



The Key Factors of Internal Audit Performance in Health Sectors in the Kingdom of Saudi Arabia: An Empirical Review

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Abstract- The objective of the study to develop a conceptual model on the effect of auditor competency, e-audit and management support towards internal audit performance among health sectors in the Kingdom of Saudi Arabia. To give evidence-based insights and consolidate existing empirical investigations, a thorough evaluation of the literature is carried out. From the literature, it helps to clarify how the key factors may affect the performance of internal audit (IA) applied affect the Kingdom of Saudi Arabia's (KSA) health system.

Keywords- Risk Management, Internal Audit, Government Units In KSA, Saudi Vision 2030, Health Sector.

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INTRODUCTION

The Kingdom of Saudi Arabia's Vision 2030, adopted in 2016, emphasizes diversification away from oil, improving revenue versus expenditure ratios, and combating corruption to enhance public sector performance, especially in health care sectors. Despite these efforts, gaps remain in implementing effective control mechanisms to ensure the proper functioning of the public sector, retain competent employees, and prevent resource misuse. The Vision's implementation faces challenges due to misalignment with internal practices. Key developments in Saudi Arabia's internal audit framework include Cabinet Resolution No. 235 (2004): Mandated the creation of internal audit units in government institutions, Council of Ministers Resolution No. 129 (2009): Consolidated internal audit units across government departments, National Anti-Corruption Commission (Nazaha, 2011), which focused on combating corruption and improving transparency and accountability, and Saudi Institute of Internal Auditors (2021): Established to strengthen the internal audit profession and enhance institutional controls. However, some ministries failed to adhere to these mandates, with audit units either not formed or implemented ineffectively. Studies on how these bodies, along with Vision 2030, could enhance internal audit performance remain limited.

BACKGROUND OF THE STUDY

As part of Saudi Arabia's Vision 2030, the health sector is undergoing a significant transformation to enhance safety, efficiency, and quality. This includes 22 strategic initiatives, 15 specific objectives, and six overarching themes aimed at improving healthcare financing, access, and service quality. Projects under the National Transformation Plan, overseen by the Ministry of Health (MoH) and its Vision Realization Office (VRO), will redefine the MoH's role as a regulatory and policymaking body, emphasizing the need to review and enhance governance structures.

Internal audits, conducted by independent professionals, assess organizational systems and risk controls, covering both clinical and non-clinical areas. They are designed for medium-term governance and risk evaluation. Modern hospital governance emphasizes patient safety and quality adherence. Hospital boards play a critical role in audits to ensure compliance, minimize risks, and enhance patient safety. Board members, often lacking clinical backgrounds, are increasingly supported with education to understand quality initiatives and performance indicators. Effective board-led audits can address non-compliance, prevent medical errors, and foster safe care environments while aligning with health equity and community needs.

Concept of governance

Strong corporate governance frameworks mitigate conflicts, protect shareholder interests, and promote ethical practices, leading to improved organizational performance (García-Sánchez et al., 2020; Alomari, 2021). Effective governance empowers leaders to make decisions prioritizing long-term strategic goals while balancing shareholder and stakeholder needs. Effective governance mechanisms ensure fair service delivery, regulatory excellence, political stability, and efficient resource allocation, forming the foundation for sustainable development and a stable society (Kaufmann & Kraay, 2022; OECD, 2023).

Internal Auditing

Internal auditing is widely defined as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations," according to the Institute of Internal Auditors (IIA, 2021). It provides a structured approach to evaluating and enhancing the effectiveness of risk management, governance, and control processes, positioning itself as a key pillar of organizational governance and strategic management (Soh & Martinov-Bennie, 2015). The broad scope of internal auditing includes assessing governance practices, managerial efficiency, value for money, and risk evaluation (Alzeban, 2021). Internal

auditing supports organizations by reviewing internal activities to ensure efficient use of resources, compliance with rules, and effective risk mitigation (Liston-Heyes & Juillet, 2020). This function provides management with a comprehensive view of operations and ensures adherence to relevant regulations. In both public and private sectors, internal auditing contributes to financial accountability and operational transparency, making it an essential component of governance frameworks (Ježovita et al., 2018).

Modern internal auditing has evolved into a dynamic practice that emphasizes consulting and proactive insights to support organizational objectives, particularly in risk management and governance. The IIA's updated 2024 Global Internal Audit Standards emphasize the importance of independence, accountability to boards, and the need to align internal audit practices with modern governance demands (IIA, 2024). This shift underscores internal auditors' active role in supporting organizational control, governance, and performance improvement (Rikhardsson et al., 2019; Deloitte, 2024). Internal auditing significantly enhances corporate governance by helping organizations manage risks, ensure regulatory compliance, and improve environmental, social, and governance (ESG) practices (Gramling & Hermanson, 2023). Its effectiveness depends on factors such as audit quality, management support, organizational context, and the competence of auditees (Mihret et al., 2017). The adherence to international standards, such as those established by the IIA, strengthens the function's impact by ensuring independence, proficiency, and resource adequacy (Chartered Institute of Internal Auditors, 2022).

