



# 2016 ACIIA SURVEY: INTERNAL AUDIT PRACTICE IN THE PUBLIC SECTOR IN ASIA PACIFIC REGION

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## Background

This report is an attempt to present the current state of the Public Sector Internal Audit Practice in the Asia-Pacific region, specifically the countries/territories of the member-affiliates of the Asian Confederation of Institutes of Internal Auditors (ACIIA). The information contained in this report is intended to serve as a guide for the ACIIA in planning and undertaking appropriate advocacy initiatives to further the development and practice of public sector internal auditing in the region.

The data for this report was gathered by the ACIIA through survey. It was used also by ACIIA as basis in presenting the current state of public sector internal audit practice in the region during the recent *Financial Reform for Economic Development (FRED) in Asia, Public Sector Forum 2016*, held on May 17-18, 2016 in Kuala Lumpur, Malaysia. The FRED forum was sponsored by World Bank and the Confederation of Asian and Pacific Accountants (CAPA).

## Public Sector Segments in the Survey

The ACIIA conducted survey among its 16 member-Affiliates in order to get a good picture of the public sector internal audit practice in the Asia Pacific region particularly in four identified segments of the public sector, i.e.:

- National or federal level
- Local or state level
- Government financial institutions (GFI)
- Other government-owned or controlled corporations (GOCC)

While most of the member-Affiliates does obtain this information, it was also necessary to ask the respondents to the survey to provide the number of its members employed or detailed in the foregoing segments of the public sector.

## Respondents to the Survey

Of the 16 member-Affiliates of the ACIIA, categorized in five groups, 13 or 81% responded to the survey.

The composition of the respondents by ACIIA Member-Affiliate and Grouping is as follows:

	ACIIA Member-Affiliate	Grouping Code	Grouping	Did Not Respond to Survey
1	IIA Japan	EA	East Asia	
2	IIA Korea	EA	East Asia	
3	IIA China	CH	China, HK, Taiwan	
4	IIA Hong Kong	CH	China, HK, Taiwan	

5	IIA Chinese Taiwan	CH	China, HK, Taiwan	
6	IIA Indonesia	SEA	Southeast Asia	No response
7	IIA Malaysia	SEA	Southeast Asia	
8	IIA Philippines	SEA	Southeast Asia	
9	IIA Singapore	SEA	Southeast Asia	
10	IIA Thailand	SEA	Southeast Asia	No response
11	IIA India	SA	South Asia	
12	IIA Sri Lanka	SA	South Asia	
13	IIA Australia	PAC	Pacific	
14	IIA Fiji	PAC	Pacific	
15	IIA New Zealand	PAC	Pacific	
16	IIA Papua New Guinea	PAC	Pacific	No response

It is important to note that 4 member-Affiliates claimed that the survey was applicable to their country only at the national or federal segment of the public sector owing to its government structure. These countries/territories are Hong Kong, Singapore, Sri Lanka and Fiji.

### Survey Topics

The topics covered in the survey are listed below. A copy of the survey form is attached as *Exhibit A*.

1. Presence of Internal Audit function/service in the organization
2. Reason for creating the Internal Audit function in the organization
3. To whom the Internal Audit function reports
4. Internal Audit practice standards used
5. Three top concerns or challenges of Internal Audit

### Details of Survey Results

The results of the survey will be presented here by the topic listed in the previous section. See *Appendix B* for breakdown of results by topic and Country.

#### 1. Presence of Internal Audit function/service in the organization

All 13 responding member-Affiliates indicated presence of the internal audit function but at various degree in the four segments of the public sector.

- 13 or 100% of the respondents said internal audit is present in the national or federal level;
- 8 or 89% of the 9 respondents said internal audit is present on the local government or state level;
- 9 or 100% of the 9 respondents said internal audit is present in the government financial institution segment (GFI); and

- 9 or 100% of the 9 respondents said internal audit is present in the segment of other government-owned or controlled corporations (GOCC).

