DEVELOPMENT OF INTERNAL AUDITING IN FIJI: AN INSTITUTIONAL THEORY APPROACH

Vishwa Hamendra Prasad *, Nileshni Lata Sharma **, Shoma Prakash ***

* *Corresponding author*, School of Accounting and Law, Fiji National University, Ba Campus, Ba, Fiji
Contact details: School of Accounting and Law, Fiji National University, Ba Campus, P. O. Box 737, Ba, Fiji
** Ministry of Education, Ba, Fiji
*** School of Accounting and Law, Fiji National University, Nasinu Campus, Nasinu, Fiji

OPEN ACCESS

How to cite this paper: Prasad, V. H., Sharma, N. L., & Prakash, S. (2024). Development of internal auditing in Fiji: An institutional theory approach. *Corporate Ownership & Control, 21*(3), 138–149. https://doi.org/10.22495/cocv21i3art12

ISSN Online: 1810-3057
ISSN Print: 1727-9232

Received: 24.10.2023
Accepted: 23.07.2024

JEL Classification: M4, M41, M42
DOI: 10.22495/cocv21i3art12

Abstract

The significant area of research is internal audit (IA) and the characteristics of the functions in Fijian organizations. This paper examines how institutional norms determine attributes of IA practices. The authors employed qualitative and quantitative research approaches based on interview evidence, questionnaires, and archival sources. This study theorizes the development of IA practices from an institutional change perspective. Nath et al. (2021) studied the dynamics of the Office of the Auditor General (OAG) of Fiji and their findings show that OAG maintained stabilty. The findings indicate that regulation-based institutional norms explain the adoption of IA and the function's characteristics in Fijian organizations. This research contributes to understanding key drivers of institutional change that initiate new institutional norms that foster the development of IA by introducing and diffusing new audit practices as old ones deinstitutionalize.

Keywords: Internal Auditing, Corporate Governance, Institutional Theory, Regulation

Authors' individual contribution: Conceptualization — V.H.P.; Methodology — V.H.P.; Investigation — V.H.P., N.L.S., and S.P.; Resources — V.H.P.; Writing — Original Draft — V.H.P., N.L.S., and S.P.; Writing — Review & Editing — V.H.P., N.L.S., and S.P.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

In today's business environment, internal auditors provide management with a broader range of information concerning the organization's financial, operational, and compliance activities to improve effectiveness, efficiency, and management performance (Mihret et al., 2010). Traditionally, internal audit (IA) has progressed from assurance-focused to consulting-oriented services, an integral part of the function (Mihret & Woldeyohannis, 2008). Subsequently, under the current paradigm, IA works as a partner of management towards adding value to an organization (Ahlawat & Lowe, 2004; Goodwin-Stewart & Kent, 2006; Mat Zain, 2005; Yee et al., 2008; Cohen & Sayag, 2010; Moeller, 2005). However, in developing countries, corporate governance (CG) mechanisms and IA are mainly still growing due to a lack of resources and expertise (Li et al., 2014; Al-Matari et al., 2013). Despite this, researchers have called for further research to determine how IA practices in developing countries have progressed along with convergence and maturity (Salvioni et al., 2013; Sarens & Abdolmohammadi, 2011).

Technology-based audit techniques have also become an important part of the IA function. Big data and analytics is one such technique. Big data explains five attributes: volume, velocity, variety, veracity and value. Volume refers to a large amount of data; velocity refers to the high speed of data; variety reflects the variety of different data sources; veracity to the integrity of the information; and value means converting data to something useful (Cao et al., 2015; Zhang et al., 2015). Predominantly, the role of IA in CG through its services to the board of directors was reinforced after the Sarbanes-Oxley Act (SOA) (2002) (Carey et al., 2006).

Furthermore, the definition stresses IA's contribution to accomplishing organizational objectives. The empirical literature indicates that IA may not always be practical. It also suggests that IA effectiveness tends to vary from one context to another (Al-Twaijry et al., 2003; Arena et al., 2006; Cohen et al., 2004; Mat Zain et al., 2006; Mihret & Woldeyohannis, 2008; Yee et al., 2008).

Studies by Sarens (2009) and Cooper et al. (2006), where the function of the IA role has changed from financially oriented to IC and risk assessment provide further motivation for the study. The greater likelihood of fraud in developing countries calls for further research on IA, controls, and CG. Internal auditors review and analyze company records and financial documents to identify compliance concerns, risks, fraud, and data inaccuracies. They thoroughly examine all records within the scope of their audit and investigate any problems they uncover.

An institutional change perspective can facilitate studying how IA's role and practices have continued to evolve. Thus, a valuable extension to the growing institutional theory of IA literature would be to examine how IA develops through institutional change as new practices supplant IA practices that have gained institutional norm status. This institutional change framework is adopted for the present study to examine the development of internal auditing in Fiji.

The study of IA and its effectiveness in Fiji could provide valuable insights by providing empirical evidence on CG structure. This study would be helpful to various parties since Fiji is a recipient of funds from the World Bank, International Monetary Fund and other financial institutions. The association of IA effectiveness with organizational performance and, thus, an accomplishment of corporate objectives appears not sufficiently explored. Moreover, the need also arises to study the extent of IA's compliance across government ministries, and private and public companies. This paper aims to examine the time at which institutional rules determine the attributes of IA practices and how institutional changes explain the development of IA. Our research would be an essential area to the ignored aspects. Hence, this study explores IA practices in selected Fijian private/public companies and statutory bodies to identify institutional pressures that have changed IA qualities. It also examines institutional changes by which new institutional rules that govern IA practices develop.

Hence, the primary research questions for our paper are:

RQ1: How does IA develop through an institutional change in Fiji?

RQ2: How do IA practices in selected Fijian private/public companies and statutory bodies identify institutional pressures that have changed IA qualities?

The rest of the paper is structured as follows: Section 2 reviews the institutional framework and the relevant IA literature for the study. Section 3 outlines the research methodology employed, followed by Section 4, which presents research results in line with the concepts developed in the study's analytical framework. Section 5 provides a discussion of the results. The final Section 6 concludes the paper.

2. LITERATURE REVIEW AND RESEARCH FRAMEWORK

This study draws on institutional theory, which explains how organizational structures and practices get shaped through changes induced by institutional pressures. Institutional theorists consider organizations members of an organizational field comprising several interrelated organizations or industries. According to DiMaggio and Powell (1983), structures are rules and resources that enable the functioning of social systems, and they employ the concept of structures to indicate the relationship between institutions and individual organizations. Organisational structures and practices influence coercive, mimetic and normative isomorphism (DiMaggio & Powell, 1983). Coercive isomorphism takes place as a consequence of organizational attempts for legitimacy. Mimetic isomorphism occurs when organizations respond to uncertainty by emulating the practices of other organizations. Normative isomorphism arises when institutional changes happen due to organisations' recognition of professions.

