



# Challenges in implementing FMC

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# Introduction

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- Challenges and Successes of FMC has been chosen as key topic for this third Regional Seminar
- Hands on experience and best practices will be provided through the case studies of Albania, Montenegro and Turkey



# Introduction

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- FMC as key component of PIFC
- The challenges of implementing FMC successfully



# FMC as key component

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- Successful implementation of *FMC* is based on the concepts of managerial accountability and delegation all through the public administration
- FMC = IC under COSO
- From "CONTROL" towards "BEING IN CONTROL"



# State of play

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- In most Candidate countries and potential candidates, fair progress has been noticed in implementing an Internal Audit system
- However, the day to day implementation of FMC is still in its early stages
- In most countries, PIFC is complemented with Financial Inspection



# Scope of FMC

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FMC = IC under COSO and covers:

- Control
- Risk Management
- Governance



# Challenges of FMC

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- The move from centralised to decentralised structures and monitoring progress
- Delegation of powers and tasks – use of balanced score cards
- Resistance to change – absence of political support
- Lack of sufficient understanding and awareness



# Key messages to managers

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- Get out of the comfort zone
- Adapt from centralised structures to decentralised
- To move from "Do it yourself" to delegation of powers and tasks
- Set off cost of decentralization against cost of not introducing it
- From "INPUT" to "OUTPUT" management





# Conclusions

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- PIFC is "built-in", not "built-on"
- Choice between controlling or being in control
- FMC and IA are equally important:  
*no FMC without IA and no IA without FMC*
- FMC, IA and EA are key layers of defence
- COSO/IPPF compliant environment is key