## 2. Reason for creating the Internal Audit function in the organization

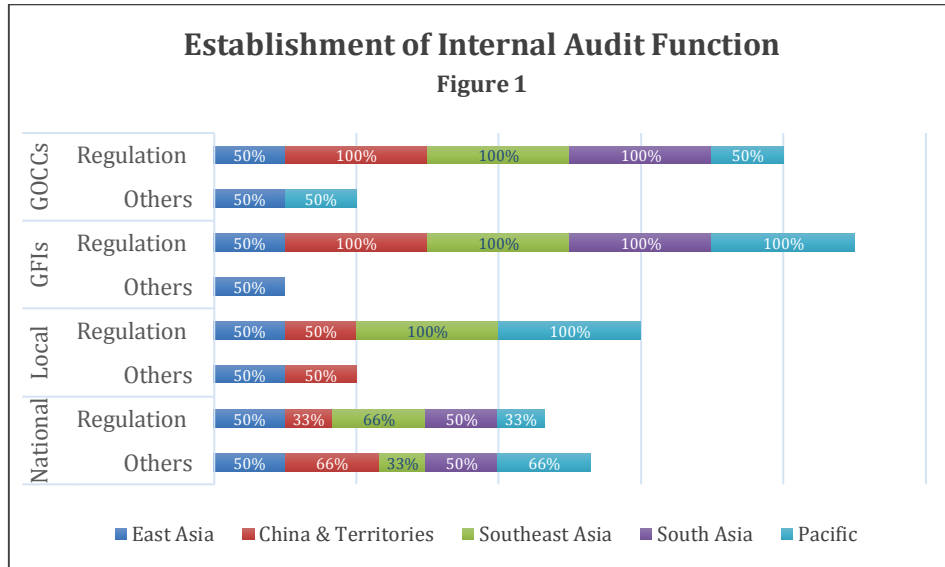
Of the respondents who indicated a presence of Internal Audit service in all the four segments of public sector, about 46-62% said the Internal Audit function was mandated by law or regulation.

- 7 or 54% of the 13 respondents said internal audit is mandated at the national or federal level mainly by regulation or Administrative Policy issued by government. These countries are Korea, Chinese Taiwan, Malaysia, Philippines, Singapore, Sri Lanka and Fiji.
- 6 or 46% of the 9 respondents said internal audit is mandated at the local government or state level. These countries are Korea, China, Malaysia, Philippines, Australia and New Zealand.
- 8 or 62% of the 9 respondents said internal audit is mandated in the government financial institution (GFI) segment. These countries are Korea, China, Chinese Taiwan, Malaysia, Philippines, India, Australia, and New Zealand.
- 7 or 54% of the 9 respondents said internal audit is mandated in the segment of other government-owned or controlled corporations (GOCC). These countries are Korea, China, Chinese Taiwan, Malaysia, Philippines, India, and New Zealand.

Another reason for establishing an Internal Audit service was on the recommendation by independent bodies or multilateral agencies.

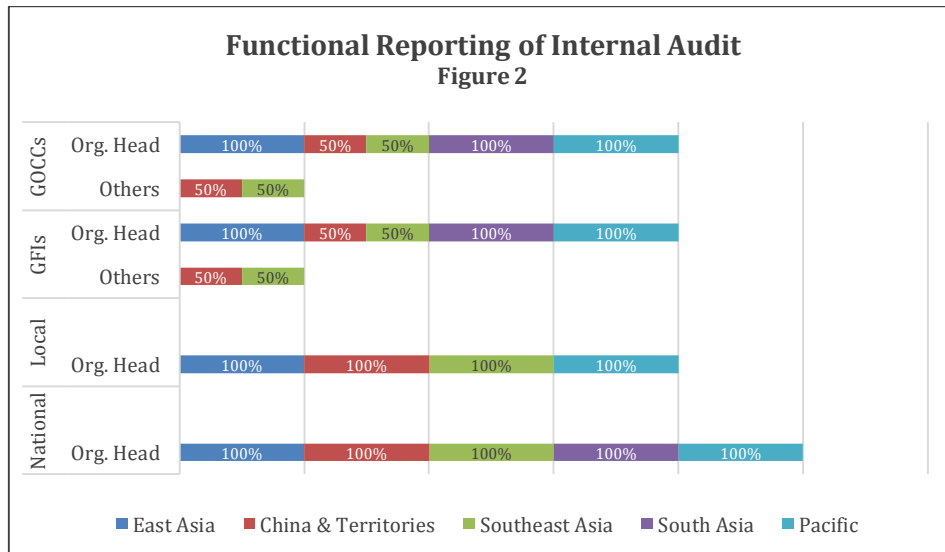
- 5 or 38% of the 13 respondents said internal audit service was created on the recommendation of independent bodies or multilateral agencies at the national or federal level. These countries are Japan, China, Hong Kong, Australia, and New Zealand.
- Only 2 or 22% of the 9 respondents said internal audit was created on the recommendation of independent bodies or multilateral agencies at the local government or state level. The countries are Japan and Chinese Taiwan.
- Only 1 or 11% of the 9 respondents said internal audit was created on the recommendation of independent bodies or multilateral agencies in the GFI segment. This country was Japan.
- 2 or 22% of the 9 respondents said internal audit was created on the recommendation of independent bodies or multilateral agencies in the GOCC segment. These countries are Japan and Australia.

