

Chapter 1 Modern Internal Audit Concepts

- ▶ Internal Audit has reformed its operational characteristics over the past decade to keep up with the changing environment.

Definition of Internal Audit

- ▶ Internal audit is an independent and impartial trust and consulting activity to add value and improve an organization's performance. Internal audit helps the organization achieve its objectives by evaluating and improving the effectiveness of the risk management process. Control and supervision in a systematic and methodical manner.

The five main basic concepts are:

- ▶ 1. Helping the organization achieve its objectives
- ▶ 2. Evaluation and improvement of the effectiveness of risk management, control and governance processes
- ▶ 3. Confidence and consulting activities to add value and improve the organization's operations.
- ▶ 4. Independence and impartiality
- ▶ 5. Systematic and methodological performance of tasks

The division of objectives according to the guidelines used by COSO is as follows:

- ▶ 1. Strategic Objectives
- ▶ 2. Operational Objectives

Mission Planning

- ▶ 1 Understanding the Examiner
- ▶ 2. Determination of the Purpose of Internal Audit
- ▶ 3. Determination of Required Evidence
- ▶ 4. Determination of the characteristics, duration and scope of the test method

The Evolution of Internal Audit

- ▶ 1941 – 1970 after World War II
- ▶ 1972
- ▶ 1975 Inspection Standard IIA
- ▶ 1977 FCPA Act
- ▶ 1985 Establishment of the Commission
- ▶ 1992 Internal Control Framework

- ▶ 2002
 - ▶ - New IIA standard
 - ▶ - Sarbanes Oxley Act
 - ▶ - Governance Principles
 - ▶ - Risk Management Framework
- ▶ 2005
- ▶ 2009
- ▶ International Internal Audit Standards

Evolution of Internal Audit in Thailand

- ▶ In 1929, Thailand began to have an audit.
- ▶ 1948 The Association of Certified Public Accountants and Certified Public Accountants of Thailand was established.
- ▶ 1962 Announcement of the Regulation on Payment from the Treasury B.E. 2505 (1962)
- ▶ 1974 Establishment of the Stock Exchange of Thailand
- ▶ 1976 Cabinet Resolution of August 1976
- ▶ 1978 Preparation of the Internal Audit Manual

- ▶ 1988 Expanded the scope of internal audit work.
- ▶ 1989 Established the Internal Auditors Association of Thailand.
- ▶ B.E. 1992 stipulates the qualifications of companies to submit applications for registration.
- ▶ 1996 Preparation of the Internal Control System Manual
- ▶ B.E. 1998 Issued a regulation requiring listed companies to establish an Internal Audit Committee.
- ▶ 1999 Promulgated the Regulation of the Ministry of Finance.

- ▶ B.E. 2544 (2001) Regulation on the Establishment of Internal Control Standards in the Public Sector
- ▶ B.E. 2545 (2002) Promulgated the Standards of Professional Practice for Internal Audit
- ▶ B.E. 2545 (2002) Promulgated the Regulation of the Ministry of Finance.
- ▶ B.E. 2551 Promulgated the Regulation of the Ministry of Finance B.E. 2551 (2008)

Complete internal audit

- ▶ 1. Audit
- ▶ 2. Extended internal audit

- ▶ Economy
- ▶ Efficiency
- ▶ Effectiveness

Success Factors of Internal Audit

- ▶ 1. Support
- ▶ 2. Comprehension
- ▶ 3. Knowledge and skills
- ▶ 4. Availability

Characteristics of modern internal audits

- ▶ It is an information service.
- ▶ Be a promoter and supporter.
- ▶ Focus on risk management
- ▶ Focus on policies
- ▶ Process Audit
- ▶ Inspection according to the operation report
- ▶ Operating in accordance with international standards.
- ▶ Experience in auditing is preferred.

The Importance of Modern Internal Audits

- ▶ 1 Promote good corporate governance processes.
- ▶ 2. Promote accountability
- ▶ 3. Promote efficiency
- ▶ 4. Provide early alarm

Basic Knowledge Area

- ▶ 1. Role in Governance
- ▶ 2. Internal Audit Operations
- ▶ 3. Business Analytics
- ▶ 4. Business Management Skills

Future Internal Audit Trends