



PRIORITIES AND PRACTICAL ASPECTS OF DEVELOPING INTERNAL AUDIT IN NON-STATE HIGHER EDUCATIONAL INSTITUTIONS IN ASIAN COUNTRIES

Turmanqulov Norpo'Lat Sa'dullayevich

Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, Tashkent City Department;

Independent Researcher at Tashkent State University of Economics, Uzbekistan

e-mail: norpulat@inbox.ru

<https://orcid.org/0009-0004-0916-2871>

Article history:	Abstract:
Received: 8 th December 2025 Accepted: 7 th February 2026	This article analyzes the priority areas and practical aspects of developing the internal audit system in non-state higher education institutions in Asian countries. The study highlights the role of the internal audit service in the management system of higher education institutions, its importance in risk management, improving the effectiveness of internal control, and improving corporate governance. Based on the experience of India, Singapore, Malaysia, Japan, and other countries in the Asian region, the institutional mechanisms for organizing internal audit in non-state higher education institutions, a risk-based audit approach, information technology audit, and practices for ensuring transparency and accountability were studied. The study revealed that the main areas of development of internal audit activities, including academic and administrative process audits, digital risk control, strengthening integrity and compliance systems, and integrating audit activities with corporate governance institutions are important factors. The results of the study serve to improve the internal audit system in non-state higher education institutions, strengthen management transparency and financial discipline, and support strategic development.

Keywords: Internal audit, non-state higher education institutions, Asian countries, risk-based audit, corporate governance, internal control system, education quality audit, information technology audit, transparency and accountability, audit committee.

INTRODUCTION

In recent years, the higher education system in the Asian region has been developing rapidly, the number of private higher education institutions and their share in the educational services market has increased significantly. This process requires special attention to ensuring the quality of educational services, management efficiency and financial stability. In particular, the role of the internal audit system in private higher education institutions is very important for ensuring the rational use of financial resources, transparency of the educational process and support for strategic development.

Internal audit is an integral element of a modern management system, serving to independently assess the organization's activities, identify and manage risks, increase the effectiveness of the internal control system and improve management decisions. In particular, in private higher education institutions, the numerous financial processes related to contract income, grants, investment funds and research projects further increase

the importance of internal audit services. Therefore, an effective internal audit system is an important factor in strengthening financial discipline, effective use of resources and ensuring institutional stability in educational institutions.

The development of internal audit systems in higher education institutions in Asian countries has become a major focus of public policy and institutional reforms in recent years. In countries such as Japan, South Korea, Singapore, Malaysia, and China, internal audit services have become an important element of university corporate governance, covering areas such as risk-based audit planning, compliance monitoring, operational audits, and information technology audits. This practice serves to ensure transparency in educational institutions, improve management efficiency, and gain the trust of stakeholders. In this context, it is of great scientific and practical importance to study the priority areas and practical manifestations of the development of internal audit in private higher education institutions in Asian countries. The main



objective of this study is to analyze the institutional mechanisms of the internal audit system based on the experience of Asian countries and identify the possibilities of their implementation in the management systems of private higher education institutions. The results of this study are expected to contribute to improving management transparency, financial discipline, and strategic efficiency in educational institutions through the development of internal audit services.

LITERATURE REVIEW

The issues of organizing and developing an internal audit system in higher education institutions have been widely covered in international scientific and practical literature in recent years. In particular, internal audit is considered an important institutional mechanism for ensuring transparency in university management, risk management, strengthening financial discipline, and monitoring the quality of education.

First of all, the institutional framework for internal audit in higher education institutions is determined by the internal audit charters of universities. For example, the "Internal Audit Charter" document developed by "The University of Hong Kong" states that the main purpose of internal audit is to independently assess the effectiveness of the university's governance, risk management, and internal control system and to contribute to their improvement. This document establishes important principles such as the independence of the internal audit service, accountability to the audit committee, risk-based audit planning, and monitoring of audit results.

