

**FRED ASIA
PUBLIC SECTOR FORUM 2016**

**IMPROVING PUBLIC FINANCIAL MANAGEMENT:
VIEW FROM THE INTERNAL AUDIT
PROFESSION**

- The internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate and principal educator
- Established in 1941
- Global headquarters in Almonte Springs, Florida, USA
- IIA Affiliates in 126 countries & territories
- Total members of more than 170,000 worldwide
- Associated with six (6) regional organizations

Associated organizations



Associated organizations



ACIIA Members: 16 IIA Affiliates in the ff. countries & territories:

East Asia - Japan, Korea, China, Taiwan and Hong Kong

South Asia - India, and Sri Lanka

Southeast Asia - Indonesia, Malaysia, Philippines, Singapore & Thailand

Pacific - Australia, Fiji, New Zealand, and Papua New Guinea

- 26,388 members as of YE2015 (about 16% of global)

INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK



INTERNAL AUDITING DEFINED:

An independent , objective assurance and consulting activity designed to add value and improve on organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

VALUE PROPOSITION OF INTERNAL AUDITING FOR KEY STAKEHOLDERS*

**Governing or oversight bodies and senior management*



ASSURANCE:

Governance, Risk, Control

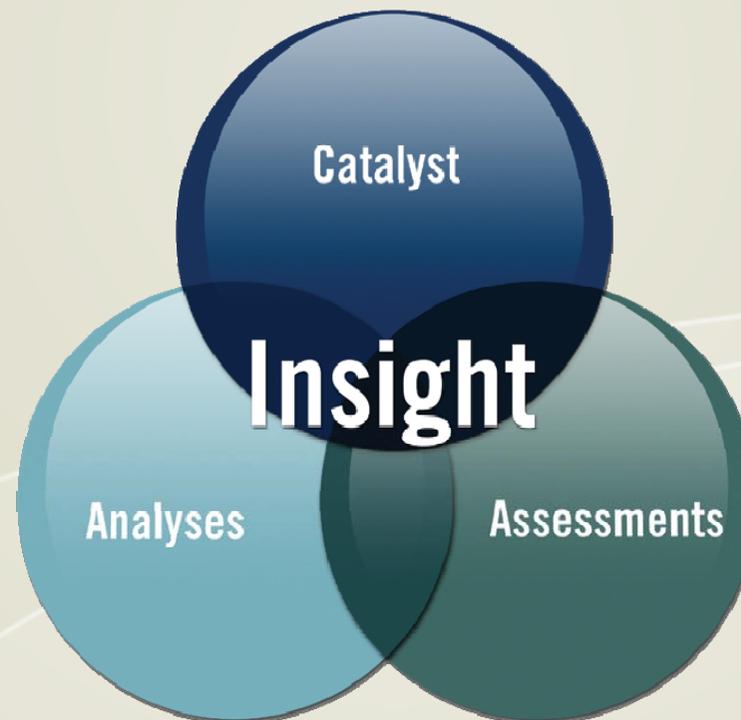
Internal Auditing provides assurance on the organization's governance, risk management and control processes to help the organization achieve its strategic, operational, financial, and compliance objectives.



INSIGHT:

Catalyst, Analyses, Assessments

Internal Auditing is a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes.



OBJECTIVITY:

Integrity, Accountability, Independence

With commitment to integrity and accountability, Internal Auditing provides value to governing bodies and senior management as an independent source of objective advice.





THE CURRENT STATE OF INTERNAL AUDIT IN THE PUBLIC SECTOR IN ASIA & PACIFIC?

2016 ACIIA PUBLIC SECTOR SURVEY*

- ◆ Establishment of an Internal audit function was either prescribed by regulation or was recommended by independent bodies *(multilateral or international funding agencies)*
- ◆ Internal audit function is present at varying degrees
 - National level (Agency/Ministry/Department) - *Present when required*
 - Local or City Government - *Not consistently present even when required*
 - Government Financial Institutions - *Present and mostly required*
 - Other Government owned or controlled corporations - *Present when required*
- ◆ Almost all Internal audit report to the head of organization
 - Government Financial Institutions - *Some report to the Audit Committee*
 - Other Government owned or controlled corporations - *Some report to the Audit Committee*

* Respondents - 10 out of 16 ACIIA member-institutes representing about 74% of the total individual members of ACIIA member-institutess

2016 ACIIA PUBLIC SECTOR SURVEY*

◆ Internal audit practice standards used

National level (Agency/Ministry/Department) - *Locally dev. standards or in combination with ISPPIA, except in the Pacific (ISPPIA)*