In public sector organizations, internal auditing plays a vital role in ensuring financial accountability and policy compliance. It acts as a safeguard against corruption and inefficiency, ensuring that financial statements are accurate and that government resources are used transparently and effectively (Sinha & Arena, 2020). Effective internal auditing systems require auditors to possess technical competence, professional skills, and ongoing training to address emerging risks and align global auditing standards with local requirements (Vasile & Croitoru, 2019; OECD, 2017). The importance of internal auditing lies in its ability to strengthen governance, control, and risk management. Governance involves managing organizational structures, strategies, and stakeholder interactions to promote accountability and transparency (IIA, 2024). Internal control systems ensure the efficient allocation of resources, adherence to rules, and accurate financial reporting (Monday et al., 2014). Lastly, risk management is integral to internal auditing, as it helps organizations identify, mitigate, and monitor risks that could hinder strategic and operational objectives (Monday & Aladeraji, 2015).

Internal auditing's role as a consultative and evaluative function provides critical insights for improving organizational processes. It bridges gaps between regulatory requirements and operational practices, thereby fostering accountability, reducing corruption, and enabling efficient resource allocation. This function continues to adapt to evolving demands, solidifying its role as an indispensable element of modern governance and strategic management frameworks (Mihret & Grant, 2017; Oriakhi, 2020).

Internal audit for health care in KSA

Governance in healthcare is regulated by entities such as the Saudi Ministry of Health (MOH) and the Saudi Health Council (SHC), which establish policies to ensure efficient healthcare delivery (Al-Borie, 2019). The Saudi Commission for Health Specialties (SCFHS) oversees the accreditation and licensure of healthcare professionals, while the Saudi Patient Safety Center (SPSC) focuses on improving patient safety practices in alignment with governance principles (Al-Sayed et al., 2020; Almalki et al., 2021).

Auditors help align organizational goals with regulatory requirements. This promotes transparency, accountability, and operational efficiency (Al-Turki & Alzhvani, 2018; Aljifri, 2020). and institutional theory

emphasizes the influence of regulatory pressures and cultural norms on IA practices (Alhassan & Khamis, 2020; Al-Ahmadi & Al-Hanawi, 2020; Almalki et al., 2021).

Empirical studies demonstrate the positive relationship between effective IA and healthcare outcomes, including improved patient satisfaction and clinical results. For instance, Al-Saleh et al. (2019) found that robust IA practices enhance performance indicators in healthcare. However, challenges such as resource limitations, staff turnover, and resistance to change hinder the full realization of IA goals (Al-Harbi & Al-Saggaf, 2017). Technological advancements like electronic health records (EHRs), telemedicine, and health informatics present opportunities to enhance IA practices. These innovations enable better data management, performance monitoring, and remote auditing. However, challenges related to data security, privacy, and system interoperability remain critical for auditors to address (Alrajhi et al., 2020; Al-Ghamdi & Al-Harbi, 2019). Regulatory compliance and patient safety are integral components of governance, and internal auditors play a critical role in ensuring adherence to guidelines issued by regulatory bodies like the MOH and the Saudi Food and Drug Authority (SFDA). They also address gaps in clinical protocols, infection control, and medication management, directly contributing to improved patient safety (Al-Turki & Alzhrani, 2018; Almalki et al., 2021).

Platforms like the Saudi Health Services Research Association (SHSRA) facilitate the exchange of best practices and research insights, contributing to better governance and patient care (Al-Ahmadi & Al-Hanawi, 2020; Almalki et al., 2021). Future research in IA within Saudi healthcare should focus on leveraging technology, fostering collaboration, and addressing healthcare disparities. Digital health solutions can streamline audit processes, improve data analytics, and enhance care quality, aligning with Vision 2030's goals to advance healthcare services and positively impact population health (Alrajhi et al., 2020; Alzahrani et al., 2021).

Variables such as objectivity, auditor competency, E-internal audit, quality and effectiveness of internal audit, and challenges and obstacles of internal audit may influence internal audit operations and potentially reduce the positive impact on healthcare service quality. Effectiveness is achieved when tasks are completed within a specified timeframe and with the intent of achieving set goals, suggesting that time management is closely linked to effectiveness. An action is considered effective when it is successfully completed within the allocated timeframe, or, more precisely, on schedule (Jiang & Wang, 2021). Operational auditing, according to Singh and Kumar (2022), is an assessment of the effectiveness and efficiency of business operations within the scope of management audits, encompassing all internal business processes that are accountable to multiple parties with greater authority. Internal manipulation, as defined via Zhang and Li (2020), is an organizational strategy and consists of activities designed to guard property, inspire compliance with organizational standards, enhance operational performance, and make sure dependable accounting information. According to Chen and Zhao (2021), true company governance gives a framework and strategy for enterprise control that maximizes price for shareholders at the same time as additionally thinking about different stakeholders. Institutional ethics refers to the extent to which a business integrates ethics into its choice-making procedures, both explicitly and implicitly (Martinez & Liu, 2022).

