

Internal auditing: how South Africa compares

K Barac	Department of Auditing University of Pretoria
GP Coetzee	Department of Auditing University of Pretoria
LJ Erasmus	Department of Public Sector Finance Tshwane University of Technology
H Fourie	School of Accounting Nelson Mandela Metropolitan University
KN Motubatse	Department of Auditing Tshwane University of Technology
K Plant	Department of Auditing University of Pretoria
B Steyn	Accountancy Studies Monash South Africa
JM van Staden	Department of Auditing University of South Africa

BACKGROUND

Despite South Africa being considered a developing country, internal auditing has developed a robust presence both in the private and public sectors. The CBOK research (conducted by the IIA's IIARF) shows that local internal audit functions compare well with other more developed regions around the world. A factor that has contributed to the strength of South African internal auditing is the support contained in legislation and private sector codes of corporate governance: the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA) continue to underpin public sector advances, while the King II and King III reports, with their codes of corporate governance, apply to all sectors in South Africa. All of this has placed South Africa's internal audit functions collectively in a leadership role in Africa.

The Institute of Internal Auditors (IIA) has engaged in various studies through its research foundation, thereby attempting to identify and codify a common body of knowledge (CBOK) for internal auditors. The CBOK studies elicit the views of various stakeholders, including internal auditors, from around the world. The results of these global CBOK studies are published by the IIA, and present the status of internal auditing from a global perspective. It is important, however, especially for developing countries such as South Africa, to understand how their internal audit functions fit within the global framework. The aim of the articles is to determine the position of internal auditing in South Africa relative to its African and global counterparts.

The 2006 and 2010 CBOK studies conducted by the IIARF used a web-based survey instrument that was circulated to the entire IIA membership globally, and to key non-members, to gather data for analysis. In this edition all the articles use (with IIA SA's permission) the IIARF's CBOK research database as a secondary data source, in a comparative study intended to determine the position of internal auditing in South Africa relative to

the internal audit functions elsewhere in the world, with regard to competencies of internal auditors.

The first article in this edition presents an African view of the application of the International Standards for the Practice of Internal Auditing (*Standards*), and of the core competencies required by internal auditors. These core competencies include specific knowledge areas, technical skills, and behavioural skills relevant to internal auditing. This article also introduces the remaining articles in this edition.

The other articles report on the knowledge requirements applicable to internal auditing, the levels of professionalism required of internal auditors and the degree of compliance with the *Standards* currently being achieved. In addition, the competencies required of Chief Audit Executives (CAEs), internal audit staff and internal audit management in order to perform at an acceptable level, are also discussed.

The articles can help internal auditors in South Africa improve their competencies by addressing the identified shortcomings, or to update their knowledge levels to better align them with international best practices. Furthermore, these articles can assist academics in their development of relevant curricula to stay abreast of international best practices, while also considering the specific demands of the South African business and legislative environments. Lastly, the articles can assist the Institute of Internal Auditors in South Africa (IIA(SA)) to provide appropriate assistance to their members through the various continuous professional development programs they offer.

