

**The Role of Internal Audit  
Towards Corporate Governance Development  
in Malaysia**

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## **ABSTRACT**

The role of internal audit function in ensuring good corporate governance development in Malaysia is vital in order to provide continuation of a sound business framework for respectful companies. Corporate governance, in a general term, is about creating wealth for shareholders while taking into consideration the interests of other stakeholders. With an established internal audit function, companies are able to have good corporate governance through a sound corporate support for the business. This is achievable when the internal audit function is given the authority and independent roles of providing assurance, consulting, process improvement and risk management in the areas of corporate responsibilities.

This paper focuses on the importance of internal audit in the development of corporate governance. As the internal control system is one of the important elements for good corporate governance, the level of internal control among some major Malaysian companies is examined via questionnaire.

The research employs a questionnaire survey adopted from IIA Research Foundation's El Paso Internal Control Assessment Survey, which is based on COSO's internal control framework.

The survey was targeted at companies who maintain their own internal audit function. A total of 150 responses were targeted but only 37 respondents from 24 companies returned the questionnaire, resulting in 25% response rate. Data from the survey was analysed using SPSS. The descriptive statistical evidence of internal control was then presented for discussion.

The overall results of this research indicate that the internal auditors support the absolute relationship of good corporate governance and internal auditing. The relation is clearly identifiable because internal audit function, on its own, is part of a mechanism to ensuring good corporate governance.

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