In summary, the establishment of an internal audit function in the public sector is significantly driven by regulation under the segments of local government, GFIs and GOCCs in all groups of countries in the region as shown in Figure 1 below. However, at the National level segment, this observation is true only in the case of Southeast Asia.



3. To whom the Internal Audit function reports

For this item, majority of the responses indicated that the Internal Audit function reports to the Head of the organization (agency, ministry, or department) as shown in Figure 2 below.



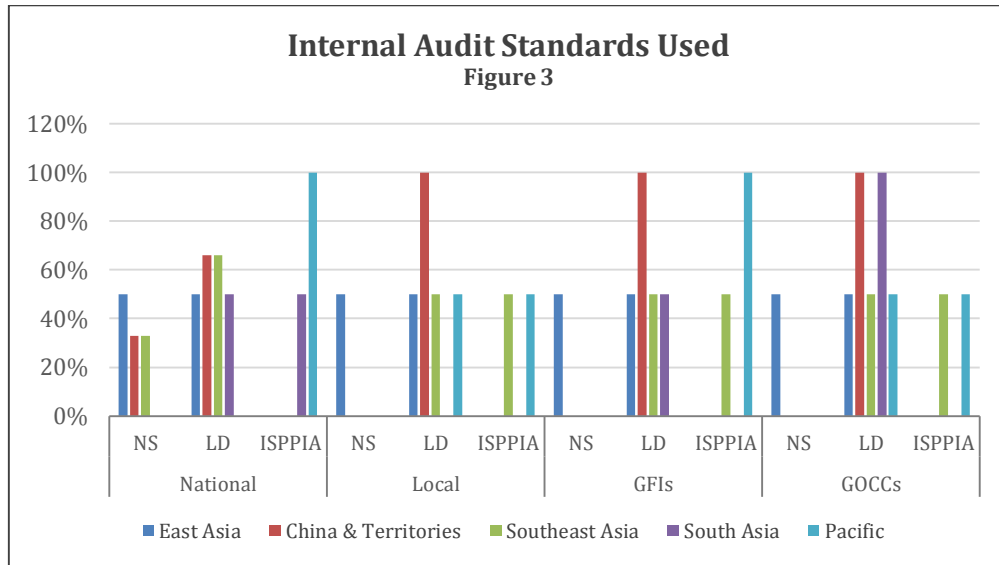
A small number of the responses indicated that the Internal Audit function reports to the Audit Committee. At the GFI level, only 2 (China and Philippines) or 22% of the respondents claimed internal audit reports to the Audit Committee while only 3 (China, Malaysia and Philippines) or 33% of the respondents said the same at the GOCC level.

#### 4. Internal Audit practice standards used

There are only 2 or approximately 15% of the respondents indicated that the International Standards for the Professional Practice of Internal Auditing (ISPPPIA) is used in all four segments of the public sector in their country. These countries are Malaysia and Australia.

- For the national or federal government level, 4 or 31% of the respondents said ISPPPIA was adopted. These countries are Malaysia, Australia, Fiji and New Zealand. Another 3 or 23% used locally-developed internal audit standards, while 3 or 23% used a combination of both. The remaining 3 or 23% of the respondents said the internal audit practice at this level in their country has made no reference to any standards.
- For the local government level, 2 or 22% of the respondents adopted ISPPPIA and these countries are Malaysia and Australia. 5 or 56% used locally-developed internal audit standards, 1 or 11% has made no reference to any standards and while another 1 or 11% made no comment.
- For the GFI level, 3 or 33% of the respondents said ISPPPIA was adopted. These countries are Malaysia, Australia, and New Zealand. Another 2 or 22% used locally-developed internal audit standards, while 3 or 33% used a combination of both. The remaining 1 or 11% of the respondents said the internal audit practice at this level in their country has made no reference to any standards.
- For the GOCC level, 2 or 22% of the respondents said ISPPPIA was adopted. These countries are Malaysia and Australia. Another 3 or 33% used locally-developed internal audit standards, while 3 or 33% used a combination of both. The remaining 1 or 11% of the respondents said the internal audit practice at this level in their country has made no reference to any standards.

Across the region, the adoption of the ISPPPIA as the reference standards for the practice of internal auditing in the public sector is not yet consistent. In fact, a significant number of countries across all segments used locally developed (LD) standards, which is a combination of ISPPPIA and others while for some countries there are no standards (NS) particularly at the National level segment. This be gleaned from the graph shown in Figure 3 on the next page.



5. Top concerns of challenges of the Internal Audit function in the public sector

Lack of Internal Auditors or manpower supply was cited as the top concern or challenge in the public sector, especially on the national and local government levels.

