Internal Audit Unit

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What is operational audit?

Overview of operational audit: In general, all organizations can develop depending on the improvement of their operations. Through this, conducting operational audit is a necessary activity to participate in monitoring, inspecting, and correcting the inefficiency of operations of organizations to achieve improvement.

Through the study based on guidelines and standards of operational audit of the General Department of the Internal Audit in the Ministry of Economy and Finance, the definition of operational audit is defined as follows:

Operational audit refers to an independent examination of efficiency and effectiveness of work, programs, or organizations related to economy, efficiency, and moving toward improvement.

At the same time, according to research on international organizations of Supreme Audit Organization INTOSAI (ISSAI **300** – Performance Audit Principles), the definition of operational audit is defined as follows:

Operational audit is an independent examination with objective and confidence to determine whether the responsibilities of government, systems, operations, programs, activities, or organizations are operating in accordance with the principles of economy, efficiency, and effectiveness.

Operational audit is not a rigid requirement or fixed expectation, as it can be flexible in selecting topics, objectives, methods, and audit opinions. The audit may aim to examine one or more aspects among the three aspects (economy, efficiency, and effectiveness).

Conducting operational audit is to search for and provide new information, analysis, or understanding, identify weaknesses, and provide recommendations for improvement.

Operational audit provides new information, knowledge, and value through:

- Providing knowledge from new analysis (broad, in-depth, or new perspectives/fields)
- Providing easier access to organizations related to the use of existing information
- Providing independence and formal perspectives or conclusions based on audit evidence
- Providing recommendations for improvement based on analysis of findings

Operational audit can identify measures that are ineffective and not aligned with objectives. However, when auditors start questioning auditees, auditors should avoid the exceed their scope, authority, or political issues.

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Reference:

1. Guidelines and standards of operational audit of the General Department of Internal Audit in the Ministry of Economy and Finance
2. INTOSAI *(ISSAI 300-Operational audit Principles)*