

GOOD GOVERNANCE

THE ROLE OF INTERNAL AUDIT IN THE OPERATION AND GOVERNANCE OF PUBLIC ORGANIZATIONS

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Abstract

Internal audit is a key mechanism for ensuring transparency, accountability and good governance in public administration. The article examines the role and importance of internal audit in the operation and management of public organizations in Greece, with emphasis on the contribution of the General Accounting Office of the State as a central coordinating body. Through the analysis of international standards and guidelines, such as the COSO and INTOSAI frameworks, the importance of integrating international best practices is highlighted to enhance the efficiency, transparency and credibility of the public sector. At the same time, the main challenges and obstacles faced by the implementation of internal audit in Greek public administration are presented, such as the lack of cooperation between agencies, limited human resources and resistance to organizational change. Finally, the importance of education, institutional cooperation and the use of technology is emphasized as critical factors for improving accountability and the quality of public governance.

Keywords: internal audit; public administration; accountability; transparency; good governance.

INTRODUCTION

Internal audit is considered a fundamental tool for ensuring the efficiency and transparency of public organizations. In modern administration, there is a need to increase trust, accountability and justice, as citizens demand fair and efficient management of government resources. Internal audit is not limited to detecting errors or mistakes, but also provides advice and policy development to strengthen governance and reduce problems. In Greece, the development of the public audit service is important, especially after the economic crisis and international demands for public reform. The State Audit Service has emerged as a central body for the organization, monitoring and management of the activities of local and public bodies. Its mission is to ensure consistency in the application of audit procedures, to comply with international standards and to strengthen cooperation between national organizations (Ministry of Finance, 2022).

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The literature review highlights that local governments are closely linked to good governance, organizational effectiveness and accountability. According to the OECD (OECD, 2021), good governance requires the provision of mechanisms to ensure the effective implementation of policies, the enforcement of laws and the efficient use of public resources. Internal audit provides the tools to fulfil this responsibility, allowing for the assessment of performance, the identification of weaknesses and the introduction of improvements where necessary. Of particular interest is the international experience, which highlights the importance of incorporating international standards, such as COSO and INTOSAI guidelines, in the design and implementation of internal audit (INTOSAI, 2020; COSO, 2019).

The implementation of these frameworks in the operations of the Greek public sector requires coordination between management departments, cooperation with the State Audit Office and regular training in the field of audits. The integration of international best practices will contribute to improving the effectiveness of audits, increasing public awareness and increasing citizens' trust in public administration (Dimitriou & Kyriazis, 2022).

The article under study focuses on the analysis of the role of internal audit in the operation and management of public organizations, emphasizing primarily the role of the General Accounting Office of the State. The aim is to examine methodological approaches, present international and national frameworks, discuss collaborative approaches and identify challenges and good practices that can improve accountability and quality.

INTERNATIONAL STANDARDS AND GUIDELINES AND THEIR IMPLEMENTATION IN GREECE

International literature highlights the importance of implementing clear policies and procedures to improve the effectiveness of internal audit in public organizations. The COSO framework (Committee of Sponsoring Organizations of the Treadway Commission, 2019) is one of the most widely used tools for linking risk management to organizational strategies and processes. COSO places particular emphasis on integrating internal audit activities into the overall organizational strategy, with the aim of improving effectiveness, transparency and accountability.

In addition, the INTOSAI (International Organization of Supreme Audit Institutions, 2020) guidelines emphasize that audit is improved through collaboration between research institutions, knowledge sharing and institutional integration. Specifically, INTOSAI encourages public bodies to measure the impact of their audit activities, continuously improve their performance, adopt audit methodologies and use common performance indicators (INTOSAI, 2020).

In Greece, the implementation of international standards is overseen by the State Audit Office, which acts as the main audit function. The general accounting office ensures consistency in the implementation of international standards across all government sectors, while providing training, guidance and guidance for the integration of these practices into the daily operation of organizations (Ministry of Finance, 2022).

The integration of COSO and INTOSAI guidelines in the Greek public administration is not a simple process, but is about achieving transparency, accountability and cooperation between the audit and management sectors. One of the main challenges facing Greece in implementing these standards is the need to strengthen cooperation between different institutions. According to recent studies, the effective implementation of international standards requires not only the existence of institutional structures, but also the development of an organizational culture that promotes cooperation and information exchange (Dimitriou & Kyriazis, 2022).