- 9 or 69% of the 13 respondents indicated the above for the national level, while 8 or 89% of the 9 respondents said the same for the local government level.
- Also 2 or 22% of the 9 respondents cited the same at the GFI level, and 5 or 56% at the GOCC level.

The second top concern was lack of training for Internal Auditors, especially on the national and local government levels.

- 6 or 46% said this was a concern and challenge at the national level.
- 5 or 39% indicated this as a concern at the local government level.
- A little percentage considered this a concern at the GFI and GOCC levels.

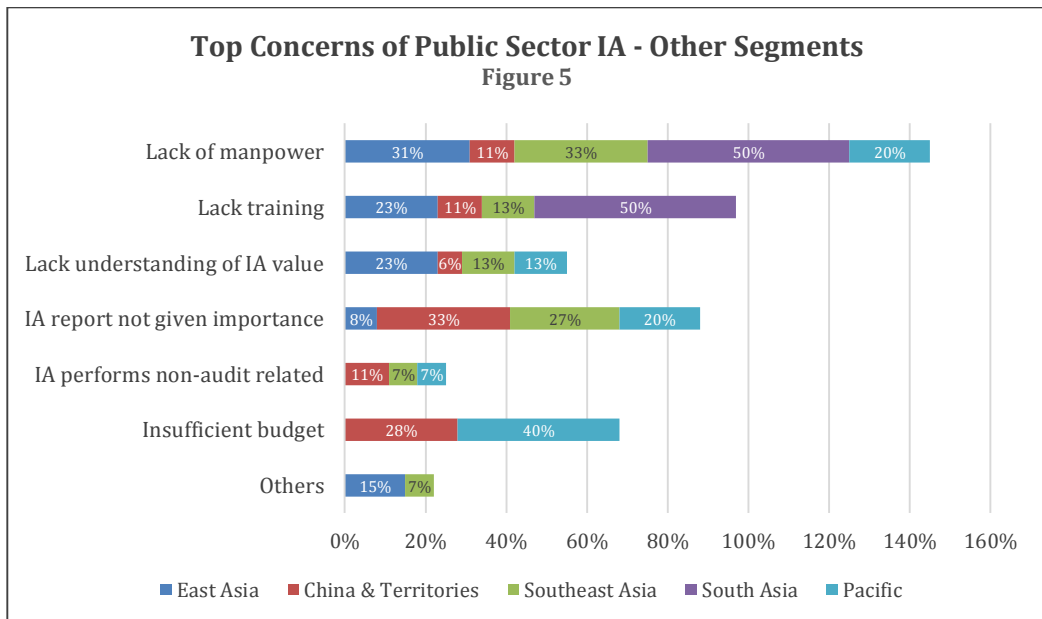
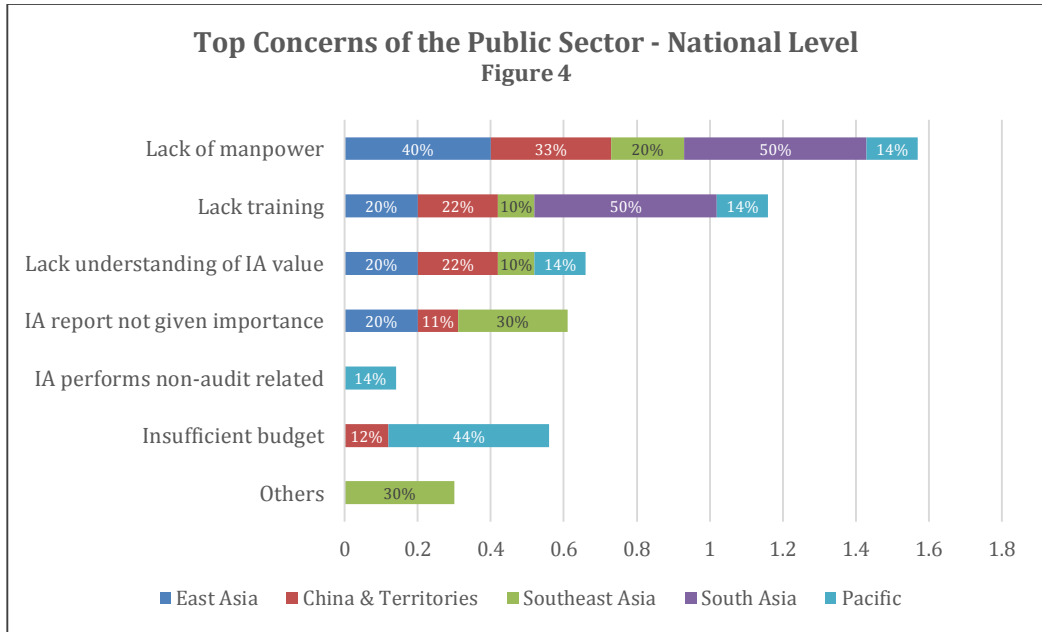
The third top concern was the lack of understanding on the part of the top officials of the value and work of the Internal Auditor.

