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The Global Internal Audit Competency Framework: The Perception of Internal Audit Staff in Thai Local Administration

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Abstract: The competency of internal audit staff in detecting existent risks, which must be forever improved, has been a much crucial factor and left to the internal audit effectiveness so that the primary objective of this study is to investigate why do internal audit staff's competency fail to prevent, detect and deter both legal and illegal risks specifically fraud and corruption in Thai Southern local administration. Questionnaires (539 internal audit staff) and semi-structured interviews (23 volunteer internal audit staff) were used for collecting the data. Statistical techniques were used for analyzing the questionnaires while interview transcripts were analyzed through using content analysis with a phenomenological research approach. The results discovered that internal audit staff in Thai Southern local administration has absolutely complied with the code of ethics while their competency has been inefficient because of a lack of their contemporary knowledge. Furthermore, those internal audit staff has now failed for learning on the IIA global internal audit competency framework especially the aspects of applying of the IPPF; communication; governance, risk, and control; business acumen; internal audit management; and internal auditing delivery were a low level, this situation has certainly left to their failure of compliance and appropriate application in preventing and detecting illegal risks. Moreover, internal audit staff has explicitly lacked many core skills of internal audit competencies in terms of the skills of communication, interview, negotiation, and recommending. These crucial causes are that the internal audit staff, at there, has continually lacked training for improving their modern knowledge due to the lack of support from administrators. All problems here concerning with the core competency of internal audit staff must be addressed to continually improve their competency that can effectively work for preventing and detecting illegal risks and also be leading to more effective internal control.

Keywords: Internal Audit Competency Framework; Internal Audit Staff Competency; Thai Southern Local Administration.

1. INTRODUCTION

1.1. Background

Organizations around the world both public and private always need to eradicate or reduce existing risks so that the crucial mechanism of prevention and determent those risks is the internal control system including internal audit mechanism (Ernst & Young, 2012). This research only focuses on the internal auditing system which must be performed by internal audit staff who must have the proper internal audit competency for auditing, preventing, and detecting intentional (error) and unintentional (fraud) risks before those risks will be propagated within their organizations specifically fraud and corruption (Chambers & McDonald, 2013; Ernst & Young, 2012). As Thailand has been always ranked as a result of corruption since 1998 to 2016 by an index issued by Transparency International the Global Coalition against Corruption <TIGCAC> (2017) as ranked in 30th from 85 in all countries in 1998 and 101st from 170 in all countries in 2016, the meaning is Thailand has explicitly had increased corruption and inequality from voting of populism, this crisis has resulted from the ineffectiveness of Thai good governance particularly the ineffective internal control system including the internal auditing mechanism (Kongrungchok & Stanton, 2015; OCSC-NIDA, 2010; Kongrungchok, 2009; Puang-Ngam, 2008). Hence, the efficiency and effectiveness of internal auditing have always depended on the competency of internal audit staff particularly competency in auditing the complex fraud and corruption risks (Chambers & McDonald, 2013; Vandervelde *et al.*, 2012). As there have been the crucial evidences specified that local administrative internal audit staff in South of Thailand has been inefficient and ineffective to prevent and deter illegal risks due to the lack of their appropriate competencies in detecting those risks as well as the absence of support from their administrators (Kongrungchok & Stanton, 2015; Puang-Ngam, 2008). Recording to whole risks must be absolutely eradicated or reduced when internal audit staff has appropriately sufficient and modern competencies (knowledge, skills, and experiences) to audit those illegal risks especially fraud and corruption (Ernst & Young, 2012; Mihaela & Lulian, 2012). Therefore, either internal audit staff, internal audit management, or the chief audit executive have always needed to update the change of international standards and practical guidance of the internal control system including internal auditing system as again revised in May 2013 by the Institute of Internal auditors (IIA) (Burns & Simer, 2013; Rittenberg, 2013), this alteration increasingly referred to badly human behaviors for wrongdoing and eventually leading to existing risks both legal and illegal that have concerned with the theory of “*Fraud Triangle*” (Cressey, 2011; Albrecht, Albrecht & Albrecht, 2006). As this internal auditing mechanism must be applied to the several environments of each organization and country so that those diverse differences in terms of purpose, size, complexity, structure and person may also impact the internal auditing processes in each environment, thus that is why The IIA has needed to develop and issue the international professional practices framework (IPPF) and global internal audit competency framework (GIACF) in 2013 and international professional practices framework (IPPF) in 2015 revised as the tools and guidance of internal audit staff, internal audit management, and the chief audit executive for complying with, similarly and correctly, the entire IIA international standards in auditing, detecting, and deterring those risks especially fraud and corruption (The IIAs, 2017; Sheridan, 2016; CIIA, 2015; Plant *et al.*, 2013). Although Thai government has always promoted by having the department and system of internal control including internal auditing mechanism to prevent and deter existent risks in all parts of government especially Thai local administrations, both errors and illegal risks have still appeared and vastly distributed (OCSC-NIDA, 2010), this incident has always caused from an impropriety of internal

audit staff's competency that has mostly led to the ineffectiveness of internal auditing in preventing, detecting and deterring common risks especially fraud and corruption (Chambers & McDonald, 2013; Mihaela & Lulian, 2012; Seol, Sakis, & Lefley, 2011; Gramling, O'Donnell & Vendervelde, 2010). This research ascertains why do internal audit staff's competency fail to prevent, detect and deter both legal and illegal risks specifically fraud and corruption in Thai local administration as well as this study only collected the data in South of Thailand. As a result of this study will be also used for improving the competency of Thai internal audit staff to be more effective to prevent and deter both legal and illegal risks specifically fraud and corruption while related parties of Thai government must seriously support and concentrate with those mechanisms in order to certainly eradicate and reduce both legal and illegal risks especially fraud and corruption as well.