Prior IA literature has empirically examined IA from an institutional theory perspective (Al-Twaijry et al., 2003; Arena & Azzone, 2009) and conceptually (Mihret et al., 2010) focused on explaining IA attributes and characteristics. Institutional theory enables understanding of how diffusion of practices, regulatory requirements among organisations and the impact of professions generate isomorphic pressures on organisations. New techniques that develop to a status of institutional rules also initiate from partnerships among organizations (Dacin et al., 2002), within organizations through innovation, and as exogenous inputs from other external sources (DiMaggio & Powell, 1983; Dacin et al., 2002). This institutional change perspective can provide a practical analytical framework to explain how IA practices develop over time as a product of institutional change dynamics. The recent institutional theory literature employs an institutional change perspective to explain how institutions develop through deinstitutionalizing old practices and institutionalizing new ones (Dacin et al., 2002; Dillard et al., 2004).

The background of IA effectiveness has not yet been fully explored. Some scholars have advocated future research on IA effectiveness and related issues. For example, Goodwin-Stewart and Kent (2006) called for a study to examine variations in IA practices between government and private organisations. Likewise, Mihret et al. (2010) suggested the need to investigate antecedents of IA effectiveness. Arena and Azzone (2009) provided evidence that IA effectiveness increases, mainly when the ratio between internal auditors and employees grows. Scapens (2006) showed how contradictory institutional pressures for greater efficiency and improved public service could generate conflicts and resistance inside an organization, leading to the loose coupling of operating and financial control systems.

Burns and Scapens (2000) stated that revolutionary change involves a radical change to existing routines and fundamentally challenges the prevailing institution. Such revolutionary change is likely due to external events, such as take-over, economic recession, and privatization. In contrast, evolutionary change is incremental and involves only minor and unconscious adjustments to the take-for-granted assumptions. In this type of change, the change process is shaped by a combination of random, systematic and inertial forces, which create the context for the emergence of new practices (Burns & Scapens, 2000).

Institutional theories view organizational functioning as a part of a more comprehensive set of social/institutional practices. They tend to focus on 'isomorphic' tendencies and the connection of practices in organizations in which institutional forces are depicted as entrenching uniform practices in a wide range of private and public sector organizations (DiMaggio & Powell, 1983, 1991; Scapens, 2006; Lounsbury, 2008).

Sharma et al. (2014) adopted an extended institutional theory framework and examined accounting change within a telecommunication company and various issues surrounding institutional entrepreneurs' role in the privatisation and long-term restructuring of a significant public sector enterprise. Moreover, the authors examined how accountants and other entrepreneurs were influential in developing accounting practices to prepare a government service telecommunications entity for privatisation. They found that telecommunications management and employees reproduced and took new accounting routines for granted.

Nath et al. (2021) studied the dynamics of the Office of the Auditor General (OAG) of Fiji and their findings reveal that the OAG remained a stable institution despite a series of coups from 1987–2006. Their study showed the commitment of the OAG provided good stability and viability through international associations. Deloitte's (2018) survey of internal auditors found that they apply analytics during the fieldwork stage of the audit. In the case studies, data analytics have enabled IA to increase sample sizes to 100% in various audits, providing greater assurance.

Neo-institutionalist approaches (Meyer & Rowan, 1977; DiMaggio & Powell, 1983) emphasized coercive as well as mimetic (mainly associated with the evolutionary paradigm) and normative (self-governance) institutional influences on organizational policies and practices. Moreover, the institutional paradigm is concerned with national cultural effects. Western cultures still consider it rational to standardize, control and formalize through organizational rules and procedures.

Barac et al. (2016) studied using a neo-institutional perspective to demonstrate how internal auditing in Brazil, Russia, India, China, and South Africa (BRICS) countries responded to coercive, normative and mimetic pressures and found that coercive pressures existed in all the BRICS countries. However, they also found that South Africa has responded more to mimetic pressures concerning professional practices and organisational relationships than other BRICS countries. Joshi (2020) studied the three determinants of risk-based planning, the usage of Big data and analytics and the frequency of meetings between internal auditors and the audit committees and found variations in IA effectiveness. Their study recommended that IA be used to develop competencies in the first two determinants. Given the large amounts of data available for analytic purposes, Tang et al. (2017) investigated the types of internal auditors' tools. The findings reveal that chief audit executives value professional certifications and the use of data analytics in the IA function.

Studies by Sarens et al. (2009) and Cohen et al. (2010) have shown significant changes in the role of the IA function due to regulatory reforms in the global market, e.g., the SOA in the USA in 2002 (Sarbanes-Oxley Act, 2002). Suwaidan and Qasim (2010) report that the extent of reliance the external auditor places on the work of the Institute of Internal Auditors (IIA) Fiji is positively related to independence, objectivity and proficiency.

Arena et al. (2006) and Arena and Azzone (2009) employed institutional theory to study IA in Italian companies. Arena et al. (2006) focused on the coercive isomorphic pressure of stock exchange regulations influencing the development of IA. The authors described and explained IA characteristics, activities, and reporting levels in the context of the institutional settings in which companies operate. Arena et al. (2006) also pointed out that institutional pressure on companies leads IA to take on a particular audit focus. They found coercive forces as having led to a financial audit focus and argued that the stock exchange rules and regulations substantially impacted the development of IA in Italy.

Furthermore, Mihret and Woldeyohannis (2008) examined IA in an Ethiopian state-owned enterprise and identified the factors determining IA value-adding attributes. They interpreted their results based on Mihret and Yismaw's (2007) case study of a government organization in the same country. Mihret and Yismaw found management support and IA quality to be the significant determinants of IA effectiveness. Mihret and Woldeyohannis (2008) stated that organizational goals and strategies and the level of risk exposure of organizations could be potential factors that shape the dominant focus of IA as either assurance or consulting. Alternatively, Yee et al. (2008) examined the role of IA in Singapore. They identified whether IA is viewed as a partner with management or a watchdog for routine compliance mechanisms. Fiji's capital market is not sophisticated and the volume of transactions is relatively small. An independent body, the IIA Fiji, provides legislation highlights and developments to an organization's internal auditors. Apart from IIA, an external independent audit firm could be any of the big three firms in Fiji, together with 21 other small-medium practice firms[1]. Members of public practice could also act as registered independent auditors.

The conformity to institutional benchmarks is facilitated by normative, coercive and mimetic

[1] Based on the data from Fiji Institute of Accountants (FIA) (https://www.fia.org.fj/).

processes (DiMaggio & Powell, 1983). Therefore, values and beliefs external to the organization play a significant role in determining the organization's benchmarks. Organisations may conform to rules and regulations to increase their legitimacy, resources and survival, not necessarily for efficiency (Dillard et al., 2004; DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Therefore, this research extends institutional theory and how IA develops through institutional change in Fiji.

3. RESEARCH METHODOLOGY

The research employs both qualitative and quantitative methodologies to explore the development of internal auditing in Fiji through the lens of institutional theory. This approach is chosen to understand the complex interactions between various institutional forces and their ethical considerations. Confidentiality is maintained by ensuring the anonymity and confidentiality of participants and sensitive organizational information. We obtained informed consent from all interview participants and organizations involved in the study, and transparency is maintained by communicating the research purpose, methods, and potential impacts to all stakeholders on internal auditing practices.

