

INSIGHT

# Internal Auditing by Southeast Asian Governments: Differences and Similarities



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## Introduction

The academic study, Internal Audit Maturity in the Public Sector in ASEAN- Insights from the study of Internal Audit function in Selected Central Banks, examined the maturity of the internal audit function in the public sector in the member states of the Association of Southeast Asian Nations (ASEAN) by benchmarking the function with the Institute of Internal Auditors' Capability Model for the public sector. Benchmarking the function enables us to understand the current capabilities of the internal audit function and the steps needed to enhance its capabilities. Considering the diversity in political, socio economic and governance structures in ASEAN, it becomes imperative that examining an organization that is critical to its nations' interests, provides insight into the internal audit function in the public sector, and at the same time helps draw meaningful comparisons across ASEAN Member States. Central bank for the purpose of this study is the most appropriate institution.

# Analysis

The results of the survey show that, while the services and role of the internal audit function is consistently defined across the responding member states, significant variation exists among the states in regard to professional practices, people management and performance management. The remaining two elements—governance structures and organizational relationships—show slight variation among the responding member states. Key gaps observed were the absence of audit committees, evolving risk management processes, the lack of risk-based audit plans and external reviews of the internal audit function, and the emerging risk of information technology, which is expected to gain prominence over the next five years.

## Insights

As public sector auditing is key to good public governance, ASEAN Member States need to take steps to strengthen governance structures and professional practices, and ensure that internal audit functions are appropriately staffed to cope with the emerging risks faced by public sector organizations.

## Resources

[Opportunities for Internal Audit Capacity Development](#)

[Supreme Audit Institutions and Good Governance](#)

Meet the expert



[Puneet Sondh](#)

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Puneet Sondh has worked with global banks in governance, risk management, assurance and compliance in Asia and Africa. He was an intern with the Asian Development Bank from July 2016 to January 2017, and is undertaking a master's degree in finance at the University of Amsterdam.

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