1.2. Roadmap Research

This research has been concerning with Committee of Sponsoring Organizations of the Treadway Commission (COSO) frameworks as series revised during 1992, 2004 and 2013, these revises have certainly impacted the practical guidance of internal audit staff in terms of the change of their competency (knowledge, skills and experiences). As COSO frameworks in 1992 and 2004 were used for testing the efficiency and effectiveness of internal control system including internal auditing mechanism on several dimensions either in terms of independence, competency, implementation, code of ethics or so on which have been disclosed via the results of many previous studies of Kongrunchok and Stanton (2015).; Burns and Simer (2013); Takahiro and Jia (2012); Unegbu and Kida (2011); Bailey (2010); Simmons, (2010); Ricard (2009); and so on. Therefore, this study has continually been performing to exam COSO frameworks revised in May 2013 in terms of the IIA global internal audit competency framework through the perception of local administration internal audit staff in South of Thailand. Recording to the procedure of this study consisted of two stages about an anonymous survey and interviews with local administration internal audit staff in South of Thailand. The both stages used the similar questions relating to the ten important core competency frameworks of internal audit staff including the seven crucial core skills of internal audit competencies that must conform to the international Professional Practice Framework (see 2.3 and 2.4). Those factors were used for examination are to measure the efficiency and effectiveness of the competency of internal audit staff in detecting and deterring common risks especially fraud and corruption in Thai Southern local administration

1.3. Problem and Objectives of This Research

In order to investigate why internal audit staff's competency fail to prevent, detect and deter both legal and illegal risks specifically fraud and corruption in Thai local administration by only gathering the data in South of Thailand, therefore the objectives of this study are: (1) to investigate how do internal audit staff in Thai Southern local administration perceive and comply with The IIA global internal audit competency framework including crucial core skills; and (2) to ascertain the core competencies of internal audit staff for auditing, at there, are efficient yet.

1.4. Outcomes and Contributions

As a result of this study will be also used for (1) improving the competency of Thai internal audit staff to be more effective to prevent and deter both legal and illegal risks specifically fraud and corruption; (2) bringing the results to inform Thai government and related parties to concentrate with their support and

promotion those mechanisms seriously in eradicating and reducing both legal and illegal risks especially fraud and corruption; and (3) publishing on both national and international journals as propagating the beneficial results to others.

2. LITERATURE REVIEW

This research concerns with the eradication and reduction of intentional and unintentional risks through using the internal control system especially the use of internal audit mechanism in detecting and deterring the common risks while the readiness and competency of internal audit staff must be appropriately prepared to follow the planned internal auditing (Chambers & McDonald, 2013; Ernst & Young, 2012). Reviewing the literatures of this study comprise the common risks, the amendment of COSO framework, the international professional practices framework 2015, the IIA global internal audit staff competency framework, the core skills of internal audit competencies, and the linkage of risks and effectiveness of internal auditing mechanism as details shown in below.

2.1. The Common Risks

The common risks are both legal and illegal risks including intentional and unintentional risks (Burns & Simer, 2013; Albrecht *et al.*, 2006). Generally, the legal risk mostly relates to unintentionally human errors, on the contrary the illegal risk would concern with human wrongdoing by using various methods known as “*fraud and corruption*” (Cressey, 2011; Albrecht *et al.*, 2006). The illegal risk has been self-evidently betided from the absence of ethics and morality embedded within human behaviors for private and factional gains while the individuals’ normative behaviors can also lead to the moral disengagement as a crucial mechanism of changing human behavior from ethical to unethical without apparent distress by the way the needs of their survival are an individual reason used for explaining their wrongdoing although those behaviors are immoral ((Cressey, 2011; Rahahleh, 2011). Similarly, cultural and organizational behaviors can also influence and overwhelm the behavior of organizational members so that public officers might also be able to absorb both ethical and unethical behaviors which are also able to appear corrupt wrongdoing behaviors in organizations such as Thai local administrations, those conducts have been done through the several methods as bribery, conflicts of interest, illegal gratuities, negotiation, gift-giving, predatory authority, and solidarity networks (Kongrunchok & Stanton, 2015; Albrecht *et al.*, 2006), likewise the illegal risks in particular the fraud have been also betided from psychological incentive concerning with the perception of incentives, pressures, knowledge, opportunity, attitudes, and rationalization. Those behaviors aforementioned have importantly caused to generate those illegal risks (Burns & Simer, 2013; Rittenberg, 2013) in conforming to the Cressey’s fraud triangle (2011) and Albrecht *et al.* (2006). Especially, perceived incentives and pressures, generally comes from the financial needs of individuals and their groups, those pressures can generate greed, living beyond one’s means, high personal debt, poor credit, personal financial losses and unexpected financial needs as well as gambling habits, drug and alcohol habits, and expensive extramarital relationships while work-related pressure reflects organizational behaviors and the system of fairness, equality and ethics within an enterprise which can lead to corrupt behavior of employees and officers if they have been treated unfairly when compared with their fellow workers (Albrecht *et al.*, 2006). Cressey (2011) and Albrecht, *et al.* (2006) also identify the factors that provide knowledge and opportunity: the means to avoid control systems; a lack of understanding of fraud techniques by those in authority; a failure to punish fraud

perpetrators; and poor internal control and auditing systems. According to illegal risks, particularly fraud and corruption, have been broadly occurred in Thai local administration especially South of Thailand by local political administrators and related parties (Kongrunchok & Stanton, 2015; Puang-Ngam, 2008) despite, at there, there has been an implementation of good governance principles as using internal auditing system in detecting and deterring common risks specifically fraud and corruption but inefficiently and ineffectively (Kongrunchok & Stanton, 2015; OCSC-NIDA, 2010; Puang-Ngam, 2008).