Local or City Government - *Locally dev. standards except in Australia (ISPPIA)*

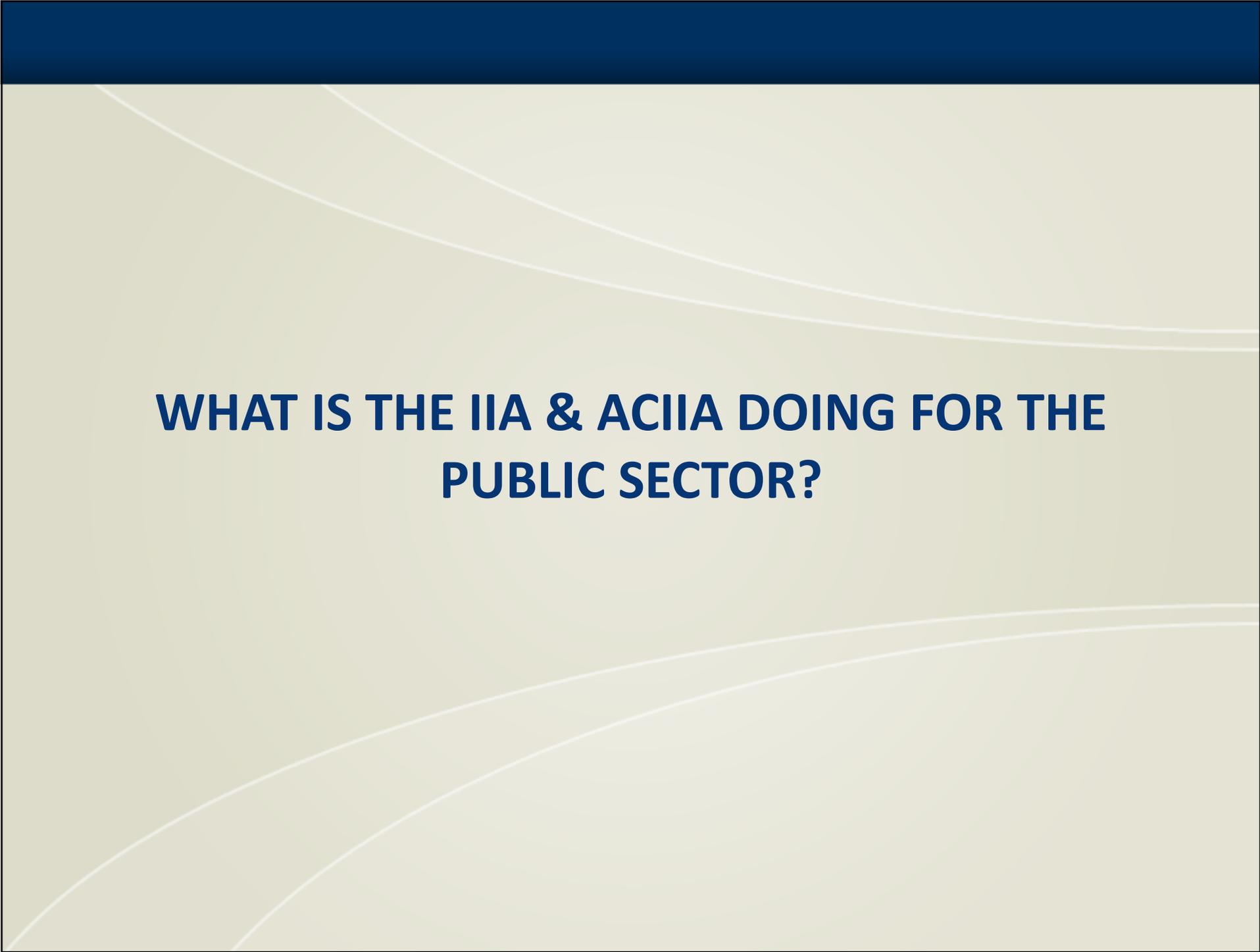
Government Financial Institutions - *Locally dev. standards or in combination with ISPPIA except in the Australia & Philippines (ISPPIA)*

Other Government owned or controlled corporations - *Locally dev. standards or in combination with ISPPIA except in the Australia (ISPPIA)*

◆ Top common concerns of IA in the Public Sector

- Lack of manpower and training
- Top officials does not understand the work/value of internal audit
- Insufficient budget

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**WHAT IS THE IIA & ACIIA DOING FOR THE
PUBLIC SECTOR?**

- The IIA provided guidance intended to point to the roles of audit (*without differentiating between external and internal*), methods by which those roles can be fulfilled, and the essential ingredients necessary to support an effective audit function.
- As such, it may not be fully applicable in every jurisdiction, particularly where public sector audit roles and responsibilities are specifically defined by governing institutes or legal mandates to exclude certain functions or assign them to other entities.

