

## Comparison of the roles of internal and external auditors

Factor	Internal audit	External audit
Objective	Sound risk management and controls	Accounts = true and fair view
Scope of work	Overall systems: value for money, fraud, management information systems and compliance	Accounts, profit and loss account, balance sheets, annual report and financial systems
Independence	From operations by professionalism and status	From company via statutory rights and codes issued by the South African Association of Chartered Accountants' Accounting Practices Board (APB).
Structure	Varies: chief audit executive, managers, seniors and assistants	Partners, managers, seniors and trainees
Staff	Competent persons trained in internal auditing	Qualified and part qualified accountants
Methodology	Risk-based systems-based audits, assurances and consulting work	Vouching and verification and some use of risk-based systems approach
Reports	Comprehensive structured reports to management and the audit committee and brief	Brief standardised published reports to shareholders and users of

	executive summaries	accounts
Standards	IIA and/or other	Various APB statements
Legislation	General not mandatory apart from parts of public sector, but encouraged in most sectors	Companies legislation and various public sector statutes
Size	Varies according to the size of the organisation	All registered companies and public sector small companies may have exemptions