2.2. The Amendment of COSO Framework

As Committee of Sponsoring Organizations of the Treadway Commission (COSO) *frameworks and series* has continually revised the internal control rules since 1992 to 2013, these developments have certainly affected *the international professional practice framework* of internal auditing as the practical guidance of internal audit staff, internal audit management and the chief audit executive in the change of their competency (Kongrunchok & Stanton, 2015; Chambers & McDonald, 2013; CIPFA, 2011). This study focuses on internal auditing system as the definition similarly given by many scholars and CIAs (2015) that is “*internal auditing is an independent, objective assurance and consulting activity designed to add values and improve an 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*” (CIAs, 2015; The IIAs, 2015; Burns & Simer, 2013; COSO, 2011; Unegbu & Kida, 2011), furthermore the internal auditing mechanisms are an instrument to improve having good governance in all enterprises, these systems are developed and designed by the COSO (Ernst & Young, 2012). As the COSO frameworks in 1992 and 2004, many previous studies, were used for testing efficiency and effectiveness of internal control mechanisms including internal auditing process in the different environments both levels of organizational and departmental in diverse conditions of competency, code of ethics; implementation, independence, and so on as the results discovered on Burns & Simer (2013); Takahiro & Jia (2012); Rahahleh (2011); Bailey (2010); Ricard (2009). In May 2013 the COSO framework was again revised due to common risks are currently more complex both methods and patterns of wrongdoings especially fraud and corruption while the COSO studied that the psychological incentive for fraud involved to fraud triangle then linking with human wrongdoing behaviors that have always come from incentives, pressures, knowledge, opportunity, attitudes, and rationalization. Those behaviors aforementioned have significantly caused to generate those illegal risks which have unavoidably impacted poor internal control system and auditing mechanisms. (Burns & Simer, 2013; Rittenberg, 2013; Cressey, 2011). While Thai government has currently implemented the internal control and auditing systems as following the COSO principle in the version of 1992 to both federal and local administration organizations, these systems are poorly implemented by public officers, hence internal control and auditing guidelines were ineffective in preventing, detecting and deterring fraud and corruption, including the lack of internal audit staff’s competency in Thai Southern local administration as training in modern knowledge limited by those administrators (Kongrunchok & Stanton, 2015; OCSC-NIDA, 2010).

2.3. The International Professional Practices Framework (IPPF) 2015

After revising COSO framework in May 2013, the Institute of Internal Auditors (IIA) has regularly attempted to issue the International Professional Practices framework (IPPF) in 2013 as well as this IPPF 2013 has been again revised in 2015 and used to follow the practical guidance of internal auditing applied to all

countries (The IIAs, 2017; CIIAs, 2015; The IIAs, 2015). The IPPF 2015 structure is consisted of three parts, which must be together achieved in all parts to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight—if all internal audit staff and related parties can completely practice following the IPPF 2015, are: mission, mandatory guidance, and recommended guidance (CIIAs, 2015; The IIAs, 2015). With this study only focuses on the mandatory guidance, in particular the parts of core principles for the professional practices of internal auditing; and code of ethics, which is divided into four components are: (1) definition of internal auditing (see Heading 2.2); (2) international standards for the professional practice of internal auditing; (3) core principles for the professional practices of internal auditing; and (4) code of ethics (The IIAs, 2017; CIIAs, 2015; The IIAs, 2015). As the CIIAs (2015) determined that core principles for the professional practices of internal auditing are the principles, that can help to enhance the value of internal auditing tasks in their enterprises, are comprised of ten crucial elements to measure the effective activities of transparent organizations from having effective internal auditing system, therefore all organization must be able to: (1) demonstrate integrity; (2) demonstrate competence and due professional care; (3) be objective and free from undue influence (independent); (4) align with the organizational strategies, objectives, and risks; (5) be appropriately positioned and adequately resourced; (6) exhibit continuous improvement and quality; (7) communicate effectively; (8) provide risk-based assurance; (9) be insightful, proactive, and future-focused; as well as (10) promote organizational improvement, these indicators could be in achieving internal audit's mission ethics (The IIAs, 2017; The IIAs, 2015). At the same time, the code of ethics, is a statement of principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing, is divided into four headings are: (1) *integrity* which is firstly that internal audit staff and related parties must construct the trust and reliance of their discretions; (2) *objectivity* is that internal audit staff and related parties must exhibit the professional objectivity in the highest level of gathering, evaluating, and communicating information about the activity or process being examined while internal audit staff and related parties must make a balanced assessment of all relevant circumstances and are not inappropriately influenced by their own interests or by others in forming judgments; (3) *confidentiality*, internal audit staff and related parties must respect the value and ownership of information as those information must not be disclosed without appropriate authority unless there is a legal or professional obligation to do so; and (4) the last heading is *competency* of internal audit staff and related parties who must understand and apply the knowledge, skills and experience needed in the performance of internal auditing services (The IIAs, 2017; The IIAs, 2015). Although the whole code of ethics is important, the lack of internal audit staff's efficient and effective competency would has certainly impacted the effectiveness of internal auditing activities (Sheridan, 2016; CIIAs, 2015; The IIAs, 2015; Plant *et al.*, 2013), this aspect is being investigated through this research by the perception of local administration internal audit staff in South of Thailand.