METHODOLOGY OF THE STUDY

This study adopts an evaluation-primarily based methodology to take a look at the important elements influencing inner audit overall performance in the healthcare area in Saudi Arabia, with a selected cognizance on auditor competency, e-audit, and management help. By a look at targets to evaluate how these elements

make a contribution to improving audit effectiveness, governance, and chance control in healthcare establishments. To achieve this objective, a systematic review of existing literature was performed, drawing from instructional databases inclusive of Google Scholar, Science Direct, JSTOR, Scopus, Wiley Online Library, and EBSCOhost. The seek targeted key phrases consisting of "inner audit effectiveness," "governance in healthcare," "hazard control in auditing," "e-audit in healthcare establishments," and "auditor competency in public sector audits." The selection criteria prioritized peer-reviewed journal articles, conference proceedings, and official reports that provide empirical evidence and theoretical insights into internal audit practices within healthcare settings (Alzeban, 2021; Soh & Martinov-Bennie, 2015).

In addition to the literature review, secondary data analysis was employed using audit reports from at least 80 healthcare institutions in Saudi Arabia. These reports were examined to assess the impact of internal audit mechanisms on healthcare service quality, regulatory compliance, and risk mitigation (Al-Turki & Alzhrani, 2018; Almalki et al., 2021). The study follows a deductive research approach, where existing theories on corporate governance, audit quality, and risk management were tested against empirical findings. This aligns with a positivist research philosophy, ensuring an objective evaluation of audit practices in the healthcare sector (Bryman, 2016). For data analysis, descriptive statistics, regression analysis, and comparative analysis were utilized to examine relationships between audit effectiveness, governance structures, and healthcare performance metrics (Ježovita et al., 2018). Comparative analysis was conducted to evaluate variations in internal audit performance across different healthcare institutions, considering factors such as hospital size, ownership structure (public vs. private), and regulatory frameworks (García-Sánchez et al., 2020).

By synthesizing empirical literature and analyzing audit performance data, this study provides evidence-based insights into the effectiveness of internal audits in healthcare governance. The findings are expected to contribute to policy recommendations for enhancing audit practices, improving regulatory compliance, and strengthening risk management frameworks in alignment with Saudi Arabia's Vision 2030 objectives (Ministry of Health, 2021; Deloitte, 2024).

CONCLUSION

A thorough summary of the historical, theoretical, and empirical research done in this area is given in the literature review chapter on the effects of key factors on internal audit performance (IA) in the health care sector in the Kingdom of Saudi Arabia (KSA). Through an examination of the auditor's competency, E-internal audit potential, management support on internal audit performance, and challenges & obstacles that face apply IA on health care in the KSA health care sector, the chapter seeks to determine how the elements that are mentioned affect IA performance in health care activities and affect the quality of health services overall.

The review aims to clarify on the most significant theoretical models, frameworks, concepts, and ideas in the topic of study by reading books, academic papers, scholarly articles, government reports, and other materials that discuss theoretical stances on the use of internal audit practice (IA) in the health care sector, providing the groundwork for identifying the particular effects of internal audit.

The framework of the theory section discusses many theoretical concepts and models that bolster the impact of IA on health care. This discusses the significance, function, potential influence, caliber, and difficulties facing the Saudi Arabian health care industry. The study looks into how these theories apply to the health care system in Saudi Arabia and how IA inclusion in the system may affect these theoretical frameworks. The empirical study section looks at earlier research on the effects of internal audits on Saudi Arabian health services. It draws attention to the impacts on the quality of healthcare.

All things considered, this study on the literature review offers a thorough grasp of the theoretical, empirical, and historical studies on the effects of IA on the Saudi Arabian Kingdom's health care system. The results emphasize the possibility for IA to support the expansion of Saudi Arabia's health care industry while also adding to the body of knowledge and providing the framework for future studies in this field. A thorough investigation of how internal audit procedures affect the caliber of healthcare services in Saudi Arabia has been established by this chapter. Through a careful definition of each variable and an explanation of the connections between them, the research lays the foundation for a comprehensive analysis. The framework emphasizes the need for strong governance and audit procedures to reach improved service quality levels, which is in line with Saudi Arabia's larger healthcare objectives. Comprehending these dynamics becomes imperative as the nation moves closer to realizing its Vision 2030 objectives. This study adds to the body of knowledge by emphasizing the value of internal audits in the healthcare industry as well as by pointing out possible areas for practice and regulatory changes. By applying this analytical framework, the research seeks to offer practical recommendations that could direct the Saudi Arabian healthcare industry toward accomplishing its lofty goals and improving both patient outcomes and operational effectiveness.

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