THE PUBLIC SECTOR CULTURE CONUNDRUM

Attitudes and Practices
According to The IIA’s 2016 Global Pulse of Internal Audit survey (Pulse), only 24 percent of public sector internal auditors reported that their internal audit departments audit culture. Among the 76 percent of public sector internal auditors that DO NOT audit culture, the top reasons given are lack of support from executive management, lack of time, and lack of competencies (skills and knowledge). This is consistent overall with the response of internal auditors across all types of organizations.

What do public sector internal auditors have to say about their level of understanding about culture, and that of management and the board? A clear majority (84 percent) strongly agree/agree that their internal audit department understands risks associated with organizational culture. However, only:

- Sixty-one percent strongly agree/agree that executive management understands risks associated with organizational culture.
- Fifty-eight percent strongly agree/agree that the board/audit committee understands risks associated with culture.
- Fifty-two percent strongly agree/agree that their internal audit department understands how to audit culture.
- Fifty-two percent strongly agree/agree that their internal audit department understands how to report on culture.

Those numbers overall are not significantly different from what was reported by internal auditors in publicly traded or privately held organizations. However, public sector internal auditors face unique challenges when compared with internal auditors in publicly traded or privately held organizations.

But first, on the positive side, although only a minority of public sector internal auditors DO audit culture, they have adopted leading practices:

- Culture should be included in internal audit’s risk assessment. According to Pulse, among public sector internal auditors who audit culture, the No. 1 reason for doing so is that culture was rated a high risk by internal audit.
- As articulated by IIA Global Chairman Angela Witzany, “Auditing culture must be incorporated into every audit engagement, providing the organization with a baseline for continuous monitoring and enabling internal auditors to look for early warning signs.” Among public sector internal auditors who audit culture, culture is most often incorporated into several or all engagements rather than in a stand-alone engagement.

Despite these leading practices, what are the unique challenges faced by internal auditors in the public sector?

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