2.4. The IIA Global Internal Audit Staff Competency Framework

In the current, the internal auditing services have been changed by following the COSO revised 2013, this change are impacting internal audit staff and related parties roles and duties in practicing to add the value into the activities of assurance and consulting for internal control systems while the consulting will be concerning with management, finance and risk management, hence competencies needed of internal audit staff and related parties must be appropriately improved through training modern knowledge and skills and communication (soft) skills (The IIAs, 2015; The IIAs, 2014; Plant *et al.*, 2013). At the same time, The

IIA issued the global internal audit competency framework as a tool that determines the competency needed to meet the requirements of international professional practices framework (IPPF) 2013 for the success of the internal audit profession (The IIAs, 2015; The IIAs, 2014; The IIAs, 2013), this competency framework composes of ten core competencies are: (1) *professional ethics* is the firstly important competency promoted and applied to those internal audit staff and related parties with their appropriate practices; (2) *internal audit management* is used for properly developing and effectively managing the internal audit functions and procedures; (3) *the international professional practices framework (IPPF)* must be applied to efficiently improve internal audit staff and related parties' competency in order to inspect common risks in particular fraud and corruption; (4) *governance, risk, and control* as these three elements have the during relationship so that internal audit staff has explicitly needed to understand and be able to implement with auditing those common risks especial fraud and corruption; (5) *business acumen* as internal audit staff and related parties who are an expert that understand and maintain in all the existing activities of business environments, industry practices, and specific organizational factors; (6) *communication* is the crucial and soft skills used for negotiating, coordinating, and presenting the activities and impacts from the internal auditing mechanisms to improve those organizations; (7) *persuasion and collaboration*, this competency is also a soft skills that internal audit staff and related parties must employ to persuade and motivate others through collaboration and cooperation in their effective performance specifically for investigating fraud and corruption embedded into those organizations; (8) *critical thinking* as internal audit staff and related parties need to have the systemic analysis and problem solving techniques in order to judge and manage the common risks distributed within those organizations appropriately and correctly; (9) *internal audit delivery* is the final stage of internal auditing tasks as internal audit staff and related parties have already contracted and promised with their organizations, thus internal auditing outcome will be measured from delivering their internal audit engagements; and (10) *improvement and innovation* as the betided change in internal auditing career in particular human behaviors concerned with fraud triangle leading to human wrongdoing for factional and private gains, hence internal audit staff and related parties must embrace changes and drive the improvement and innovation to forever develop the process and mechanism of internal auditing in preventing, detecting and deterring both legal and illegal risks especially fraud and corruption (The IIAs, 2013). Furthermore, as the IIA surveyed from Europe, North America and Global internal audit staff's perception and implementation to code of ethics and this competency framework by collecting the data through more than 14,000 respondents in 166 countries, the result discovered the whole internal audit staff has always perceived, understood, and implemented code of ethics all aspects—integrity, objectivity, confidentiality, and competency—in particular focusing on the relationship between ethics and fraud which has certainly impacted their competency needed for auditing and deterring fraud and corruption, this is the crucial cause why internal audit staff must improve their competency by training the specific area of modern knowledge and skills in particular the auditing in preventing, detecting, and deterring fraud and corruption (Sheridan, 2016) while the implementation and perception of internal audit staff were tested via their attitudes relating to the global internal audit competency framework, the result revealed that internal audit staff and related parties have incredibly had the lowest skills and knowledge of the international professional practices framework (IPPF) and then another aspect consists of critical thinking; internal audit management; improvement and innovation; business acumen; and governance, risk, and control, respectively, are also a low level of their proper knowledge and skills in preventing, detecting, and deterring both legal and illegal risks (Sheridan. 2016). Likewise, Sheridan (2016) continually accounted for Europe, North America and

Global internal audit staff's competencies have still been efficient and effective in a high level are: professional ethics; communication; persuasion and collaboration; and internal audit delivery, respectively, especially their professional ethics has certainly been highest capability in detecting the common risks specifically fraud and corruption. Nevertheless, this study was performing to test the Thai Southern local administration internal audit staff's perception into ten core competencies of the IIA global internal audit competency framework as leading to internal audit effectiveness in detecting and deterring the common risk especially fraud and corruption.

2.5. The Core Skills of Internal Audit Competencies

With the role of internal audit staff working needs to follow the international professional practices framework (IPPF) 2015 (see Heading 2.3) as well as the global internal audit competency framework (see Heading 2.4) determined by the IIA. At the same time, many scholars including Chambers and McDonald (2013) also discussed that the highly effective internal audit staff's competency must have seven crucial attributes are:—softly arty skills—integrity, relationship-building, partnering, communication, teamwork, continuous learning, and diversity, these attributes are a part of internal audit staff's skills needed to gather the data from their internal audit working. While the actual skills used for collecting the data in the working of internal audit staff will mostly be the skills relating to interview, synthesis, testing, analysis, report writing, document preparation, communication, and negotiation (Plant *et al.*, 2013; Sawalqa & Qtish, 2012; Unegbu & Kida, 2011; Bailey, 2010), these skills aforementioned mostly conformed to Putra (2012) strongly confirmed that the seven crucial skills of effective internal audit staff's competency—leading to achievement for planning and performing effective internal audit—must compose of the skills of interviewing, analytical, testing and analysis, recommending results and corrective actions, communication, negotiation, and documentation, these seven skills were being used for testing in this research as well.