- 5 or 39% considered this a concern at the national and local government levels; only 1-2 respondents considered this a concern at the GFI and GOCC levels.

The fourth top concern was low and insufficient budget. About 31-33% of the respondents considered this a concern on all four segments of public sector.



In summary, the top concerns of the public sector IA, be it at the National level and the rest of the segments in the public sector are primarily centered on lack of resources specifically manpower and training. This is evident across all groups of countries in the region as shown in Figures 4 and 5 below.



## Conclusion

The current state of Internal Audit function can be gleaned from the following top results of the survey. These results could provide the ACIIA and its member-institutes a guide in determining advocacy initiatives and plan for and undertake activities to further the development and practice of internal auditing in the Asian-Pacific public sector.

1. Presence of Internal Audit function service in the organization
  - An Internal Audit function is present in almost all of the member-countries surveyed specifically at the national level segment and in some segments where they exist in the country.
2. Reason for creating the Internal Audit function in the organization
  - The top reason for establishing an Internal Audit function in the public sector is mandate by law, usually on the national level.
3. To whom the Internal Audit function reports
  - The Internal Audit function generally reports to the head of the organization, or to the Audit Committee when there is one in the organization such as in GFIs and GOCCs.
4. Internal Audit practice standards used
  - Very few respondents use ISPIAA or other locally developed standards.
5. Three top concerns or challenges of Internal Audit
  - Lack of Internal Auditors or manpower support is a top concern especially on the national and local government levels.
  - Need for training on the part of Internal Auditors comes second.
  - Another big concern is that top officials have little or no understanding of the work and value of the Internal Auditor.
  - Low or insufficient budget is also cited as another challenge in the public sector.

## **INTERNAL AUDIT PRACTICE - PUBLIC SECTOR Asia Pacific Region**

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### **PURPOSE:**

The Asian Confederation of Institutes of Internal Auditors (ACIIA) has been endorsed by the IIA Global to represent the Internal Audit professional in the upcoming FINANCIAL REFORM FOR ECONOMIC DEVELOPMENT (FRED) 2 Forum in Asia – Public Sector Forum 2016 upon the invitation of the World Bank. This event will be held in Kuala Lumpur, Malaysia on May 17-18, 2016. The theme of this forum is *“Driving Future Outcomes from Past Experiences”*.

This 2016 forum explores how improved public financial management contributes to strengthening the public sector, improving government accountability and transparency, and thereby supporting poverty reduction and economic growth.

Experts from government, NGOs and the private sector will share their experiences in dealing with challenges as they relate to public financial management, and identify with participants' practical strategies and programs to enhance implementation of effective public sector financial systems across Asia.

An exclusive by-invitation-only event, join some 150-200 regulators, policy makers, business leaders, academics, and professionals from throughout Asia Pacific to contribute to ensuring that public financial management in the region provides adequate support to all members of the Asian community to both enhance and share the benefits from economic growth.

In this regard, the ACIIA would like to obtain firsthand information on the current state of the Public Sector Internal Audit Practice in the countries/territories of the ACIIA member-institutes as of latest available information.

### **INSTRUCTION:**

Kindly supply the requested information in the attached sheet. If there are questions that you are unable to answer or you are unsure of due to lack of information, just put a note or comment beside the box or leave it blank.

**PROFILE**

Name of Affiliate: \_\_\_\_\_

Country/Territory: \_\_\_\_\_

No. of members employed or detailed in the following segments of the Public Sector:

**A.** National or Federal Level (*i.e. Agency/Ministry/Department*): \_\_\_\_\_

**B.** Local or State Level (*i.e. City*): \_\_\_\_\_

**C.** Government Financial Institutions: \_\_\_\_\_

**D.** Other Government-Owned or Controlled Corporations: \_\_\_\_\_

**INFORMATION:**

*(Please ✓ appropriate box if present/applicable in each segment)*

**A   B   C   D**

1. An internal audit function/service is present in the organization.

2. The creation of Internal Audit function in the organization was –

i. Mandated by law or regulation

ii. Recommended by independent bodies or multilateral agencies

iii. Prescribed by Creditors or international fund agencies

iv. Others (Pls. specify) \_\_\_\_\_

*Note: For mandated by law or regulation, please provide information on the effective date, if possible.*

