreme Auditor General – Bureau du Vérificateur Général (BVG)
	Union Francophone de l’Audit Interne (UFAI)
	IIA Affiliate Leaders

Country	Interviewees/Survey Respondents
<b>Mauritius</b>	Accountant General – Government of Mauritius
	Stock Exchange of Mauritius
	IIA Affiliate Leaders
<b>Morocco</b>	Head of Internal Audit – Banque Al-Maghrib (Central Bank of Morocco)
	Inspector General – Banque Centrale Populaire
	Ordre des Experts Comptables du Maroc (OEC)
	IIA Affiliate Leaders
<b>Mozambique</b>	KPMG Mozambique
	Head of Internal Audit – Standard Bank Mozambique
	IIA Affiliate Leaders
<b>Togo</b>	Secrétariat Permanent pour les politiques de Réformes et les programmes financiers (Ministère des Finances)
	Inspection Générale de l’Etat
	Head of Internal Audit – GTAC2A-VIE
	IIA Affiliate Leaders
<b>Tunisia</b>	Institut Supérieur de Contrôle des Finances Publiques (Contrôle Général des Finances – Ministère des Finances)
	Contrôle Général des Finances
	Ernst & Young Tunisia
	Heads of Internal Audit Functions
	IIA Affiliate Leaders