2.6. The Linkage of Risks and Internal Auditing Effectiveness

According to Khoury (2011) revealed the causes of ineffective public internal auditing came from a lack of the internal auditing team's competency (Kongrungchok & Stanton, 2015; OCSC-NIDA, 2010; Ho & Hutchinson, 2010), the support from administrators, the clarity of the objectives and scope of internal auditing and the failure of internal control systems (Unegbu & Kida, 2011; Schelker & Eichenberger, 2010) while the weakness of practical professional ethics could also lead to ineffective practices in detecting and deterring fraud and corruption (Kongrungchok & Stanton, 2015). When internal auditors' competency have always been limited and controlled—leading to the lack of efficient and effective internal audit staff's competency—their internal audit working, it is impossible to prevent, detect and deter normal errors and illegal risks, this situation has unavoidably impacted the ineffectiveness of both systems and staff of internal control and auditing (Kongrungchok & Stanton, 2015; Chambers & McDonald, 2013; Khoury, 2011).

This study ascertains through the perception of Thai Southern local administration internal audit staff as there has been the ineffectiveness of Thai Southern local administration internal auditing mechanisms, this incident may result from the failure of internal audit staff's competency, at there, in detecting and deterring the common risks particularly fraud and corruption which was being investigated through this study.

3. RESEARCH METHODS

This research will concern with research methods needed divided into three parts in expounding are: scope, sources and instruments of data collection, and methods of data analysis.

3.1. Scope

This research would like to ascertain why Thai Southern local administration internal audit staff's competency fail to detect and deter the common risks in particular fraud and corruption as the code of ethics within the international professional practices framework (IPPF) 2015 (see Heading 2.3), the IIA global internal audit competency framework (see Heading 2.4), and crucial core skills by Putra (2012) (see Heading 2.5) were used for setting the questions needed both questionnaire and interview for collecting the data. The results obtained will be used for expounding the core competencies internal audit staff in Thai Southern local administration are yet efficient and effective in detecting and deterring those risks especially fraud and corruption.

3.2. Sources and Instruments of Data Collection

There were two stages of this research consisting of an anonymous survey and interviews with local administration internal audit staff in South of Thailand. A questionnaire survey, which was created from the guidance of the IIA global internal audit competency framework and already checked reliability (as overall Cronbach's alpha = 0.879) and validity (by three internal audit specialists) before performing the actual data collection, was used to investigate why Thai Southern local administration internal audit staff's competency fail to detect and deter the common risks in particular fraud and corruption. 539 respondents (85.56% responded rate) were actually collected the data from 630 questionnaires sent (as there is at least two internal audit staff within an internal auditing division of 315 Thai Southern local administrations <Access on 31 March 2017: <http://www.dla.go.th/work/abt/summarize.jsp>>). 23 respondents volunteered and were independently interviewed through the researcher with using a semi-structured interview. The purpose of the interviews was to examine Thai Southern local administration internal audit staff was perceiving much or less with the code of ethics within the international professional practices framework (IPPF) 2015, the global internal audit competency framework, and crucial core skills.

3.3. Methods of Data Analysis

Data analyses of this study were divided into two parts are: (1) questionnaire Data was coded and checked for accuracy by an independent researcher and then analyzed using SPSS both basic and inferential statistics in terms of descriptive and factor analysis; and (2) interview data was analyzed through using NVIVO while transcripts were thematically analyzed through using content analysis and further expounded through using a phenomenological research approach which can explains a situation as perceived by the individuals in that situation (Berg, 2007; Patton, 1990; Durfee, 1976). This approach abstracts out the themes and key issues. Commonly, two types of themes are found: those that occur across the group of participants and individual themes that are unique to a few individual participants.

4. RESEARCH RESULTS

The results of this research are being expounded into two parts: survey and interview findings.

4.1. The Survey Findings

From the surveying data, 539 (85.56%) internal audit staff in local administration in South of Thailand responded the questionnaires sent and 23 volunteered interviewees were interviewed through semi-structured interviews, at the same time all of them were mostly 503 females (93.32%), married (15.58%), and during 40 – 50 years old (81.23%) Furthermore, internal audit staff’s education, at there, was mostly on the average Bachelor degree in accounting major (90.72%), while their training in illegal risks (fraud and corruption) assessment processes was least (15.21%) as a lack of support from Thai Southern local administrators (100%) while their experiences for internal audit working was mostly among four to eight years (83.20%). When asking the internal audit staff, at there, relating to illegal risks betided in Thai Southern local administration, the result revealed that corrupt behavior used for their wrongdoings was team conspiracy (68.46%), and selfishness (22.26%).

The attitudinal mean values must be interpreted through a measurable benchmark of attitudinal scales due to each factor having more than one question and each question having an equal value so that all questions for each factor were combined to calculate attitudinal and perceptible mean values as “mid-range of five levels between least (1) and most (5) indicating the strength of respondents’ the level of attitudes” (Likert, 1932). There are three parts compose of the code of ethics, the global internal audit competency framework, and crucial core skills combined within internal audit staff’s competency can be used for elucidating the ineffectiveness of internal audit staff’s competency and then leading to the ineffectiveness of internal control systems in all organizations in particular local administrations in South of Thailand.