3. To whom does Internal Audit functionally reports to?

i. Head of the National/Federal Government

ii. Head of the Local/State/City Government

iii. Head of an Agency/Ministry/ or Department

iv. Others (Please specify) \_\_\_\_\_

4. The internal audit practice standards used/applied in the organization.

i. The International Standard for the Professional Practice of Internal Auditing (ISPPIA)

ii. Locally-developed internal auditing standards

iii. Combination of both (i) and (ii)

iv. No standards

**A**   **B**   **C**   **D**

5. What are the top 3 concerns or challenges of Internal Audit in each segment?

- Lack of Internal Auditors or manpower support
- Lack of appropriate training for Internal Auditors
- Top management or officials does not understand the work of internal audit
- Internal audit not given importance by other officials or heads
- Findings and recommendations of Internal Audit are sometimes ignored
- Internal auditors are asked to perform other non-audit related functions or tasks
- Low or insufficient budget
- Others: Please specify

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**ACIIA Member-Institutes & grouping:**

- |                            |                          |                                |
|----------------------------|--------------------------|--------------------------------|
| 1. IIA Japan (EA)          | 7. IIA Malaysia (SEA)    | 13. IIA Australia (PAC)        |
| 2. IIA Korea (EA)          | 8. IIA Philippines (SEA) | 14. IIA Fiji (PAC)             |
| 3. IIA China (CH)          | 9. IIA Singapore (SEA)   | 15. IIA New Zealand (PAC)      |
| 4. IIA Hong Kong (CH)      | 10. IIA Thailand (SEA)   | 16. IIA Papua New Guinea (PAC) |
| 5. IIA Chinese Taiwan (CH) | 11. IIA India (SA)       |                                |
| 6. IIA Indonesia (SEA)     | 12. IIA Sri Lanka (SA)   |                                |

Legend for the succeeding tables' headings:

- EA – East Asia  
 CH – China, HK and Taiwan  
 SEA – Southeast Asia  
 SA – South Asia  
 PAC - Pacific

OVERALL SUMMARY	National	Local Gov't.	GFI	GOCC	Total
<b>No. of Participating ACIIA member-institutes</b>	13	9	9	9	16
<b>Not Applicable to select countries/territories</b>		4 (a)	4(b)	4 (b)	
<b>Total No. of ACIIA member-institutes</b>					16
<b>Survey Results</b>					
1. An internal audit function is present	13	8	9	9	
2. Establishment of Internal audit was:					
i. Mandated by law or regulation	6	6	8	7	
ii. Recommended by independent bodies or multilateral agencies	5	2	1	2	
iii. Prescribed by Creditors or international fund agencies					
iv. Others: - Administrative policy/instruction	1 (c)				
- Controller General of Accounts	1 (d)				
3. Internal Audit functionally reports to					
i. Head of the organization (Agency/Ministry/Department/Org.)	13	8	7	7	
ii. Others: Audit Committee			2	2	
4. Internal Audit practice standards used					
i. ISPPIA	3	2	3	2	
ii. Locally-developed IA standards	3	5	2	3	
iii. Combination of both	3		3	3	
iv. No reference to any standards	4	1	1	1	
5. Top concerns or challenges of IA					
• Lack IAs or manpower support	9	8	2	5	
• Lack of training for IAs	6	5	1	2	
• Top officials does not understand the work/value of IA	5	5	1	2	
• IA not given importance by top officials & other heads	2	1	3	3	
• Findings & recommendations of IA are sometimes ignored	3	3	2	2	
• IA are asked to perform other non-audit related functions or tasks	1	1	1	2	
• Low or insufficient budget	4	3	4	4	
• Others:					
- Retention & recruitment of good Internal Auditors	1 (e)				
- Need more support from the Audit Committee & the Board	1 (f)	1 (f)			
- Differing expectations from diff. heads of agencies	1 (e)				
- Rotation of position			1 (g)	1 (g)	

- (a) Internal Audit is not present or applicable to the circumstances of Hong Kong, Singapore, Sri Lanka and Fiji.  
 (b) Pertains to Hong Kong, Singapore, Sri Lanka and Fiji.  
 (c) Singapore, other agencies/ministries/dept. are required to have an IA function under the Administration Instruction or policy issued by the Ministry of Finance.  
 (d) India  
 (e) Singapore  
 (f) Malaysia  
 (g) Korea