In this context, the role of the State Audit Office is crucial, as it functions as a network and coordination mechanism, ensuring that the various audit departments follow common guidelines and implement best practices. Furthermore, the adoption of international standards reduces the risk of systemic failures and increases the credibility of public institutions. For example, COSO provides tools for identifying and managing risks, while INTOSAI promotes independence and transparency in the evaluation of processes (Bringselius, 2020).

The combination of the two standards in Greece allows for the creation of an integrated audit system that integrates prevention, evaluation and improvement processes, while ensuring consistency and transparency. To implement these standards, the State Audit Office has implemented a number of initiatives. These include training auditors in accordance with international standards, developing common guidelines and manuals for audits, and developing systems for monitoring audit results (Ministry of Finance, 2022).

These initiatives have strengthened citizens' trust in the governance of public affairs and ensured that resources are managed effectively and responsibly. International experience has shown that the integration of frameworks such as COSO and INTOSAI requires continuous evaluation and adaptation. In Greece, cooperation between different organizations and guidance from the State Audit Office are key factors for the successful implementation of the standards (OECD, 2021). Strengthening knowledge, creating performance measurement systems and developing collaborative strategies allow the integration of international good practices in public administration.

THE ROLE OF INTERNAL AUDIT IN ACCOUNTABILITY AND GOOD GOVERNANCE

Ensuring transparency and accountability are key principles of good governance, which are directly linked to internal audit. The OECD (OECD, 2021) emphasizes that good governance requires organizational structures that ensure that public decisions and administrative actions are subject to continuous evaluation and audit. Internal audit is a tool that transforms the accounting process into an action process, allowing for the identification of irregularities, the evaluation of processes and the improvement of the results of public policies. In the Greek government, the General Accounting Office of the State has played a key role in promoting accountability through internal audit. The supervision and coordination it provides ensure that public bodies implement uniform management procedures, comply with international standards and incorporate good

practices in the management of resources (Ministry of Finance, 2022). In this way, internal audit processes are directly linked to accountability, as each institution can demonstrate that its decisions are based on transparent and verifiable processes. Accountability is achieved not only through process reviews, but also through operational guidance and continuous monitoring of audit results. The degree of integration of internal audit, as INTOSAI (2020) has shown, enhances the credibility of the system, as information exchange and coordination between different departments help reduce the likelihood of systematic errors. In Greece, the State Audit Office oversees the implementation of such integration strategies, ensuring that audit teams do not work in isolation but as part of an integrated internal audit system (Bringselius, 2020). It is also related to the impact of internal audit on public governance and risk management. The COSO (2019) framework provides a tool for identifying, assessing and managing risks at all levels of management, ensuring that decision-making processes are based on sufficient evidence and assessments. The integration of COSO in the Greek public administration, under the leadership of the General State Accounting Office, allows the development of a system that combines audit capabilities with the development of strategic organizational activities. Beyond the technical aspect, internal audit strengthens organizational culture and improves governance. The presence of transparent processes and continuous performance evaluation create a system of trust between citizens and public administration (Koutoupis & Tsamis, 2020). In this context, the General State Accounting Office functions not only as an audit system, but also as an organization that promotes organizational culture, providing training, guidance and good practices that promote transparency and trust.

International experience has shown that accountability and a collaborative internal audit system enhance the effectiveness of public administration. In countries such as Sweden and Germany, cooperation between internal and external auditors and the application of international standards lead to transparency and citizen trust (Dimitriou & Kyriazis, 2022). Greece can benefit from these practices, and the leadership of the State Audit Office is essential for their successful integration into the Greek public sector. Finally, strengthening internal audit contributes to the prevention of corruption and the promotion of civil society activities. Collaboration and knowledge create a sense of unity that makes civil society more effective, transparent and accountable, while the supervision and coordination of the State Audit Office ensure the implementation of these practices at the national level (Zopounidis & Karampinis, 2021).

CHALLENGES, OBSTACLES AND GOOD INTERNATIONAL PRACTICES IN INTERNAL AUDIT

The implementation of internal audit in the public sector faces various difficulties and obstacles related to cultural, institutional and cultural factors. Despite the recognition of its role, its implementation often faces challenges that limit the effectiveness of the evaluation processes. One of the main problems is the lack of cooperation between different public organizations, which leads to burdensome procedures or ineffective actions (Dimitriou & Kyriazis, 2022).