Table 1
The Level of Importance Perceived by Thai Southern Local Administration
Internal Audit Staff to the IPPF 2015’s Code of Ethics

<i>The Aspects of Code of Ethics</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Levels of Importance</i>
Integrity	4.83	0.4431	MOST
Objectivity	4.79	0.3908	MOST
Confidentiality	4.62	0.4529	MOST
Competency	4.86	0.5416	MOST
Overall	4.78		MOST

Code of ethics was, as the general principles in internal audit practices consisting of integrity, objectivity, confidentiality, and competency, used for regulating the working behavior of all internal audit staff and related parties so that those aspects must be given the most importance as this research (see Table 1) clearly revealed overall of internal audit staff in Thai Southern local administration have perceived and given the level of importance to the IIA international professional practices framework (IPPF) 2015’s the code of ethics was most (4.78), the meaning is that those internal audit staff, at there, have given the most importance to comply with those code of ethics in each aspect, especially competency (4.86) was firstly sequenced of the most importance and followed with the aspects of integrity (4.83), objectivity (4.79), and confidentiality (4.62), respectively. This result can be implicitly explained in actual practices of internal audit staff if the lack of their competency is met, this situation has absolutely impacted other aspects that are also unsuccessful, hence internal audit staff has needed to be forever maintained by appropriate training.

As the IIA completely revised the COSO in May 2013 as well as already issued the international professional practices framework in 2013 and again revised in 2015, these changes have impacted the competency of internal audit staff and related parties in detecting and deterring the common risks especially fraud and corruption around the world and then leading to the ineffectiveness of internal auditing mechanism. The impact aforementioned has also affect internal audit staff in Thai Southern local administrations as this study (see Table 2) obviously discovered that overall of internal audit staff in Thai Southern local administration have perceived and understood on the IIA international professional practices framework (IPPF) 2015's the global internal audit competency framework was much (3.43), the meaning is that those internal audit staff, at there, have attempted to understand and complied with those global internal audit competency framework in each aspect as there are the ten core competencies needed for performing efficient and effective internal audit working, especially both professional ethics (4.85) and persuasion and collaboration (4.46) were easily perceived to implement on the processes of internal audit working while the aspects of critical thinking (4.11), improvement and innovation (3.86), internal auditing delivery (3.74), and internal audit management (3.57), respectively, were perceived in the next sequences as the more details of the procedures relating to the illegal risks as a few difficulty to understand and implement on their internal audit working processes, furthermore business acumen (2.53), governance, risk, and control (2.48), communication (2.41), and applying the international professional practices framework <IPPF> (2.29), respectively, were lastly perceived as the difficult understanding to apply in the actual practices of

Table 2
The Level of Perception by Thai Southern Local Administration Internal Audit Staff to the IPPF 2015's the Global Internal Audit Competency Framework

<i>The Aspects of Core Competency Studied in Internal Audit Working</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Levels of Perception</i>	<i>Eigen-Value</i>	<i>% of Variance</i>
Professional Ethics	4.85	0.2431	MOST	n/a	n/a
Persuasion and Collaboration	4.46	0.3302	MOST	n/a	n/a
Critical Thinking	4.11	0.5749	MUCH	n/a	n/a
Improvement and Innovation	3.86	0.4193	MUCH	n/a	n/a
Internal Auditing Delivery	3.74	0.4405	MUCH	n/a	n/a
Internal Audit Management	3.57	0.3807	MUCH	n/a	n/a
Business Acumen	2.53	0.5313	LESS	n/a	n/a
Governance, Risk, and Control	2.48	0.4592	LESS	n/a	n/a
Communication	2.41	0.6117	LESS	n/a	n/a
Applying the IPPF	2.29	0.4626	LESS	n/a	n/a
Overall Before Factor Analysis Used	3.43		MUCH		
Improvement and Innovation	3.86	0.3941	MUCH	3.3746	23.746%
Professional Ethics	3.57	0.5044	MUCH	2.1517	21.517%
Communications	3.44	0.6246	MUCH	1.9382	19.382%
Acuminate Thinking	3.32	0.3513	LESS	1.6169	16.169%
Internal Audit Procedures	3.26	0.4925	LESS	1.2458	12.458%
Overall After Factor Analysis Used	3.49		MUCH		93.272%

internal audit staff especially the more complexity of the IPPF as well as the problem of ineffective communication art.

Recording to factor analysis used for intercepting the appropriate component, by considering the eigenvalue must be over 1 as the factor value will be accepted from intercepting those components, there are ten factors studies in the global internal audit competency framework in this study and after those factors were already intercepted and now resulted in five components are: improvement and innovation, professional ethics, communications, acuminate thinking, and internal audit procedures. From using factor analysis for obtaining the properly new components, this process explicitly impacted the results reported aforementioned, therefore the new result revealed that overall of the perception levels of internal audit staff in Thai Southern local administration was much (3.49), that was the same result as compared with the prior result, with their understanding on the IIA international professional practices framework (IPPF) 2015's the global internal audit competency framework. Likewise, those internal audit staff have been able to perceive and give more importance to the competent factors in terms of improvement and innovation (3.86) and communications (3.44) but reducing an importance of professional ethics (3.57) compared with the prior result, while acuminate thinking (3.32) and internal audit procedures (3.26) were perceived in the lower level as the fact of those problems might be come from the much lack of efficient and effective competency and no improvement and development themselves, absolutely. Moreover, those five components can be used for correctly predicting the efficiency and effectiveness of internal audit staff's competency were 93.272% as each component was had the percentage of different variance—improvement and innovation (23.746%); professional ethics (21.517%); communications (19.382%); acuminate thinking (16.169%); and internal audit procedures (12.458%)—which will also impact much or less on the mechanism of internal auditing working if those factors were changed as well.