<b>NATIONAL GOVERNMENT</b>	<b>EA</b>	<b>CH*</b>	<b>SEA</b>	<b>SA</b>	<b>PAC</b>	<b>Total</b>	<b>%</b>
<b>No. of Participating ACIIA member-institutes</b>	2	3	3	2	3	<b>13</b>	<b>81%</b>
<b>Total No. of ACIIA member-institutes</b>	2	3	5	2	4	<b>16</b>	<b>100%</b>
<b>Survey Results</b>							
1. An internal audit function is present	2	3	3	2	3	<b>13</b>	<b>100%</b>
2. Establishment of Internal audit was:							
i. Mandated by law or regulation	1	1	2	1	1	<b>6</b>	<b>46%</b>
ii. Recommended by independent bodies or multilateral agencies	1	2			2	<b>5</b>	<b>38%</b>
iii. Prescribed by Creditors or international fund agencies						<b>1</b>	<b>8%</b>
iv. Others: - Administrative policy/instruction - By Controller General of Accounts			1 <sup>1</sup>	1 <sup>2</sup>		<b>1</b>	<b>8%</b>
3. Internal Audit functionally reports to							
i. Head of the organization (Agency/Ministry/Department/Org.)	2	3	3	2	3	<b>13</b>	<b>100%</b>
ii. Others:							
4. Internal Audit practice standards used							
i. ISPPIA					3	<b>3</b>	<b>23%</b>
ii. Locally-developed IA standards	1	1	1			<b>3</b>	<b>23%</b>
iii. Combination of both		1	1	1		<b>3</b>	<b>23%</b>
iv. No reference to any standards	1	1	1	1		<b>4</b>	<b>31%</b>
5. Top concerns or challenges of IA							
• Lack IAs or manpower support	2	3	2	1	1	<b>9</b>	
• Lack of training for IAs	1	2	1	1	1	<b>6</b>	
• Top officials does not understand the work/value of IA	1	2	1		1	<b>5</b>	
• IA not given importance by top officials & other heads	1		1			<b>2</b>	
• Findings & recommendations of IA are sometimes ignored		1	2			<b>3</b>	
• IA are asked to perform other non-audit related functions or tasks					1	<b>1</b>	
• Low or insufficient budget		1			3	<b>4</b>	
• Others: - Retention & recruitment of good Internal Auditors			1			<b>1</b>	
- Need more support from the Audit Committee and the Board			1			<b>1</b>	
- Differing expectations from different heads of agencies			1 <sup>3</sup>			<b>1</b>	

<sup>1</sup> In Singapore, other agencies/ministries/dept. are required to have an IA function under the Administration Instruction or policy issued by the Ministry of Finance.

<sup>2</sup> India

<sup>3</sup> In Singapore, heads of agencies/ministries/depts. to whom the heads of IA report to have differing expectations even though there is usually an established Audit Charter.

<b>LOCAL GOVERNMENT</b>	<b>EA</b>	<b>CH*</b>	<b>SEA</b>	<b>SA</b>	<b>PAC</b>	<b>Total</b>	<b>%</b>
<b>No. of Participating ACIIA member-institutes</b>	2	2	2	1	2	<b>9</b>	56%
<b>No. of countries/territories Local Govt. is <i>Not Present</i></b>		1	1	1	1	<b>4</b>	25%
<b>Total No. of ACIIA member-institutes</b>	2	3	5	2	4	<b>16</b>	100%
<b>Survey Results</b>							
1. An internal audit function is present	2	2	2	-4	2	<b>8</b>	89%
2. Establishment of Internal audit was:							
i. Mandated by law or regulation	1	1	2		2	<b>6</b>	75%
ii. Recommended by independent bodies or multilateral agencies	1	1				<b>2</b>	25%
iii. Prescribed by Creditors or international fund agencies							
iv. Others: - Administrative policy/instruction - Controller, General of Accounts							
3. Internal Audit functionally reports to							
i. Head of the organization (Agency/Ministry/Department/Org.)	2	2	2		2	<b>8</b>	100%
ii. Others:							
4. Internal Audit practice standards used							
i. ISPPA			1		1	<b>2</b>	25%
ii. Locally-developed IA standards	1	2	1		1	<b>5</b>	62%
iii. Combination of both							
iv. No reference to any standards	1					<b>1</b>	13%
5. Top concerns or challenges of IA							
• Lack IAs or manpower support	2	2	2		2	<b>8</b>	
• Lack of training for IAs	1	2	2			<b>5</b>	
• Top officials does not understand the work/value of IA	1	1	1		2	<b>5</b>	
• IA not given importance by top officials & other heads	1					<b>1</b>	
• Findings & recommendations of IA are sometimes ignored			2		1	<b>3</b>	
• IA are asked to perform other non-audit related functions or tasks					1	<b>1</b>	
• Low or insufficient budget		1			2	<b>3</b>	
• Others: - Need more support from the Audit Committee and the Board			1			<b>1</b>	

