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**THE ROLE OF INTERNAL AUDITORS IN INSTITUTIONS OF
HIGHER EDUCATION: AN EMPIRICAL INVESTIGATION**

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Abstract

This study reports on the empirical finding on the role of internal auditors in institutions of higher education in Malaysia. Good governance is precondition for competitiveness of a firm, market or economy. Institutions of higher education like other business entities also should maintain good governance. Overseas literature has shown the importance of internal auditing in management of institutions of higher education. Additionally, local internal auditing literature also revealed the importance of internal auditing as important governance structure in organization. This study provides empirical evidence on the existence and scope of internal auditing in institutions of higher education in Malaysia. This study also explores the perception of management as to the perceived important audit areas and perceived important role of internal auditors. The same variables used in the study done by Gordon and Fischer (1999) also are tested on the internal auditors in institutions of higher education in Malaysia. Public and Private Institutions of Higher Education in Malaysia are governed by different Act and Regulations. With respect to internal audit function, being a Statutory Bodies, Treasury Circular 2/79 requires a public institution of higher education to establish internal audit department. However, private institutions of higher education are not bound to follow this circular. Hence, it is hypothesized that there is significant difference between public and private institutions of higher education in scope of internal audit, perception of internal auditors and management perceived important audit areas and perceived important internal auditor roles. Results show that there is no significant difference between the scope of internal audit, perception of internal auditors and perceived important audit areas and role of internal auditors between management of public and private institutions of higher education in Malaysia.

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