Table 3
The Level of Competency Perceived by Thai Southern Local Administration
Internal Audit Staff to the Putra's Seven Core Skills

<i>The Aspects of Core Skills Studied in Internal Audit Working</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Levels of Competency</i>
Documentation Skills	4.48	0.4133	MOST
Testing Skills	4.14	0.3691	MUCH
Analysis Skills	3.97	0.5528	MUCH
Recommending Skills	2.52	0.4716	LESS
Negotiation Skills	2.31	0.5834	LESS
Interview Skills	2.16	0.6112	LESS
Communication Skills	2.09	0.3825	LESS
Overall	3.09		MODERATE

Although the IIA global internal audit competency framework will comprise the ten core competency of internal audit staff and related parties, the skills is a part of competency and crucial technical skills for collecting the fact of internal audit working so that internal audit staff should have them, this study was employing the Putra (2012)'s seven core skills for testing Thai Southern internal audit staff with how to

have those skills are much or less. The result (see Table 3) clearly demonstrated that overall of having those skills of Thai Southern internal audit staff was moderate (3.09) as their most and much skills were documentation skills (4.48), testing skills (4.14), and analysis skills (3.97), respectively, while their less skills were respectively from less to least consisting of recommending skills (2.52), negotiation skills (2.31), interview skills (2.16), and communication skills (2.09), especially the skills of recommending, negotiation, interview skills, and communication will be concerning with another person by talking, which have generally been the crucial obstacle, but must be needed in the current as the technical and soft skills used for obtaining the fact from their working, these skills have certainly needed to be trained in the beginning and will be eventually getting more experience by themselves.

4.2. The Interview Findings

Analyzing the qualitative data from 23 volunteer interviewees can be demonstrated into five primary themes: improvement and innovation, professional ethics, communications, acuminate thinking, and internal audit procedures as details exhibited in below.

First Theme: Improvement and Innovation

As 23 Thai Southern local administration internal audit staff volunteered were interviewed, some of them discussed that...

“...I and my friends have well known that improvement and innovation for our internal auditing procedures will help increase our effectiveness of internal audit working whereas we have lacked an opportunity to perform those as we are limited to develop all the things due to there is not more budget. Likewise, what we would like to change as our procedures, activities, resources, and improvements on the modern knowledge and skills, we cannot do and will be controlled by our local administrator. It is actually we are ready to change all the things to make the creative internal auditing in the current and the future if it is possible...”

Examples given by the interviewees, identifying their readiness with changing in their professional practices, however there has been the limitation from no support of their local administrator in particular the inappropriate budget, this cause leads to the change of internal audit innovation and improvement has certainly been unsuccessful.

Second Theme: Professional Ethics

As well known that all internal audit staff and related parties must comply with the code of ethics and the international professional practices framework (IPPF) in 2015, nevertheless it is sometimes difficult in order to entirely understand on the IPPF which some interviewees mutter that...

“...the professional ethics is important to be the guidance of everyone who work on internal auditing whereas it is difficult to understand when implemented in the actual practices especially the new IPPF in 2015 including the code of ethics as nobody can clearly expound in the practical details, therefore we have still used the prior rules until somebody will come to explain it and help us for the practical training by doing the workshop...”

By summarizing the aspect of interviewees who would like to inform those problems concerning with the professional ethics are that the difficulty of understanding on the international professional practices framework (IPPF) in 2015 which must be solved to be more effective internal audit working of the internal

audit staff and related parties by supporting and promoting from related parties in federal government and local administration in order to obtain the correct knowledge and skills by having the practical training and workshop.

Third Theme: Communications

Communication is an art used for contacting through writing and speaking in the several patterns, this is the soft skills that need to concern with human at least two sides or groups or parties so that it is sometimes hard to do when some of them have lacked the skills and experiences as some interviewees discuss that...

“...when I work on internal audit jobs and processes, I avoid I do not want to talk with everyone because I have always thought I audit by holding the rules and regulation...Likewise there are some would like to negotiate with me, but I am not interested in their talking...I have well known that the fact in my auditing will come from my interview but I never used to interview them as I would like to get the data I will request from them by their writing in reporting forms...”

From interviewees' sentences can be summarized that internal audit staff and related parties much lack of communication skills especially the lack of human relationships while their internal audit working may be unsuccessful due a lack of coordination as their data received is incomplete.

Fourth Theme: Acuminate Thinking

Critical thinking and business acumen will be betided when everyone has the deeply beneficial knowledge as having self-continuous development and improvement including those learning must cover both the level of organization, country, and globe as well as both deep and wide learning, therefore if internal audit staff can improve their knowledge aforementioned, their internal audit working is surely success, however some of them said that...

“...I know if I have acuminate thinking, I will be able to access the difficult internal audit tasks. At the same time, the use of proper tools for auditing is a way that all internal audit staff should use to increase the effectiveness of their internal audit working including the up-to-date knowledge is also needed to contribute the new techniques of internal audit working...Overall I am enough with my knowledge and skills to work effectively, I believe myself...”

Examples given by those interviewees who are self-confident that their thoughts and knowledge for working on internal auditing task are enough and they have well known how to prepare their appropriate acuminate thinking, however their self-confident may cause of self-misunderstanding in the sudden change of information concerning with their professional career as well.

Fifth Theme: Internal Audit Procedures

With internal audit procedures, these procedures relate to internal audit management; governance, risk, and control; internal audit delivery as the crucial procedures and stages which lead to the effectiveness of internal audit working if internal audit staff understand and comply with those procedures. As some participants discuss that...

“...in my opinion, those procedures are important to work on the internal audit tasks but the competency of internal audit staff and related parties is more important...why I would like to say about that because all stages

and procedures must be deeply understood especially the processes of detection and deterrent in illegal risks are more complex, therefore the improvement of internal audit staff must be forever done in order to ensure I have the sufficient competency to work on the internal audit tasks...”