IIA's GLOBAL PUBLIC SECTOR INSIGHTS AND PRACTICE GUIDES

Title	Release Date
The IIA & INTOSAI: A Comparison of Authoritative Guidance Framework	Feb. 2016
Creating an Internal Audit Competency Process for the Public Sector	Feb. 2015
Policy Setting for Public Sector Auditing in the Absence of Government Legislation & Assessing Organizational Governance in the Public Sector	Oct. 2014
Independent Audit Committees in Public Sector Organizations	June 2014
Transparency of the Internal Audit Report in the Public Sector	Dec. 2012
Optimizing Public Sector Audit Activities	July 2012
IIA <i>Standards</i> /GAGAS, A Comparison, 2nd Edition	June 2012
Implementing a New Internal Audit Function in the Public Sector	April 2012
Value Proposition of Internal Audit and the Internal Audit Capability Model	March 2012
The Role of Auditing in Public Sector Governance, 2nd Edition	Jan. 2012
Public Sector Definition	Dec. 2011

PROFESSIONAL CERTIFICATION

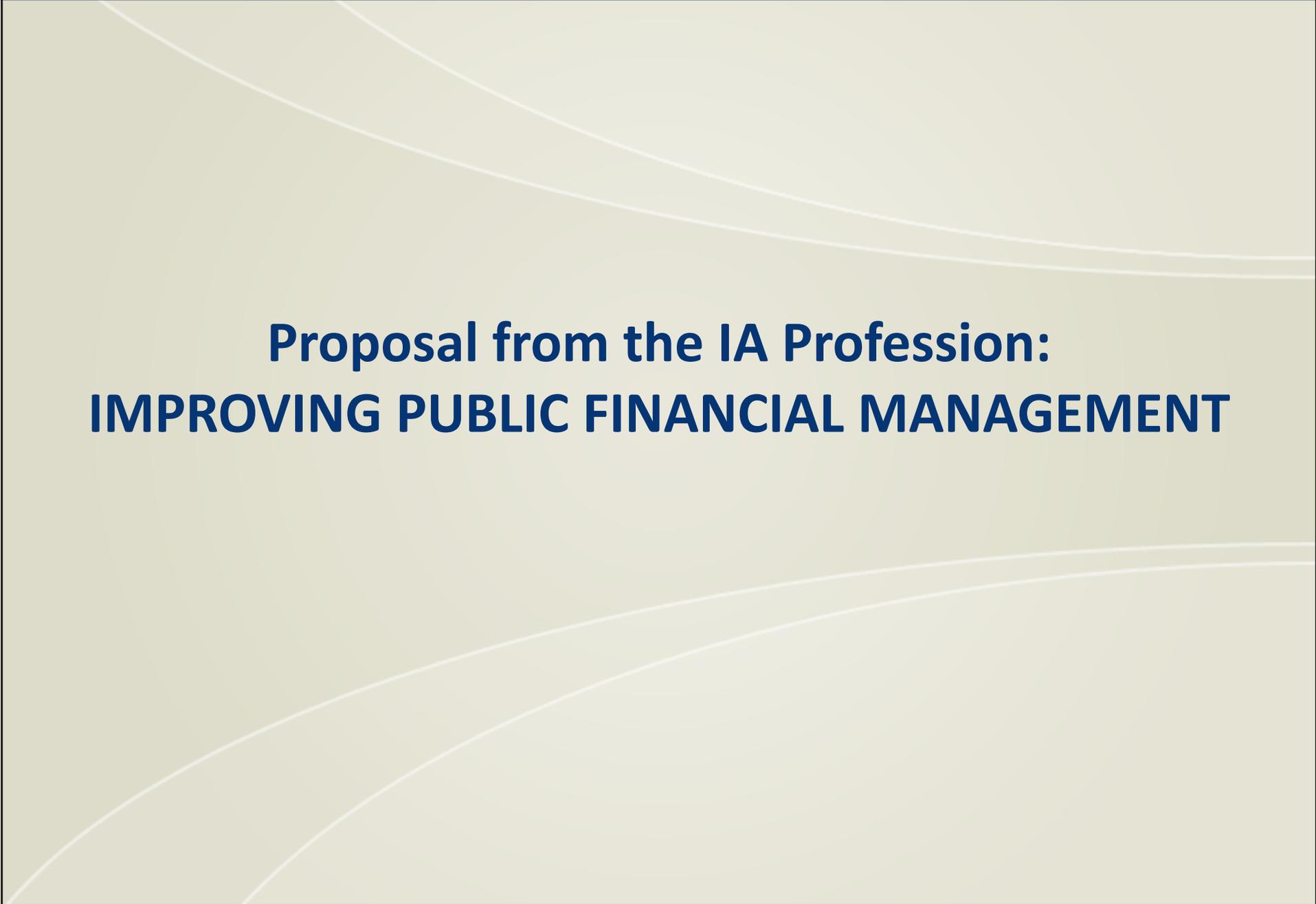
Certified Government Auditing Professional (CGAP)

Demonstrate Your Government Knowledge and Expertise

The Certified Government Auditing Professional® (CGAP®) certification program is designed especially for auditors working in the public sector at all levels — federal/national, state/provincial, local, quasi-governmental, or crown authority — and is an excellent professional credential that prepares you for the many challenges you face in this demanding environment.



**Proposal from the IA Profession:
IMPROVING PUBLIC FINANCIAL MANAGEMENT**



1. Every public sector organization should evaluate its governance structure to determine whether an audit committee is appropriate for its particular situation.
1. Promote and institutionalize risk management in the public sector.

Risk
Management

Input

Planning

Prioritization

Informs

Resource
Utilization

Factor

Key driver: Accountability and Effective Use of Public Money

FOR MORE INFORMATION



**The Institute of
Internal Auditors**

www.globaliia.org