Another important document aimed at ensuring transparency and accountability in higher education institutions is the "Guidelines on Public Self-Disclosure by Higher Education Institutions (2024)" developed by the "University Grants Commission". This guideline states that universities should provide open information about their activities, financial indicators, educational programs and management system. These requirements expand the tasks of the internal audit service, directing them not only to financial control, but also to assess the accuracy, transparency and documentation of information. Practical methodological recommendations for organizing internal audit in educational institutions are given in the document "Guidance Note on Internal Audit of Educational Institutions (2021)" prepared by "The Institute of Cost Accountants of India and Internal Audit Standards Board". This guideline indicates issues such as financial audit, operational audit, compliance audit and assessment of management processes as the main

areas of internal audit in educational institutions. Also, risk-based audit planning, documentation of the audit process, and monitoring the implementation of recommendations based on audit results are described as important stages.

The relationship between the higher education quality management system and internal audit is covered in the document "Guidelines for the Creation of the Internal Quality Assurance Cell (IQAC)" developed by the "National Assessment and Accreditation Council". According to this document, internal quality assurance departments are established in higher education institutions and the quality indicators of the educational process, academic performance, and institutional development indicators are regularly monitored. This process is integrated with internal audit, allowing for a comprehensive assessment of the quality of education and the efficiency of resource use.

Also, professional approaches to organizing the effective activities of the internal audit service are described in the document "Guidance for an Effective Internal Audit Function 2.0 (2023)" developed by "The Institute of Internal Auditors Malaysia". This source highlights the independence of the audit, compliance with professional standards, cooperation with the audit committee, integration with the risk management system, and mechanisms for assessing the quality of audit activities as important factors in ensuring the effectiveness of the internal audit function.

In general, the analyzed literature shows that three main areas are important in developing the internal audit system in higher education institutions: first, institutional strengthening of internal audit activities and integration with audit committees; second, introduction of a risk-based audit approach and comprehensive assessment of financial and academic processes; third, increasing the efficiency of university management by ensuring the quality of education, transparency, and accountability. These approaches serve as an important theoretical and practical basis for improving the internal audit system in non-state higher education institutions.

METHODOLOGY

This study used a number of scientific research methods to identify the priority areas and practical manifestations of the development of the internal audit system in non-state higher education institutions in Asian countries. First, based on a systematic approach, the role of internal audit in the management system of higher education institutions, its relationship with risk management, internal control and corporate governance was theoretically analyzed.



In the course of the study, the practice of organizing internal audit in higher education institutions in Asian countries, in particular India, Singapore, Malaysia, Japan and other countries, was studied using the comparative analysis method and their specific aspects were compared. Also, the relationship of internal audit with the audit committee, board of directors and quality assurance systems was assessed using the institutional analysis method.

As part of the empirical analysis, materials on internal audit charters of higher education institutions, regulatory documents regulating internal audit activities, international professional standards and regulatory requirements were studied. Based on these documents, the main elements of internal audit activities were analyzed - risk-based audit planning, audit coverage, monitoring of audit results, ensuring transparency and reporting systems for violations. In addition, using the methods of scientific abstraction, generalization and induction, advanced practices formed in the experience of Asian countries were systematized and scientific conclusions were developed on their adaptation to the management system of non-state higher education institutions. This methodological approach served to identify institutional factors affecting the effective organization of the internal audit service and to substantiate the possibilities of their implementation in practice.

RESULTS

The development of internal audit in non-state higher education institutions in Asian countries is determined more by regional regulatory requirements, education quality and accreditation systems, and institutional forms of corporate governance (board/audit committee) than by a single "universal model". In practice, internal audit is often formed at the "intersection" of two directions: on the one hand, issues of financial stability such as contract revenues and cost discipline; and on the other hand, requirements for quality indicators of the educational process, academic integrity, data/IT security and transparency to stakeholders (students, parents, partners, state regulators). For this reason, internal audit in Asia is gradually expanding from "just accounting audit" to a

risk-based assurance and advisory function; this can be seen from the missions expressed in the audit charters of many universities with the terms "risk-based assurance" and "value protection"¹.