Hence, the study employed research methods based on data obtained through questionnaires, open-ended question interviews, and archival sources. The archival analysis involved government gazettes and professional association publications from the FIA and the IIA Fiji. The study captured country-level policies and regulations for institutionalizing IA practices in Fiji. Structured questions were developed, and open-ended interviews were conducted with IA managers, senior auditors and principal auditors of government ministries, private companies and public companies. Semi-structured interviews were conducted over six months, from February to July 2019. After permissions were granted from the organizations, a letter was delivered to the IA managers inviting them to participate in an interview.

Consequently, interviews were organized in consultation with the participants. The average length of the interview was 90 minutes. The interviews with the FIA and the IIA of Fiji executive members helped us understand the profession's status in Fiji. This enriched the data obtained through an interview and consolidated the significant themes that emerged. The semi-structured element of interviews offered the flexibility required for the qualitative component of the study (Maxwell, 2005) and the structured component of the interviews enhanced the reliability of the data collected (Albrecht et al., 1988).

All the interviews were conducted to establish data reliability. The participants were briefed on the purpose of the interviews and the procedures to follow. The ethical requirements of the university and ethical clearance were obtained. The responses were analysed using the SPSS software package, version 20 and pattern matching to compare physical pattern matching with an observed empirical pattern. The IA managers and staff questionnaire comprised 22 males and 14 females. The respondents' age distribution ranged from 18 to 30 to over 60 years old. In terms of job positions, as shown in Table A.1 in Appendix, the sample was composed of auditors (n = 21, 58.3%), senior auditors (n = 9, 25%), principal auditors (n = 1, 2.8%) and audit managers (n = 5, 13.9%).

It is understood from the interviews that titles like IA Department head and IA Supervisor are used in some organizations. On the other hand, more generic titles were used in the questionnaires. Descriptive statistics and profiles of interview participants are provided in Tables A.1, A.2 and A.3 (Appendix).

Participant's work experiences ranged from below five years to 16 years (Table A.2, Appendix), two participants (5.6%) had 1–5 years of experience, 16 participants (44.4%) had 5–8 years of experience, 13 participants (36.1%) had 9–12 years of experience, and five participants (13.9%) had 13–16 years of experience.

In terms of educational background, most participants had Bachelor's degrees (n = 30, 83.3%), followed by Master's degrees (n = 4, 11.1%) (Table A. 3, Appendix). Others had diplomas (n = 2, 5.6%) (Table A.3, Appendix). Four participants were chartered accountants, 12 were certified management accountants, members of the IIA, or had other certifications. Twenty participants (55.6%) were progressing with their professional credentials. Participants from accounting were chief auditors, senior auditors and auditors (32, 88.9%), management (2, 5.6%), economics (1, 2.8%), and information systems (1, 2.8%) backgrounds.

The interviews lasted an hour and were conducted over six months, from February to July 2019. The researchers invited potential participants with a letter addressed to IA managers of selected organizations. Subsequently, willing participants were contacted to arrange interviews. The participants were briefed on the purpose of the interview, and the research ethics requirements of the university that provided research ethics clearance were clarified and explained. Then, the researcher made appointments for interviews at each participant's convenience. The participant responses were then interpreted.

4. RESEARCH RESULTS

4.1. Development of internal audit in Fiji

The government introduced internal auditing in Fiji in the early 1970s, wherein an inspection division was set up within the Ministry of Finance. This division is responsible for inspecting government processes to ensure that basic internal controls are intact and exist within the financial management processes across the government. Sometimes, in 1979, the division was merged with the Training and Systems Development Division to conduct IA, systems review and development, and training, thus focusing mainly on financial training rather than internal auditing. However, spot checks of compliance with rules and regulations were being conducted and so were special investigations. In 1997, a group of internal auditors formed the IIA — Fiji chapter, affiliated with the IIA — Global based in the USA.

The primary objective of the chapter was to advocate the IA profession in the country. After over ten years of successful operation as a chapter, the status of the chapter was upgraded by IIA to an institute in 2008 by IIA Global. It granted the status of IIA Fiji. IIA Fiji is the only body affiliated with the global in the Pacific island region. Other countries with similar institutions in the Oceania region are Australia, New Zealand and Papua New Guinea.

In March 2012, IIA Fiji attained membership in the Asian Confederation of IIA (ACIIA) and joined 15 other countries in the Asia-Pacific region that have IA institutes. Membership in the ACIIA has enabled greater collaboration with more developed IA institutes committed to supporting small and developing institutes such as IIA Fiji. Meanwhile, internal auditing in the public sector has continued to evolve. In 2004, the Financial Management Act was introduced. In late 2008, the Pacific Financial and Technical Assistance Centre (PFTAC) evaluated the Pacific's public sector IA functions. They recommended that various changes be introduced to strengthen the capability and performance of the division as a whole. Most of the recommendations are being implemented.

4.2. Internal audit effectiveness — Private companies in Fiji

The private companies are registered in Fiji as per the Companies Act. The Companies Act 2015, Section 14 states that a company must have at least one member and under Section 15, private companies and public companies can be registered.

Interviews reveal that most private companies in Fiji are small/medium and family-owned, and IA are not widely adopted. The IA Department reports to the audit managers, who mostly report to the chief executive officers (CEO). It has been noticed that a few companies have audit committees. Interviews show that few private companies have perfect internal control/IA processes, and the board of directors oversees the audit process. In companies where the IA Department reports to the board of directors, the audit managers hold regular meetings with the board. Mimetic isomorphic pressures are observed in the overall IA process. An example that can be cited from the interviews was a radical change to move away from pre-audit to post-audit for significant transactions requiring a value-added tax (VAT) monitoring system by the government. Once a sale occurs, 9% of VAT must automatically be remitted to the Fiji Revenue and Customs Service. The accounting system of companies in Fiji is becoming more transparent with the introduction of the VAT monitoring system, and businesses are engaging in greater compliance. The IA must be involved in pre-audit to ensure the process flows smoothly with minimal disturbance to the online transaction processing system.

Therefore, audits are conducted before the transactions are executed. Using the VAT monitoring system, the government ensures that the companies remit the correct taxes and do not evade taxes. Moreover, the private companies' income tax rate in Fiji is 20%, and the dividends received by the company members are exempt from tax. The research shows that few companies in Fiji have internal auditors who report to audit managers and the chief auditors/directors at the main branch or the head office. The interviews show that IA had a shallow impact on the pre-audit process and that there was a threat to independence.

The insurance companies and the banking sector in Fiji also show that isomorphic mimetic pressures are prevalent and favour pre-audit. The decisions cannot be reserved once a loan is approved and disbursed. Internal auditors at banks and insurance companies were involved in pre-audits, which were conducted before transactions were executed. The staff reports to the branch managers and the audit department at the main head office.

Internal auditors often find themselves in an excellent position to discharge their responsibilities. *"We report to senior management within the organization, but we are also expected to review the conduct and effectiveness of management in an objective manner"* (interviewee 1, August 14, 2022). *"We come across situations and problems if we try to whistle-blow… and that reminds us of our job security"* (interviewee 2, August 15, 2022).

