

## INSIGHT FROM A DBM JUNIOR LEADER

### Learning Internal Audit by Doing It

It was like meeting the parents for the first time. I did not know what to expect and how it would go when I was first assigned to the DBM Internal Audit Service (IAS) in 2009.

There were no experts on public sector internal audit in DBM then, and even now. There was only the NGICS to guide the DBM-IAS, which was composed of two divisions: the Management Audit Division and the Operations Audit Division. At present, we are five internal auditors in the IAS, headed by a Director IV and supported by two administrative staff. We did a self-study of the best practices around the globe to educate us on how to do our work. The experience was intense, much like visiting prospective in-laws.

The PGIAM came in 2011. We believed it to be our own 'For Dummies' book—the ultimate guide to the conduct of public sector internal audit. We were too excited that we dived headfirst into the series of lectures and seminars aimed to provide practical skills in what were theorized in the PGIAM. In 2012, we were engaged.

We began the first of three major phases of internal audit—the baseline assessment of internal control system (BAICS). We implemented this system, first in a selected DBM unit in 2012, and then expanding to all units in the central office in 2014. Most of the issues we uncovered during this phase were housekeeping-related. The experience was nevertheless fulfilling when Sec. Butch endorsed the implementation of our recommendation and as the auditees were cooperative in taking the necessary actions.

We accomplished the second phase of internal audit—the strategic planning and the audit engagement planning—on our own, without the aid of consultancy services. This phase is not your ordinary planning session in which the previous year's accomplishments are assessed and the ensuing year's performance targets are identified. With no one to guide us—not even the PGIAM as we found it too generic at times—we dared to explore the world of control risks, significance, and materiality in order to identify and prioritize auditable

### By Ma. Russell O. Figuro-Gaces<sup>1</sup>

areas for a three-year period. We customized our templates and work papers and set benchmarks for the DBM. We were delighted that our Internal Audit Strategic Plan was approved as a whole by Sec. Butch in 2015.

We have moved on to the third phase: the audit proper, in which we learn the art of internal auditing through the conduct of management audit. Even at this phase, new questions arise, which are mostly related to whether or not we are on the right track.

Just like in a marriage, we recognize that adjustments should be made along the way. Perhaps the PGIAM may be revised or updated to include practical tips in the conduct of internal audit in order to better guide public sector practitioners. To date, there is no government agency in the country that has completed an audit the PGIAM way, and we in the DBM-IAS hope to be the first to come full circle. We would also like to document our practical experience in order to serve as a self-reminder or a reference for others. Given the strong support of top management and the cooperation of our auditees that we have today, I believe we are onto the beginning of a perfect relationship.

Internal auditors are often seen as faultfinders, and not as solution providers and good governance partners. But the internal audit function, when organized and operated in such a manner that warrants efficiency and effectiveness, can help promote transparency and accountability: especially for us in public service who are expected to do more with less, to do the right thing, and to do it properly.

<sup>1</sup> As of this publication, Gaces is an Internal Auditor III of the Internal Audit Service.