By understanding on the aspect of participants discovers that internal audit procedures will be effectively implemented when internal audit staff has also had the efficient and effective competency as having deep understanding on those procedures correctly especially the careful auditing in illegal risks.

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions, discussions, and recommendations are being summarized into two parts

5.1. Conclusions

This study collected the data From surveying and interviewing as 539 internal audit staff in local administration in South of Thailand responded and 23 participants volunteered interviewed through semi-structured interviews while those internal audit staff mostly graduated in Bachelor degree in accounting major but a lack of specific competency in detecting illegal risks, which were come from corrupt behavior used for wrongdoings in terms of team conspiracy and selfishness due to a lack of support from Thai Southern local administrators. At the same time, the code of ethics in each aspect (as integrity, objectivity, confidentiality, and competency) has been given the importance, in all aspects, in the highest levels, however actual practices of internal audit staff must have the appropriate competency, if not, absolutely other aspects are also unsuccessful. Likewise, those internal audit staff can have perceived and understood on the IIA global internal audit competency framework in each aspect, especially both professional ethics and persuasion and collaboration were easily implemented on the processes of internal audit working while critical thinking, improvement and innovation, internal auditing delivery, and internal audit management were concerned with the illegal risks as having the complex details were more difficult understanding, furthermore business acumen, governance, risk, and control, communication, and applying the international professional practices framework were difficult to understand and use for the actual practices of internal audit staff especially the complexity of the IPPF and the inefficient and ineffective communication. As improvement and innovation; professional ethics; communications; acuminate thinking; and internal audit procedures are intercepted from using factor analysis, those five components can be used for correctly predicting the effectiveness of competency of internal audit staff were 93.272% as well as each component will impact much or less on the mechanism of internal auditing working depending on having internal audit staff's competency in each aspect as well. Similarly, Thai Southern internal audit staff's skills were moderate as their excellent skills were documentation, testing, and analysis while the poor skills of internal audit staff, at there, were recommending, negotiation, interview, and communication which will mostly concern with another person as the technical and soft skills so as to investigate the fact in auditing, detecting, and deterring both legal and illegal risks. Moreover, Thai Southern local administration internal audit staff has been ready to improve and change in their up-to-date knowledge and skills but the lack of support from their local administrator in terms of no budget. While the international professional practices framework (IPPF) in 2015 has been difficult to understand when applied in internal audit working of the internal audit staff, therefore those contents and practices must expounded by expert internal auditors who will be able to train those internal audit staff in local administration in South of Thailand having workshop training. At

the same time, the lack of communication skills as internal audit staff should have which may be the crucial cause of the internal audit ineffectiveness as internal audit staff may not be able to collect the entire facts from their internal audit working while the self-confident of internal audit staff with their competency by lacking their careful consideration for auditing may be a reason that has always left to their internal auditing ineffectiveness in detecting and deterring the common risks especially fraud and corruption as well. Therefore, internal audit procedures will be effectively implemented when internal audit staff must have also had the effective competency as having deep understanding on those procedures correctly in auditing in both legal and illegal risks.

5.2. Discussions and Recommendations

The ineffectiveness of internal auditing system in preventing, detecting and deterring illegal risks in local administration in South of Thailand are betided from the ineffectiveness of Thai Southern internal audit staff's competency as the lack of support from local administrators (Kongrungchok & Stanton, 2015) while internal auditing staff has always needed to be improved their professional career (Kongrungchok & Stanton, 2015; Chambers & McDonald, 2013; Plant *et al.*, 2013; Putra, 2012). Nevertheless, the lack of the crucial skills have been the significant obstacles to prevent, detect, and deter the common risks particularly fraud and corruption (Sheridan, 2016; Chambers & McDonald, 2013; Plant *et al.*, 2013; Putra, 2012; Seol, Sarkis, & Lefley, 2011), this situation suggests that the need to persuade all local administration internal audit staff in order to agree with the importance of internal control systems particularly internal auditing mechanisms, at the same time the competency of local administration internal audit staff must be improved by proper training to perform their internal audit working effectively (Takahiro & Jia, 2012; Sawalqa & Qtish, 2012; Khoury, 2011). Therefore, the code of ethics and the contemporary knowledge and skills must be also given the much importance to raise their competency in detecting and deterring the common risks (Sheridan, 2016; Plant *et al.*, 2013). Similarly, learning on the IIA global internal audit competency framework especially applying of the IPPF; communication; governance, risk, and control; business acumen; internal audit management; and internal auditing delivery including the skills of communication, interview, negotiation, and recommending must be also trained strictly to solve their failure of compliance and proper application in detecting the common risks (Sheridan, 2016; Kongrungchok & Stanton, 2015; Chambers & McDonald, 2013; Plant *et al.*, 2013; Putra, 2012). All problems here concerning with the core competency of internal audit staff must be addressed to continually improve their competency to effectively work for preventing and detecting illegal risks and be also leading to more effective internal control especially more effective internal auditing of local administration internal audit staff in South of Thailand. Furthermore, the IIA global internal audit competency framework under the international professional practices framework in 2015 suggest that the successful implementation of ten core competencies, internal audit staff and their team must understand and follow the crucial conditions as those can be accessed through the IIA website (CIAs. 2015; The IIAs. 2015; The IIAs. 2013). Finally, the crucial change of COSO revised in May 2013 have impacted until now in particular the aspect of competency including the specific skills which would be interesting to examine the appropriation of skills selected how to directly impact the effective competency of internal audit staff and related parties. Another future research concerning with improvements in internal control and auditing systems should be revealed factors and methods that could increase the effectiveness in preventing, deterring and detecting common risks especially illegal risks including fraud and corruption.

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