The IA function has become an integral part of an organizations financial management and for improving performance and efficiency in both private and public companies. The need for good governance has motivated public companies to demonstrate a stronger sense of responsibility for the effectiveness of internal control systems (Mihret et al., 2009). *"Internal auditing contributes to corporate governance by bringing the best recommendations about internal controls and risk management and provides information about fraudulent activities in an organization"* (interviewee 3, August 16, 2022).

Effective internal control oversight and monitoring activities are integral to good CG and effective financial management. "*Our internal oversight includes the internal audit function that must be effective and generally comply with the auditing standards in practice*" (interviewee 4, August 17, 2022). *"In respect of auditing any contracts between the organization and others before adoption, the manager of the internal audit department is not allowed to do that… this matter is considered by the board of directors and senior management"* (interviewee 5, August 18, 2022).

The interviews revealed that the managers of IA departments have the power to supervise and control their staff through internal auditor reporting. In other words, IA staff must submit their reports to the IA managers to detail and verify the work they have carried out during that period. IA managers indicate that each internal auditor has their identification stamp to endorse and sign off individual work. Mihret and Yismaw (2007) stated that proper planning enables the accomplishing of many audits in a given period by improving efficiency.

According to the IA manager's responses, internal auditors endeavour to assist the auditee in performing their mission and recognizing their difficulties. These approaches have increased awareness levels by the auditee, and the level of interaction and involvement in working relationships between internal auditors and auditees has enhanced over the last five years.

"We always try to make auditees work with us in an atmosphere of confidence and respect. We review and discuss any finding that negatively impacts the auditees and ask them to make the necessary corrections, and only rectified findings get reported" (interviewee 6, August 19, 2022).

According to the participants' responses, confining the IA work to financial and operational areas is attributed to several causes, including the size of a particular IA Department, which may preclude focusing on non-financial functional regions. Another reason relates to the lack of competence of internal auditors: a lack of knowledge, skills, and other competencies needed to perform in non-financial areas. Most internal auditors' experience is confined to that of a qualified accountant.

"Our work focuses on financial areas specifically, verifying the accuracy of amounts in financial records to prevent the probability of significant errors or fraud… I think the number of internal auditors is small compared to the large size of the organization. Also, internal audit staff do not have enough experience to focus on non-financial matters" (interviewee 7, August 23, 2022).

The IA managers' responses indicate that IA departments have improved their approaches with auditees and endeavour to build mutual trust and respect.

Institutional pressures, including coercive, normative, and mimetic forces, significantly influence Fiji's internal auditing development. While resource constraints, skill gaps, and organizational resistance persist, strategic enhancements in regulatory frameworks, professional development, and organizational culture can foster a more robust internal auditing environment. Future research should explore the longitudinal impacts of these strategies and the dynamic interplay between institutional pressures and internal auditing practices in Fiji.

4.3. Internal audit effectiveness — Public companies

The South Pacific Stock Exchange (SPSE) is Fiji's only licensed securities exchange. SPSE is a private limited liability company with eight shareholders constituted by its articles of association and operates under the direction of its board of directors (SPSE, n.d.-b). The primary function of the SPSE is to facilitate the company's raising capital through the issue of new shares to the public via a prospectus. Moreover, the company must submit the details of the business and the proposed share issue to the Reserve Bank of Fiji (RBF)[2] for prior approval. The company gets listed after meeting the official listing requirements of the SPSE and RBF.

A listed company in Fiji is required to disclose all ongoing developments and material information to the market as required by the SPSE listing rules. The secondary function of the stock exchange is to provide a regulated market for trading existing stock between investors. It also ensures compliance with SPSE rules by the listed companies and members at all times. The SPSE ensures the release of all information to the market after verifying the knowledge to avoid misinterpretation by the public.

In June 2008, the Capital Markets Development Authority (CMDA) (now the RBF's capital markets unit) published the CG Code for the Capital Market (the Code). The CMDA developed the Code in 2008, which is principle-based. Companies listed on the SPSE must disclose their compliance with the Code. Compliance with the Code is mandatory. However, the nature and the extent of the disclosure are at the discretion of the complying entities. Fiji has a small number of companies listed compared to other capital markets. The flexibility of the principles-based approach minimizes compliance costs and encourages companies to adopt the spirit of the principles (Reddy & Sharma, 2011). The RBF has subsumed this responsibility and implemented the Code effective from 2009. Currently, there are 18 listed companies and two listed licensed intermediaries in Fiji (SPSE, n.d.-a). From the perspective of RBF, the purpose of the Code is to help facilitate a vibrant capital market by reducing the cost of capital and enhancing the confidence of local and international investors in Fiji's capital market (CMDA, 2021).

The Code exerts mandatory compliance on these entities as they engage in public offerings to raise capital. The Code was completed and implemented in 2008, and companies began complying in 2009. The Code articulates and promotes ten core CG principles that entities should incorporate into their operational structure. Table A.4 (Appendix) shows the Code's ten principles of good CG.

The adoption of the "comply or explain" principle-based CG approach by CMDA is in line with international best practices. The flexibility provided by the "comply and explain" system will enable individual and public companies to tailor CG practices to their circumstances, thus improving the quality and standard of CG practised in Fiji (CMDA, 2021). Since the principle-based governance approach is voluntary, flexible and non-binding, it will encourage companies in different industries to develop industry-specific CG structures. Large companies with complicated structures will be able to adopt more sophisticated governance structures than small companies.

A content analysis by Glen et al. (2014), found differences in CG disclosures among firms in Fiji. Their findings show that companies are family-owned businesses with low levels of shareholder dispersion provided limited CG disclosures because the separation of ownership and control is more inadequate. The management team is a significant shareholder in the company's operations. The findings suggest that the principles-based nature of the Code is suitable for dealing with the different ownership structures.

The Fiji government has provided incentives to the listed companies in Fiji by reducing the listed companies' tax rate from 20% to 18.5% in 2013 and 10% from 2014 and onwards (SPSE, n.d.-a). SPSE listing requirements allow up to 90% of equities to be held by directors of the company (Mala & White, 2009). Consequently, the listed companies show a high degree of concentration of ownership with a controlling interest typically in the hands of a single shareholder.

[2] https://www.rbf.gov.fj/

5. DISCUSSION OF THE RESULTS

This study has attempted to examine the contextual influences and practices of the IA in Fijian organizations. We have tried to look at how institutional rules determine the attributes of the IA Department, its origins and how IA methods and procedures change. The previous section shows that new audit methods and practices originate mainly through government regulatory requirements. Hence, coercive isomorphism has an impact. Organizations also adopt mimetic innovative IA practices. New IA practices also develop as organizations accept institutional benchmarks. The selection of a Fijian empirical setting is considered appropriate as Fiji is a developing country where IA practice is apparently at an infant stage of development. The economic structure of Fiji provides an opportunity to examine variations in IA practices resulting from differences in ownership in business.

The investigations recommend that the process of accounting professionalization in Fiji exhibited distinct patterns during the three chronological periods of the country's alternating political ideology: colonial (pre-1970), after independence (1970), sovereign (post-1970), and after political instability (post, 1987, 2000 and 2007). These patterns are interpreted to highlight the implications of IA practice — modern accounting in Fiji has been practised in various forms since the early 1970s. Government regulations since the 1970s (SPSE, n.d.-a) have contributed to the advancement of accounting in the country. The development of accounting as conceptualized in the Western manner seems to have been continuous from the 1950s through 2019.