<b>GOVERNMENT FINANCIAL INSTITUTIONS (GFIs)</b>	<b>EA</b>	<b>CH*</b>	<b>SEA</b>	<b>SA</b>	<b>PAC</b>	<b>Total</b>	<b>%</b>
<b>No. of Participating ACIIA member-institutes</b>	2	2	2	1	2	<b>9</b>	56%
<b>No. of countries/territories GFI is <i>Not Present</i></b>		1	1	1	1	<b>4</b>	25%
<b>Total No. of ACIIA member-institutes</b>	2	3	5	2	4	<b>16</b>	100%
<b>Survey Results</b>							
1. An internal audit function is present	2	2	2	1	2	<b>9</b>	100%
2. Establishment of Internal audit was:							
i. Mandated by law or regulation	1	2	2	1	2	<b>8</b>	89%
ii. Recommended by independent bodies or multilateral agencies	1					<b>1</b>	11%
iii. Prescribed by Creditors or international fund agencies							
iv. Others: - Administrative policy/instruction - Controller, General of Accounts							
3. Internal Audit functionally reports to							
i. Head of the organization (Agency/Ministry/Department/Org.)	2	1	1	1	2	<b>7</b>	78%
ii. Others: Audit Committee		1 <sup>5</sup>	1			<b>2</b>	22%

<sup>4</sup> Internal Audit is not present at the local government levels in India and Sri Lanka.

<sup>5</sup> In China, under its "National Audit Office's Regulation on Internal Audit" made effective May 1, 2003, State-owned Financial Institutions are mandated to have internal audit function. Internal Audit is required to report to their respective Audit Committee.



4. Internal Audit practice standards used							
i. ISPPIA			1		2	3	33%
ii. Locally-developed IA standards		1		1		2	23%
iii. Combination of both	1	1	1			3	33%
iv. No reference to any standards	1					1	11%
5. Top concerns or challenges of IA							
• Lack IAs or manpower support	1		1			2	
• Lack of training for IAs	1					1	
• Top officials does not understand the work/value of IA	1					1	
• IA not given importance by top officials & other heads		2			1	3	
• Findings & recommendations of IA are sometimes ignored		1	1			2	
• IA are asked to perform other non-audit related functions or tasks		1				1	
• Low or insufficient budget		2			2	4	
• Others: - Rotation of position	1 <sup>6</sup>					1	

GOVERNMENT OWNED AND CONTROLLED CORPORATIONS (GOCCs)	EA	CH*	SEA	SA	PAC	Total	%
<b>No. of Participating ACIIA member-institutes</b>	2	2	2	1	2	9	56%
<b>No. of countries/territories GOCC is <i>Not Present</i></b>		1	1	1	1	4	25%
<b>Total No. of ACIIA member-institutes</b>	2	3	5	2	4	16	100%
<b>Survey Results</b>							
1. An internal audit function is present	2	2	2	1	2	9	100%
2. Establishment of Internal audit was:							
i. Mandated by law or regulation	1	2	2	1	1	7	78%
ii. Recommended by independent bodies or multilateral agencies	1				1	2	22%
iii. Prescribed by Creditors or international fund agencies							
iv. Others: - Administrative policy/instruction - Controller, General of Accounts							
3. Internal Audit functionally reports to							
i. Head of the organization (Agency/Ministry/Department/Org.)	2	1	1	1	2	7	78%
ii. Others: Audit Committee		1 <sup>7</sup>	1 <sup>8</sup>			2	22%
4. Internal Audit practice standards used							
i. ISPPIA			1		1	2	23%
ii. Locally-developed IA standards		1		1	1	3	33%
iii. Combination of both	1	1	1			3	33%
iv. No reference to any standards	1					1	11%
5. Top concerns or challenges of IA							
• Lack IAs or manpower support	1		2	1	1	5	
• Lack of training for IAs	1			1		2	
• Top officials does not understand the work/value of IA	1		1			2	
• IA not given importance by top officials & other heads		2			1	3	
• Findings & recommendations of IA are sometimes ignored		1	1			2	
• IA are asked to perform other non-audit related functions or tasks		1	1			2	
• Low or insufficient budget		2			2	4	
• Others: - Rotation of position	1					1	

<sup>6</sup> Korea

<sup>7</sup>Also, State-owned or controlled enterprises of large or middle scale in China are mandated to have internal audit function following the "National Audit Office's Regulation on Internal Audit" while it is recommended only for small companies. Internal Audit is required to report to their respective Audit Committee.

<sup>8</sup> In Malaysia and Philippines, some government-owned or controlled corporations report to their respective Audit Committee.

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### **ACIIA Executive Committee 2015/16:**

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