DISCUSSION

The first major feature of the Asian experience is that the development of internal audit has often been "accelerated" by increasing external oversight and transparency requirements. For example, in India, higher education institutions, especially private universities, operate under increased regulatory requirements for transparency and accountability: the UGC, in approving the Guidelines on "Public Self-Disclosure" in 2024, specifically emphasizes the need for stakeholders (students, parents, regulators, accreditation agencies and the public) to systematically obtain information from university websites². Such pressure for transparency also expands the role of internal audit: audit will now have to examine not only financial discipline, but also the completeness of information, timely disclosure, appropriate documentation and management accountability mechanisms. The methodological manuals on internal audit in India are also aimed at providing practical guidance on the organization, scope and procedures of internal audit in educational institutions³.

The second feature is that in Asia, the content of internal audit in non-state HEIs often develops side by side with educational quality audit and academic-administrative audit (quality assurance system). This is especially evident in "South Asian and some Southeast Asian systems: mechanisms for periodic assessment of academic and administrative processes through permanent internal quality management bodies (e.g. internal quality assurance departments) are widespread in institutions; the NAAC guidelines on internal quality assurance departments place the idea of managing quality based on principles of conscious, consistent and encouraging development at the center"⁴. In many private universities, internal audit is not limited to financial audit alone, but is integrated into an integrated control ecosystem that also includes elements of curriculum implementation, educational service processes, student work, information technology

¹ The University of Hong Kong. Internal Audit Office. Internal Audit Charter. <https://www.iao.hku.hk/internal-audit-charter>

² University Grants Commission (UGC). Guidelines on Public Self-Disclosure by Higher Education Institutions. - 2024

³ The Institute of Cost Accountants of India (ICMAI), Internal Audit Standards Board (IAASB). Guidance Note on Internal Audit of Educational Institutions. - 2021.

⁴ National Assessment and Accreditation Council (NAAC). Guidelines for the Creation of the Internal Quality Assurance Cell (IQAC) and Submission of Annual Quality Assurance Report (AQAR): Autonomous Colleges (April 2020). - 2020.



platforms, data integrity, and compliance with legislation and internal standards. This integration is explained by the fact that in practice it does not work as “two parallel audits”, but as a chain of “academic quality - resources - control”, and internal audit provides independent assurance on risks and internal controls. The third feature is that the development of internal audit often begins with the adaptation of IIA standards / IPPF and formalization within the institution through a charter. In many Asian countries (in particular, Malaysia), professional guidelines on the effective organization of the internal audit function (IIA Malaysia, etc.) emphasize the need to link internal audit with board / audit committee oversight, resource adequacy, risk management and internal control⁵. The practical result of this approach is that in order for the internal audit department in non-state universities to be perceived as a “trusted mechanism”, its powers (access rights, scope, accountability), methodology (risk-based audit plan, list of audit scope objects) and quality assurance (quality assurance and improvement program) are clearly defined in the internal audit charter; this transforms internal audit from an individual activity into an institutional system. The fourth feature

is that the strengthening of internal audit in Asian non-state universities is often formed in conjunction with the principle of honesty and ethical integrity, a system of compliance with legislation and internal standards, and a system for reporting violations. Here, “the role of internal audit is not only to audit, but also to manage/review secure reporting channels and translate incoming signals into institutional responses. For example, at Singapore Management University (SMU), communication channels for the whistleblowing system (a dedicated telephone hotline and email) are clearly stated and the head of internal audit reviews incoming reports and takes appropriate action within the policy (SMU, undated). In the case of Japan (Asia University), it is also explicitly stated that the reporting system is organized under the internal audit department.”⁶ This practice is particularly important for non-governmental HEIs: risks to contract revenues, procurement, grants, conflicts of interest, academic integrity, and resource use are often identified late without an early warning mechanism; a whistleblowing system provides evidence-based risk-based planning for internal audit and direction of service audits.