Similar to Reddy and Sharma's (2011) observations in the Fijian context, there is a prevalence of small and medium enterprises in Fiji that could have led to a less developed external audit market. Also, most medium private companies in Fiji have no external audit requirement. Furthermore, private/public companies undertake a large proportion of economic activities in the country. The state also supplies external audit services to government statutory bodies through the auditor general's office. These conditions create little social expectation for the benefits of the accounting profession compared to the ultra-capitalist Western countries. Emphasis on IA and the government's involvement in supplying external audit services to government statutory bodies and ministries began in the sovereign era. Therefore, in 2007, the professionalization processes produced adequate impetus to establish a viable professional auditing body, the IIA Fiji. As a result, the professionalization process has been ongoing during the three periods at varying paces. The revolution in the face of competition from external accountancy expertise has been a fallback. Overall, the level of accounting professionalization in Fiji does not seem to be at a level where it could significantly contribute to IA development through normative pressures. The results suggest some coercive pressure in the form of regulations and directives concerning IA in government-owned enterprises and ministries.

At an organizational level, nevertheless, IA appears to be sometimes decoupled. In some organizations, there was a low level of auditor cooperation; in others, management did not exploit IA to the fullest extent. Government influence on IA development observed in the private sector. That is, the RBF's regulations perceptibly contributed to the development of IA in the insurance and banking industries. Although the principles comprise a coercive isomorphic pressure, the interview results suggest that such pressures tend to transform into normative pressure over time. Unlike other private sector companies, IA is established in all private banks and most private insurance companies. This phenomenon is attributable to the regulatory prerequisites of the RBF. Thus, the interviews indicate that over time, it has become the banking industry's culture that understands the necessity of IA in banks well. There also appears to be more decoupling of IA in the government sector than in private and public companies. IA seems solid in the private sector, although IA adoption was limited to industries with government requirements.

The beginning and development of IA are traced to government initiatives. IA has been practised in various forms in Fiji since the late 20th century in the public sector. It took a more formal shape in the late1970s. It then took its contemporary form in 2009, becoming a separate necessary activity in all government organizations (IIA, n.d.). Therefore, 100% of public companies adopted IA after 2009 (Glen et al., 2014). This encouragement of IA during the sovereign era of Fiji is consistent with the observation by Hao (1999) and Seal et al. (1996) that in communist economies, accounting tools are emphasized as a central planning tool as compared to the Western conception of ensuring managers' accountability to shareholders and creditors.

This dominance of government statutory bodies implies the government's involvement in economic activity. This involvement could explain the considerable government support for IA development in this post-2001 period. Several government directives have established and developed IA in government statutory bodies. IA practices of government statutory bodies are also diffused to private sector companies that operate in the same industries as some government statutory bodies. Changes in government and state philosophies were critical stages that marked the essence of the accounting professionalization process in Fiji. Government attempts to establish IA within a sovereign system were partially successful. Regarding accounting development in Fiji, the post-coup era is viewed as having led to a shift in emphasis on using accounting tools.

Predictable with institutional theory arguments, there appear to be differences and similarities in IA practices across and within the three categories of organizations studied, i.e., ministries/government enterprises, public companies and private companies. The government assumed a unique role in developing IA in all three categories of organizations by serving as a nexus for IA in Fiji and international sources of normative pressure for IA development and by issuing statutes and regulatory requirements with clear IA implications.

An important implication is that to enhance IA effectiveness, IA professional institutes and directors need to devise strategies to motivate top management support for IA. Improving the leadership and negotiation skills of IA directors is imperative as a valuable strategy to gain such approval. Given the substantial contribution of the state to IA development thus far, employing such a strategy on key government bodies is likely to bear fruit as well. IA's level of reporting is essentially higher in government statutory bodies than in ministries and private companies. IA directors in government statutory bodies report to audit committees and the board of directors, compared to ministries and private companies where IA primarily report to top management. This higher reporting status in government statutory bodies resulted from government influence through one of its various organs. This idea consolidates one of the themes that emerged from the study: coercive pressures helped cultivate IA adoption in Fijian organizations.

In addition, innovative IA practices introduced by individual organizations diffused to other organizations through mimetic adoption within relevant organizational fields. New approaches develop as institutional norms of IA when widely accepted by members of appropriate organizational fields. When new IA practices arise as a replacement for old patterns, old patterns get deinstitutionalized. For instance, banks deinstitutionalized the practice of pre-audit and institutionalized post-audit due to the largest bank's change of practice following exogenous input from international consultants. This change illustrates normative institutional pressure, the product of which gets diffused to other organizations in the industry. Thus, mimetic isomorphism establishes the new IA approach as an institutional norm.

Monitoring and regulatory practices have served as coercive pressure for companies in the banking industry to maintain high-profile IA departments. This pressure tends to have fostered top management support for IA as the latter helps reduce the risk of failing to comply with regulatory requirements. Although regulation constitutes a coercive isomorphic pressure, interviews suggest that regulatory pressures tend to transform into normative pressure over time.

Thus, it also appears that the government's coercive pressures shape the overall scene in which IA operates, therefore inducing IA adoption. Normative and mimetic pressures build upon the coercive isomorphic input to advance IA effectiveness. It is illustrated by the distinctions in organization-level attributes among organizations within sectors (where coercive pressures are generally similar) and the associated differences in IA profile. Besides, the results suggest that coercive government pressures tend to transform into normative pressure as it becomes industry culture for companies in regulated sectors to have IA. Overall, the results suggest that country and organizational-level contextual dynamics map onto IA effectiveness. In this process, government coercive isomorphic pressures help foster IA adoption while essentially normative and mimetic pressures advance IA effectiveness.

In an organization, superior management and the board of managers establish and monitor large systems to achieve effective CG. Internal auditors can support and improve these activities. Moreover, although internal auditors must remain independent, they could involve themselves in setting CG mechanisms. Thus, to ensure risk management, control systems and CG processes of the organization, internal auditors become a crucial element of effective CG.

IA is involved in all CG processes, just like the audit committees in the past, which were focused more on analyzing the financial statements of risk and control. Today, we are witnesses to a process of rebranding the IA process in which the internal auditor gains increasingly more recognition from the stakeholders.

6. CONCLUSION

The study concludes that country and organizational-level contextual dynamics affect IA effectiveness. In this process, the government's coercive pressures lead to IA adoption while essentially normative and mimetic pressures augment IA effectiveness. The study likewise features how coercive isomorphic pressures transform over time into normative pressures. The results of the study's quantitative and qualitative components are consistent with each other and are in line with institutional theory arguments. Hence, institutional change provides a useful analytical model for studying the development of IA.

The limitations are resource constraints and internal auditing departments, which often face limitations in budget and staffing, which can restrict the depth and scope of their audits. Limited resources can hinder the ability to cover all necessary areas comprehensively. Internal auditors require diverse skills, including expertise in industry-specific regulations, information technology (IT) systems, and data analysis. However, finding and retaining auditors who possess this comprehensive skill set can be challenging, impacting the overall effectiveness of the IA function.