In Greece, the General Accounting Office of the State is the main body for resolving these difficulties. Through its leadership and supervision, it seeks to create a single framework for the implementation of local government, aiming to reduce gaps and ensure good procedures in the public sector (Ministry of Finance, 2022). The integration of procedures and the development of common standards are important strategies for overcoming business obstacles.

Another issue is the availability of appropriate human resources and training in assessments. Education and continuous training of internal auditors is important for the implementation of international standards and the development of action plans. COSO (2019) and INTOSAI (2020) point out that the effectiveness of the audit depends largely on the knowledge, skills and independence of auditors. In Greece, the State Audit Office has established educational and training programs to raise awareness and promote the dissemination of best practices in the public sector (Zopounidis & Karampinis, 2021).

Cultural differences are another important obstacle. Resistance to change, cultural processes and lack of cultural integration can reduce the effectiveness of assessment processes. Globalization shows that creating a culture of responsibility requires planning, communication and the participation of all stakeholders (Bringselius, 2020). In Greece, the involvement of the State Reform contributes to strengthening this culture, promoting common ways of working and introducing measures to improve corporate culture. Despite the challenges, there are international initiatives that can serve as a guide for the Greek government. In the Nordic countries, much of the internal audit work is strengthened through data exchange systems, common performance indicators and regular evaluation of audit results (OECD, 2021). The implementation of these actions in Greece, under the leadership of the General Accounting Office of the State, can lead to greater transparency, accountability and efficiency of public organizations. In addition, the use of technological tools and the development of information systems to support internal audit have emerged as important tools for solving organizational problems. Evaluating processes and introducing a data-driven management system allow for continuous project evaluation, early problem detection, and decision-making support (Koutoupis & Tsamis, 2020).

The General Accounting Office of the State has already initiated efforts to integrate technology into the internal audit process, increasing the accuracy and reliability of the results.

More generally, it can be stated that addressing the challenge requires a solid strategy that combines education, cooperation, technical support and business leadership. Globalization refers to organizations that implement internal organizations and organizational mechanisms to achieve higher levels of knowledge, responsibility and efficiency (Dimitriou & Kyriazis, 2022). Greece can learn from these efforts, with the General Accounting Office of the State having a leading role in ensuring the effectiveness of local government systems at the national level.

CONCLUSION

The analysis developed in the previous sections shows that internal audit is important for ensuring the quality, accountability and transparency of government activities. International

practices and standards, such as COSO and INTOSAI guidelines, provide a reliable theoretical and practical framework, which can be successfully implemented in Greece under the guidance of the State Audit Office (INTOSAI, 2020; COSO, 2019).

The integration of these standards helps to integrate processes, develop work plans and create an organizational culture of integrity and knowledge. A review of the Greek experience shows that the State Audit Office has a role in guiding and supervising all local audit services. Through guidance, training and the introduction of a monitoring system, it increases the effectiveness and efficiency of audit processes (Ministry of Finance, 2022).

The creation of a single framework for the implementation of international standards will reduce gaps and problems, increasing transparency and accountability in public administration. The main problems identified are the lack of consistency, the need to strengthen auditors' skills and a culture that resists change (Dimitriou & Kyriazis, 2022).

Addressing them requires planning, teamwork and training efforts, as well as the use of technical tools to improve monitoring and evaluation processes (Koutoupis & Tsamis, 2020). International experience shows that the successful implementation of internal audit depends on cooperation, independence of audit bodies and the implementation of common performance indicators (Bringselius, 2020). Greece can build on these efforts, with the State General Accounting Office playing an important role in ensuring the stability, reliability and integrity of the internal management system at the national level.

It is proposed to further develop the system of cooperation between the entire civil society, to continue training and studying evaluations in accordance with international standards, to strengthen the quality of the work process and to establish a system for the continuous evaluation of the results of local authorities. The implementation of these activities in a general way will increase the quality of public administration, increase transparency and increase citizens' trust in public services. In short, internal audit is not only an implementation tool, but also a mechanism for promoting good governance and cooperation. Guidance and coordination from the General Statistical Service are essential for the effective integration of international standards in the Greek public administration. The implementation of these ideas will contribute to the development of a new public system, transparent and efficient, capable of responding to the needs of citizens and best practices in the world.

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