

# Good, Effective Governance and the Role of Internal Audit

Developed Good Governance and Internal Audit in the Public Sector Conference

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# Good Governance Pradigma Definitions

- According to the World Bank (1992) *“good governance is central to creating and sustaining an environment which fosters strong and equitable development and it is an essential complement to sound economic policies”*.
- According to UNDP, *“Good Governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law. Good governance ensures that political, social, and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision making over the allocation of development resources”*
- The International Monetary Fund (IMF) has defined the concept *“as a broad concept covering all aspects of how a country is governed, including its economic policies, regulatory framework, and adherence to rule of law”*.

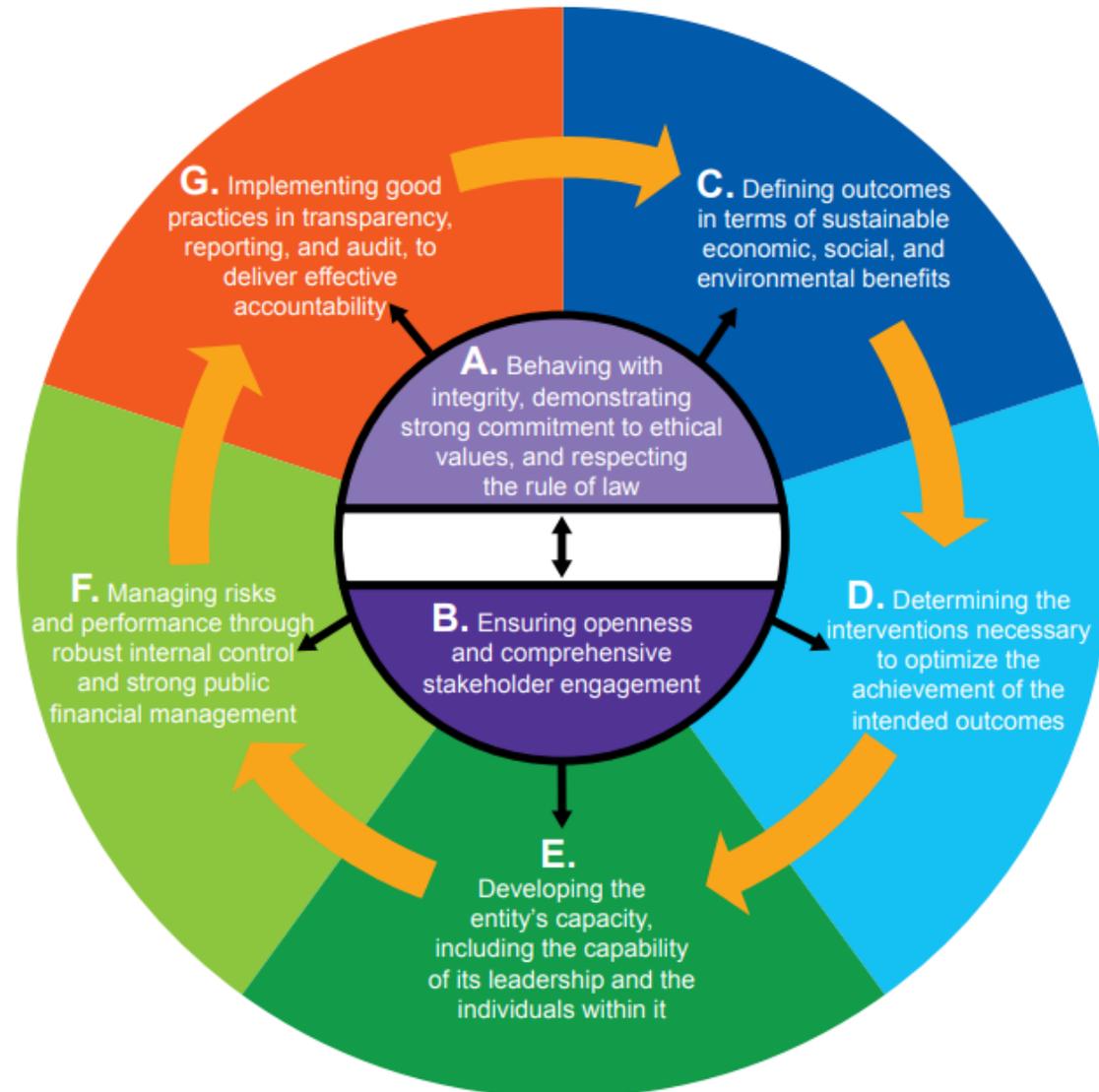
# Good Governance Characteristics



# UN Sustainable Development Goals



# Good Governance in the Public Sector



# Internal Audit vs Internal Control

## Internal Audit - strategic governance

- Internal audit aids the organization to attain its goals by using specific methodologies to estimate and upsurge the efficiency of governance, control and risk management and has been created in order to increase value and improve organization's operations.
- Internal audit's role is very significant not only for the Board of Directors but for the External Auditors too.  
(Deloitte, 2009; KPMG, 2007)

## Internal Control – management procedure

- Internal control is a procedure, caused by a company's board of directors and management, which is established to deliver realistic assurance regarding the accomplishment of organization's goals in the succeeding categories:
  - Effectiveness and efficiency of operations.
  - Reliability of financial reporting.
  - Compliance with applicable laws and regulations.

(Cattrysse, 2005; KPMG, 2008).

# Internal Audit Types

- **Compliance Audit:** Ensure compliance with rules, regulations and laws applicable to an organization
- **Operational Audit:** Ensure efficient and effective conduct of operations
- **Information system Audit:** ensure proper functioning of the information system throughout the life of an operation / service / organization
- **Performance Audit:** ensure the efficient use of resources to obtain the objectives of a company
- **Environmental Audit:** ensure compliance with environmental laws and regulations
- **Special assignments:** investigation on fraud and corruption, or any other special service with the approval of the board

# Thank you for your attention!

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