This methodology will allow for a comprehensive exploration of the development of internal auditing in Fiji, offering valuable contributions to both academic literature and practical applications in internal auditing. Moreover, organizational resistance: there can be resistance to IA from within the organization, mainly if there is a fear of uncovering negative findings. Such resistance can impede auditors' ability to perform their duties effectively, limiting the scope and impact of their work.

Furthermore, independence and objectivity are also limitations. Ensuring the independence and objectivity of internal auditors is crucial. However, when auditors are employees of the organization they are auditing, maintaining complete independence can be challenging.

The archival evidence in this study indicates that regulation-based institutional norms explain the adoption and characteristics of IA in Fijian public and private sector organizations. It is supplemented by organization-level factors such as organizational size, top management characteristics, pressure from the international business environment, and technological advancements in internal auditing to engender innovative introduction of IA practices. New practices then diffuse due to collaborations and mimetic adoption of practices. Innovations initiate institutional changes by which old and new ones supplant widely accepted IA practices.

The study's findings are important from a theoretical perspective because most prior literature on IA function has focused on empirical evidence from the Anglo-American world. Extending previous literature in developing markets by exploring the nature and role of the IA function in Fiji as one of the emerging markets serves an essential purpose by assessing the robustness of findings from this literature and adding to a base of knowledge. The study results are also significant from a practical perspective, as predicted by institutional practices where new benchmarks originate and the old ones get deinstitutionalized. Hence, internal auditing has shifted from its appraisal function to a contemporary broader service function in risk management and CG.

Finally, the researchers encourage further research to expand the results of this study, improve the results by minimizing the impediments of the study, and confirm the results in different settings. Specifically, the researcher suggests future research on replicating this study in other settings may help validate the conclusions. Future research could examine whether similar results hold for the extent of IA's compliance with flexible spending account, associated with the organizational category, organizational size, organizational policy authorizing IA, and organizational risk factors. Future studies could also examine how IA's compliance with flexible spending account differs across government ministries/public enterprises, private companies and public companies.

REFERENCES

Ahlawat, S. S., & Lowe, D. J., (2004). An examination of internal auditor objectivity: In-house versus outsourcing. *Auditing: A Journal of Practice and Theory, 23*(2), 147–158. https://doi.org/10.2308/aud.2004.23.2.147

Albrecht, W. S., Howe, K. R., Schueler, D. R., & Stocks, K. D. (1988). *Evaluating the effectiveness of internal audit departments*. Institute of Internal Auditors.

Al-Matari, E. M., Al-Swidi, A. K., & Fadzil, F. H. B. (2013). The effect of the internal audit and firm performance: A proposed research framework. *International Review of Management and Marketing, 4*(1), 34–41. https://econjournals.com/index.php/irmm/article/view/669/pdf

Al-Twaijry, A. A. M., Brierley, J. A., & Gwilliam, D. R. (2003). The development of internal audit in Saudi Arabia: An institutional theory perspective. *Critical Perspectives on Accounting*, *14*(5), 507–531. https://doi.org/10.1016/S1045-2354(02)00158-2

Arena, M., & Azzone, G. (2009). Identifying organizational drivers of internal audit effectiveness. *International Journal of Auditing*, *13*(1), 43–60. https://doi.org/10.1111/j.1099-1123.2008.00392.x

Arena, M., Arnaboldi, M., & Azzone, G. (2006). Internal audit in Italian organizations: A multiple case study. *Managerial Auditing Journal*, *21*(3), 275–292. https://doi.org/10.1108/02686900610653017

Arens, A. A., Elder, R. J., & Beasley, M. S. (2011). *Auditing and assurance services: An integrated approach* (14th ed.). Pearson.

Barac, K., Coetzee, P., & van Staden, M. (2016). Convergence towards internal audit effectiveness in the BRICS countries. *Journal of Economic and Financial Sciences, 9*(2), 609–629. https://doi.org/10.4102/jef.v9i2.61

Bronson, S. N., Hogan, C. E., Johnson, M. F., & Ramesh, K. (2011). The unintended consequences of PCAOB auditing standard nos. 2 and 3 on the reliability of preliminary earnings releases. *Journal of Accounting and Economics*, *51*(1–2), 95–114. https://doi.org/10.1016/j.jacceco.2010.06.002

Burns, J., & Scapens, R. W. (2000). Conceptualizing management accounting change: An institutional framework. *Management Accounting Research*, *11*(1), 3–25. https://doi.org/10.1006/mare.1999.0119

Cao, M., Chychyla, R., & Stewart, T. (2015). Big data analytics in financial statement audits. *Accounting Horizons, 29*(2), 423–429. https://doi.org/10.2308/acch-51068

Capital Market Development Authority (CMDA). (2021, September 28). *Corporate governance code (CMDA CG code).* https://cmda.gov.mv/storage/uploads/24YE1Yey/4zzu4vft.pdf

Carey, P., Subramaniam, N., & Ching, K. C. W. (2006). Internal audit outsourcing in Australia. *Accounting & Finance*, *46*(1), 11–30. https://doi.org/10.1111/j.1467-629X.2006.00159.x

Cohen, A., & Sayag, G. (2010). The effectiveness of internal auditing: An empirical examination of its determinants in Israeli organisations. *Australian Accounting Review, 20*(3), 296–307. https://doi.org/10.1111/j.1835-2561.2010.00092.x

Cohen, J. R., Krishnamoorthy, G., & Wright, A. (2004). The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 87–152. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1086743

Cohen, J., Krishnamoorthy, G., & Wright, A. (2010). Corporate governance in the post-Sarbanes-Oxley era: Auditors experiences. *Contemporary Accounting Research*, *27*(3), 751–786. https://doi.org/10.1111/j.1911-3846.2010.01026.x

Companies Act 2015 (2015). https://laws.gov.fj/Acts/DisplayAct/3231

Cooper, B. J., Leung, P., & Wong, G. (2006). The Asia Pacific literature review on internal auditing. *Managerial Auditing Journal, 21*(8), 822–834. https://doi.org/10.1108/02686900610703769

Coram, P., Ferguson, C., & Moroney, R. (2008). Internal audit, alternative audit structures and the level of misappropriation of assets fraud. *Accounting & Finance*, *48*(4), 543–559. https://doi.org/10.1111/j.1467-629X.2007.00247.x

Dacin, M. T. (1997). Isomorphism in context: The power and prescription of institutional norms. *Academy of Management Journal*, *40*(1), 46–81. https://sci-hub.se/https://doi.org/10.2307/257020

Dacin, M. T., Goodstein, J., & Scott, W. R. (2002). Institutional theory and institutional change: Introduction to the special research forum. *Academy of Management Journal*, *45*(1), 43–57. https://sci-hub.se/10.5465/amj.2002.6283388

