

INSIGHT

Internal Auditing by Southeast Asian Governments: Differences and Similarities



Significant variation exists in the way Southeast Asian governments conduct internal audits. Photo credit: ADB.

The services and role of the internal audit function are consistently defined across the member states of the Association of Southeast Asian Nations but significant variation exists in regard to professional practices and the management of people and performance.

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 are 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

Insights from the Study of Internal Audit Function in Selected ASEAN Central Banks



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