Table 1

Priority areas and practical aspects of developing internal audit in non-state higher education institutions in Asian countries

Regional block	Development driver	Priority area in internal audit	Practical mechanism (example)	Result for private universities
South Asia	Regulator transparency and accreditation requirements	Transparency , legislation and internal to the standards compatibility , academic and with administrative audit integration	Requirements for public disclosure of information; quality system through internal quality assurance department	Transparent reporting + documentation discipline will increase; audit coverage will expand
Southeast Asia	Corporate management culture and professional standards	Risk-based audit, compliance with legislation and internal standards, and the principle of honesty and ethical integrity	Offenses about message to give channels and internal audit role ; professional guidance on internal auditing	The institution of trust is strengthened; fraud risks are identified early
East Asia	Reputation and organization value protection	Information technologies audit , data management system , risks based	internal audit regulations to risks based mission ; offenses about message to	Cybersecurity and data risk management

⁵ The Institute of Internal Auditors Malaysia (IIAM). Guidance for an Effective Internal Audit Function 2.0. - 2023.

⁶ <https://www.asia-u.ac.jp/english/about/compliance/whistleblowing.html>. Asia University (Japan). Whistleblowing



	to do , digital risks	independent guarantee	give window in the internal audit department	assurance is strengthened
West Asia	Financial stability and guardians council or committees control	Risk-based audit plan, follow-up on recommendations, reporting to management	Guardians board of directors' audit and finance to the committee to risks audit plan based on and recommendations performance next control to do requirements	Strengthening institutional guarantees for the Supervisory Board

Fifth, as Asia’s digital transformation accelerates, the scope of internal audit is rapidly increasing, with IT audit, cybersecurity, and data governance. This can be seen in the Hong Kong universities’ internal audit charters, which emphasize risk-based independent assurance, along with phrases such as professional practice in accordance with standards and protecting organizational value. This issue is even more relevant in non-government HEIs: learning management information systems, enterprise resource planning information systems, online admissions and payment systems, student data, distance learning platforms, and academic databases all pose cybersecurity risks; internal audit is expected to provide independent assurance to management on IT controls, authorization levels, system logs, information systems integration, and data quality.

Sixth feature - in many non-governmental universities in Asia, the internal audit model is enriched with elements of the use of audit services on a cooperative basis and the involvement of external audit services due to resource constraints. Although this is not codified as a separate principle, as in Europe, it is found in practice: the internal audit department performs “core” tasks (risk assessment, planning, follow-up of recommendations, monitoring compliance with legislation and internal standards), and external specialists are involved in complex IT audits, cybersecurity, construction projects or audits requiring special expertise. This approach, while maintaining the independence of internal audit, expands the capabilities of skills and experience and increases the level of quality assurance for the audit committee and management. In general, the development direction of internal audit in the Asian non-governmental higher education market shows three main trends: first, increasing compliance with legislation and internal standards and transparency requirements expand the scope of internal audit; secondly, parallel development with the education quality infrastructure (internal quality assurance department and academic audits) brings internal audit closer to the risks of educational processes; thirdly, the

connection of integrity principles and systems for reporting violations with internal audit leads to the real use of internal audit as an institution of trust in organizational management.

LIST OF USED LITERATURE:

1. The University of Hong Kong. Internal Audit Office. Internal Audit Charter. <https://www.iao.hku.hk/internal-audit-charter>
2. University Grants Commission (UGC). Guidelines on Public Self-Disclosure by Higher Education Institutions. - 2024
3. The Institute of Cost Accountants of India (ICMAI), Internal Audit Standards Board (IAASB). Guidance Note on Internal Audit of Educational Institutions. - 2021.
4. National Assessment and Accreditation Council (NAAC). Guidelines for the Creation of the Internal Quality Assurance Cell (IQAC) and Submission of Annual Quality Assurance Report (AQAR): Autonomous Colleges (April 2020). - 2020.
5. The Institute of Internal Auditors Malaysia (IIAM). Guidance for an Effective Internal Audit Function 2.0. - 2023.