Deloitte. (2018). *The innovation imperative: Forging internal audit's path to greater impact and influence.* https://www2.deloitte.com/content/dam/Deloitte/br/Documents/risk/interactivePDF-theinnovationimperative-en.pdf
Dillard, J. F., Rigsby, J. T., & Goodman, C. (2004). The making and remaking organizational context: Duality and the institutionalization process. *Accounting, Auditing & Accountability Journal*, *17*(4), 506–542. https://doi.org/10.1108/09513570410554542
DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147–160. https://doi.org/10.2307/2095101
DiMaggio, P. J., & Powell, W. W. (Eds.). (1991). Introduction. In *The New institutionalism in organizational analysis* (pp. 1–38). The University of Chicago Press.
Emmanuel, O. E., Ajanya, M. A., & Audu, F. (2013). An assessment of internal control audit on the efficiency of public sector in Kogi State Nigeria. *Mediterranean Journal of Social Sciences, 4*(11, special issue), 717–726**.** https://doi.org/10.5901/mjss.2013.v4n11p717
Fiji Independent Commission Against Corruption (FICAC). (2014). *Annual report 2014* (Parliamentary Paper No. 23/2015). https://www.parliament.gov.fj/wp-content/uploads/2017/02/FICAC_Annual-Report-2014-1.pdf
Financial Management Act 2004 (2004). https://www.laws.gov.fj/Acts/DisplayAct/962
Glen, F., Samuwai, J., Prasad, A., & Hasan, E. (2014). Examining corporate governance disclosures of listed companies in Fiji. *The Journal of Pacific Studies, 34*(1), 23–46. http://surl.li/zthayf
Goodwin-Stewart, J., & Kent, P. (2006). The use of internal audit by Australian companies. *Managerial Auditing Journal*, *21*(1), 81–101. https://doi.org/10.1108/02686900610634775
Gugler, K. (2001). *Corporate governance and economic performance.* Oxford University Press.
Hao, Z. P. (1999). Regulation and organisation of accountants in China. *Accounting, Auditing & Accountability Journal, 12*(3), 286–302. https://doi.org/10.1108/09513579910277375
Hinings, C. R., & Greenwood, R. (1988). *The dynamics of strategic change.* Basil Blackwell.
Ho, P.-L., & Taylor, G. (2013). Corporate governance and different types of voluntary disclosure: Evidence from Malaysian listed firms. *Pacific Accounting Review, 25*(1), 4–29. https://doi.org/10.1108/01140581311318940
Institute of Internal Auditors (IIA). (n.d.). *Definition of internal auditing.* https://www.theiia.org/en/standards/what-are-the-standards/definition-of-internal-audit
Joshi, P. L. (2020). Determinants affecting internal audit effectiveness. *Emerging Markets Journal, 10*(2). https://doi.org/10.5195/emaj.2020.208
Law, P. (2011). Corporate governance and no fraud occurrence in organizations: Hong Kong evidence. *Managerial Auditing Journal*, *26*(6), 501–518. https://doi.org/10.1108/02686901111142558
Li, S., Park, S. H., & Bao, R. S. (2014). How much can we trust in the financial report? Earnings management in emerging economies. *International Journal of Emerging Markets, 9*(1), 33–53. https://doi.org/10.1108/IJoEM-09-2013-0144
Lounsbury, M. (2008). Institutional rationality and practice variation: New directions in the institutional analysis of practice. *Accounting, Organizations and Society*, *33*(4–5), 349–361. https://doi.org/10.1016/j.aos.2007.04.001
Mala, R., & White, M. (2009). The South Pacific Stock Exchange: Is it a market or status symbol? *Australian Accounting Review, 19*(1), 54–63. https://doi.org/10.1111/j.1835-2561.2009.00040.x
Maroun, W., & van Zijl, W. (2016). Isomorphism and resistance in implementing IFRS 10 and IFRS 12. *The British Accounting Review*, *48*(2), 220–239. https://doi.org/10.1016/j.bar.2015.07.003
Mat Zain, M. (2005). *The impact of audit committee and internal audit attributes on internal audit contribution to financial statement audits and audit fees: Perceptions of Malaysian internal auditors* [Doctoral dissertation, Griffith University]. Griffith University. https://dx.doi.org/10.25904/1912/1349
Mat Zain, M., Subramaniam, N., & Stewart, J. (2006). Internal auditors' assessment of their contribution to financial statement audits: The relation with audit committee and internal audit function characteristics. *International Journal of Auditing*, *10*(1), 1–18. https://doi.org/10.1111/j.1099-1123.2006.00306.x
Maxwell, J. A. (2005). *Qualitative research design: An interactive approach* (2nd ed.). Sage.
McNamee, D., & McNamee, T. (1995). The transformation of internal auditing. *Managerial Auditing Journal*, *10*(2), 34–37. https://doi.org/10.1108/02686909510079639
Mennicken, A., & Miller, P. (2012). Accounting, territorialization and power. *Foucault Studies,* 13, 4–24. https://doi.org/10.22439/fs.v0i13.3503
Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, *83*(2), 340–363. https://doi.org/10.1086/226550
Mihret, D. G., & Woldeyohannis, G. Z. (2008). Value-added role of internal audit: An Ethiopian case study. *Managerial Auditing Journal*, *23*(6), 567–595. https://doi.org/10.1108/02686900810882110
Mihret, D. G., & Yismaw, A. W. (2007). Internal audit effectiveness: An Ethiopian public sector case study. *Managerial Auditing Journal*, *22*(5), 470–484. https://doi.org/10.1108/02686900710750757
Mihret, D. G., James K., & Mula, J. M. (2010). Antecedents and organisational performance implications of internal audit effectiveness: Some propositions and research agenda. *Pacific Accounting Review*, *22*(3), 224–252. https://doi.org/10.1108/01140581011091684
Mihret, D. G., James, K., & Mula, J. M. (2009). Accounting professionalization amidst alternating politico-economic order of Ethiopia [Paper presentation]. AFAANZ conference, Adelaide, Australia. https://doi.org/10.2139/ssrn.2227523
Moeller, R. R. (2005). *Brink's modern internal auditing* (6th ed.). John Wiley & Sons.
Nand, A. (2016). *Internal audit: Challenges of a developing profession* [Paper presentation]. 2015 IIA Fiji Annual Conference. https://www.iiafiji.org/resources/9470fc73-b914-4a5f-bb7f-3ddd2156ad81.pdf
Nath, N, van Peursem, K. A., & Lowe, A. (2021). Evolution of a public sector audit office: Evidence from the Republic of Fiji. *Financial Accountability & Management*, *38*(4), 483–511. https://doi.org/10.1111/faam.12274
Reddy, K., & Sharma, U. (2011, November 25). *Corporate governance practices in Fiji: An empirical investigation* [Paper presentation]. Auckland Region Accounting Conference 2011, Auckland, New Zealand. https://researchcommons.waikato.ac.nz/items/e12a1a41-0f35-4068-b08e-f47bffaf47c3

Reddy, K., & Sharma, U. (2014). Institutional antecedents of principle-based corporate governance practices: A case study of publicly listed companies in Fiji. *Journal of Accounting and Organizational Change, 10*(1), 49–82. https://doi.org/10.1108/JAOC-02-2012-0014

Reserve Bank of Fiji (RBF). (n.d.). *Corporate governance.* https://www.rbf.gov.fj/corporate-governance/

Rodrigues, L. L., & Craig, R. (2007). Assessing international accounting harmonization using Hegelian dialectic, isomorphism and Foucault. *Critical Perspectives on Accounting*, *18*(6), 739–757. https://doi.org/10.1016/j.cpa.2006.02.007

Salvioni, D. M., Bosetti, L., & Almici, A. (2013). Board independence and internal committees in the BRICs. *Chinese Business Review, 12(*8), 521–529. https://doi.org/10.17265/1537-1506/2013.08.001

Sarbanes-Oxley Act of 2002, Public Law 107–204 (2002). https://pcaobus.org/About/History/Documents/PDFs/Sarbanes_Oxley_Act_of_2002.pdf

Sarens, G. (2009). Internal auditing research: Where are we going? Editorial. *International Journal of Auditing*, *13*(1), 1–7. https://doi.org/10.1111/j.1099-1123.2008.00387.x

Sarens, G., & Abdolmohammadi, M. J. (2011). Factors associated with the convergence of internal auditing practices: Emerging vs developed countries. *Journal of Accounting in Emerging Economies, 1*(2), 104–122. https://doi.org/10.1108/20421161111138486

Sarens, G., de Beelde, I., & Everaert, P. (2009). Internal audit: A comfort provider to the audit committee. *The British Accounting Review*, *41*(2), 90–106. https://doi.org/10.1016/j.bar.2009.02.002

Scapens, R. W. (2006). Understanding management accounting practices: A personal journey. *The British Accounting Review*, *38*(1), 1-30. https://doi.org/10.1016/j.bar.2005.10.002

Seal, W, Sucher, P., & Zelenka, I. (1996). Post-socialist transition and the development of an accountancy profession in the Czech Republic. *Critical Perspectives on Accounting*, *7*(4), 485–508. https://doi.org/10.1006/cpac.1996.0048

Sharma, U., Lawrence, S., & Lowe, A. (2010). Institutional contradiction and management control innovation: A field study of total quality management practices in a privatized telecommunication company. *Management Accounting Research, 21*(4), 251–264. https://doi.org/10.1016/j.mar.2010.03.005

Sharma, U., Lawrence, S., & Lowe, A. (2014). Accountants as institutional entrepreneurs: Changing routines in a telecommunications company. *Qualitative Research in Accounting & Management, 11*(3), 190–214. https://doi.org/10.1108/QRAM-10-2012-0047

Shleifer, A., & Vishny, R. (1997). A survey of corporate governance. *The Journal of Finance*, *52*(2), 737–783. https://doi.org/10.2307/2329497

South Pacific Stock Exchange (SPSE). (2019, April 15). *Listing rules.* https://www.spx.com.fj/getattachment/Regulation/SPX-Listing-Rules/SPX-Listing-Rules_Final.pdf?lang=en-US

South Pacific Stock Exchange (SPSE). (n.d.-a). *SPX listing rules.* https://www.spx.com.fj/Regulation/SPX-Listing-Rules

South Pacific Stock Exchange (SPSE). (n.d.-b). *SPX at a glance.* https://www.spx.com.fj/Explore-SPX/At-a-Glance

Suwaidan, M. S., & Qasim, A. (2010). External auditors' reliance on internal auditors and its impact on audit fees: An empirical investigation. *Managerial Auditing Journal*, *25*(6), 509–525. https://doi.org/10.1108/02686901011054845

Tang, F., Norman, C. S., & Vendrzyk, V. P. (2017). Exploring perceptions of data analytics in the internal audit function. *Behaviour & Information Technology, 36*(11), 1125–1136. https://doi.org/10.1080/0144929X.2017.1355014

Tang, Y.-W., Chow, L., & Cooper, B. J. (2000). *Accounting and finance in China. A review of the current practice* (4th ed.). Sweet & Maxwell Hong Kong.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO). (2013). *COSO internal control — Integrated framework.* KPMG. https://assets.kpmg.com/content/dam/kpmg/pdf/2016/05/2750-New-COSO-2013-Framework-WHITEPAPER-V4.pdf

Vakkur, N. V., McAfee, R. P., & Kipperman, F. (2010). The unintended effects of the Sarbanes-Oxley Act of 2002. *Research in Accounting Regulation, 22*(1), 18–28. https://doi.org/10.1016/j.racreg.2010.02.001

van Peursem, K. (2004). Internal auditors' role and authority: New Zealand evidence. *Managerial Auditing Journal*, *19*(3), 378–393. https://doi.org/10.1108/02686900410524382

World Bank Group. (2017). *Republic of Fiji. Systematic country diagnostic* (Report No. 116491-FJ). International Bank for Reconstruction and Development/The World Bank. https://documents1.worldbank.org/curated/en/529271512123603244/pdf/116491-revised-PUBLIC-ACS.pdf

Yee, C. S. L., Sujan, A., James, K., & Leung, J. K. S. (2008). Perceptions of Singaporean internal audit customers regarding the role and effectiveness of internal audit. *Asian Journal of Business and Accounting*, *1*(2), 147–174. https://ajba.um.edu.my/index.php/AJBA/article/view/2211/509

Zhang, J., Yang, X., & Appelbaum, D. (2015). Towards effective big data analysis in continuous auditing. *Accounting Horizons, 29*(2), 469–476. https://doi.org/10.2308/acch-51070

APPENDIX

Table A.1. Gender, age, and current position of respondents

Category	*Frequency*	*Percent*
Gender		
Male	22	61.1
Female	14	38.9
Total	36	100
Age		
18–30 years old	3	8.3
30–39 years old	13	36.1
40–49 years old	10	27.8
50–59 years old	8	22.2
60 or above years old	2	5.6
Total	36	100
Current position		
Auditor	21	58.3
Senior auditor	9	25
Principal auditor	1	2.8
Audit manager	5	13.9
Total	36	100

Table A.2. Respondents work experience

Number of years in the internal audit department	*Frequency*	*Percent*
Below 5 years	2	5.6
5–8 years	16	44.4
9–12 years	13	36.1
13–16 years	5	13.9
Total	36	100

Table A.3. Education and certifications

Category	*Frequency*	*Percent*
Level of education		
Diploma	2	5.6
Bachelor's degree	30	83.3
Master's degree	4	11.1
Total	36	100
Professional certification		
Chartered accountant	4	11.1
Other certifications	12	33.3
No certification	20	55.6
Total	36	100
Field of study		
Accounting	32	88.9
Economics	1	2.8
Information systems	1	2.8
Management	2	5.6
Total	36	100

Table A.4. Corporate governance code for the capital markets

Principle 1 — establish clear responsibilities for board oversight
Principle 2 — constitute an effective board
Principle 3 — appointment of CEO
Principle 4 — board and company secretary
Principle 5 — timely and balanced disclosure
Principle 6 — promote ethical and responsible decision-making
Principle 7 — register of interests
Principle 8 — respect the rights of shareholders
Principle 9 — accountability and audit
Principle 10 — recognise and manage risks

Source: RBF (n.d.).