INTERIOR AUDIT AS A MANAGEMENT IMPROVEMENT TOOL IN THE HEALTHCARE SECTOR UNITS

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ABSTRACT

Introduction. A subsequent, yet a significant amendment to the Public Finance Act, which has been effective since January 1, 2010, extends the list of sector units obliged to implement internal auditing. This Act also specifies the healthcare sector units which need to implement auditing. The function and development of internal auditing places it in the organizational structure of the public finance sector units.

Aim. This work aims to discuss the binding internal audit regulations, instructions and standards as well as the principles of internal auditing in the healthcare sector units.

Discussion. The author discusses the legal basis binding for internal auditing in the healthcare sector and the organization of the audit committee in the Ministry of Health. The legal basis concerning qualification requirements for internal auditors is presented. The role, objectives and fundamental rules of internal auditing in the healthcare sector units are defined. The author also presents the documentation involved in internal audit.

Conclusions. Public sector internal auditing is and will continue to be constantly improved since it is introduced, i.a., by virtue of the amended Public Finance Act effective as of January 2010 as well as the new version of the International Standards for the Professional Practice of Internal Auditing put in practice in the Public Finance Act in 2009. Internal auditing becomes obligatory in more and more public finance sector units, including the healthcare sector units, thus it is necessary and efficient for the public finance sector operation.

Key words: internal audit, internal control, management, healthcare sector, public finance sector.
INTRODUCTION
The state executes its tasks in the public sphere by means of the public finance sector units (PFSU). To ensure efficiency and stability of the public sector, its supervisory systems conduct internal audits. Internal audits in this sector are adopted as instruments to control public finance. The obligations and rules connected with internal auditing were introduced in PFSU in January 2002 by virtue of the Public Finance Act (PFA). The introduction of internal auditing to the public sector was required by the European Union. Further, it was necessary to develop mechanisms of control in state administration.

A subsequent, yet a significant amendment to the PFA, which has been effective since January 1, 2010, extends the list of sector units obliged to implement internal auditing. This Act also specifies the healthcare sector units which need to implement auditing. One of the reasons for its implementation is the fact that the healthcare reform should lead to an establishment of a modern healthcare system, which would treat patients efficiently, create favorable conditions for the sector employees, as well as manage public funds effectively. Hence, pursuant to pertinent regulations of the PFA, particular units, such as independent public healthcare centers, are obliged to establish internal audit divisions or units. The Act also specifies sector units authorized to outsource internal auditing, provided they meet the PFA-defined criteria. Internal audits in mentioned units can be conducted by superior or supervisory bodies.

Internal audits must be conducted in accordance with the provisions of the PFA, the pertinent executory orders and instructions of the Minister of Finance as well as the internal audit standards effective in PFSU. The underlying objective of the currently binding internal audit regulations and norms is to support a manager in efficient unit management. Presently, internal auditing not only analyzes the internal control efficiency, but also public finance management control. Furthermore, it is a vital tool for risk management and execution of corporate governance and public governance tasks.

AIM
This work aims to discuss the binding internal audit regulations, instructions and standards as well as the fundamental principles and scope of internal auditing in the healthcare sector units.

DISCUSSION
Legal basis of internal auditing in the healthcare sector
In 2010, in accordance with the PFA [9], internal auditing is obligatory for the following healthcare units: the Ministry of Health, the National Health Fund, independent public healthcare centers, and other state or independent corporate entities operating within the sector established pursuant to separate Acts of law to execute
public tasks, provided they receive substantial public funds or make substantial public outlays. Internal auditing in the healthcare sector is also governed by:

- the Regulation concerning the internal audit committee [6];
- the Regulation concerning internal audit execution and documentation [7];
- Announcement No. 1 concerning internal audit standards [2];
- Announcement No. 13 concerning management control standards [4];
- Announcement No. 16 concerning issuing the “Internal Auditor's Code of Ethics” and the “Internal Audit Charter” [3];
- Announcement No. 25 concerning the report outlay for internal audit task execution [5].

Additionally, for the execution of the internal auditing tasks concerning information system audits, internal auditors are recommended by the Minister of Finance to apply guidelines published by the international Information Systems Audit and Control Association (ISACA): CISA [8] – standards and guidelines for information systems auditing and COBIT [1] – guidelines for information technology management. Further, the Minister of Finance also published the list of documents that should be followed by managers and auditors in PFSU, i.a.: “Instructions for the internal audit self-assessment in PFSU”.

As of January 2010, the PFA regulates the following internal audit-related matters:

- definition and rules of internal auditing;
- the obligation to establish internal audit committees at the Ministries;
- a possibility of internal audit outsourcing to a party not employed with a given unit, for instance, to an auditor. The Act specifies the units the provision applies to, provided they meet the requirements referred to therein;
- professional qualifications for internal auditors in the public finance sector units.

Under the provisions of Article 275 of the PFA, an internal audit is carried out by an internal auditor employed with a given unit or by a service provider not employed with a given unit. Internal audits in the Ministry of Health, the National Health Fund and independent public healthcare centers are conducted by internal auditors employed with said units. Independent public healthcare centers are exempted from this regulation, as they can outsource internal auditing on condition that neither their revenue nor costs exceed 100 000 000 zlotys or the unit employs fewer than 200 people. This applies also to the departments headed by the Minister of Health, which can outsource internal auditing upon his/her consent. Further, the healthcare sector units established by local governments can also outsource internal auditing, if the local government's budgetary resolution stipulates income and revenue as well as expenses and costs below 100 000 000 zlotys.

Under the provision of Article 276 of the PFA, tasks related to internal auditing in a local government are assigned to its head, i.e.: commune administrator, mayor, chairman of the local government's management board, respectively.
The head of an internal audit division obliged to conduct an internal audit, save for local government units, presents all the internal auditing-related information and documents at the request of the Minister of Finance. Therefore, as of 2010 the heads of independent public healthcare centers, which were not established by local government units, are obliged to notify the Minister of Finance in writing about the commencement of an internal audit, if their revenues or costs recorded in the financial plan exceed 40 000 000 zlotys. This also pertains to other healthcare sector units specified in the PFA, such as:
- state budgetary units, if revenues or expenses recorded in the budgetary unit's financial plan exceed 40 000 000 zlotys;
- local government units, if a budgetary resolution of a local government stipulates that revenues and incomes or expenses and costs exceed 40 000 000 zlotys;
- in other public finance sector units, internal audits are conducted at the head's discretion.

**Organization and tasks of the audit committee in the Ministry of Health**

In 2010 the audit committee will be established in the Ministry of Health as well as in other Ministries. The audit committee's main task is to counsel the Minister in adequate, effective and efficient management control as well as effective internal auditing in the state administration divisions headed by the Minister. The committee's counseling also pertains to management control and internal auditing in all units subordinate to and supervised by the Minister. The objectives of the audit committee were defined in the amended Public Finance Act, Article 289, and they define in particular:
- specifying significant risks and weaknesses in management control and presenting facilitating proposals;
- setting out priorities for annual and strategic internal audit plans;
- reviewing significant audit results and recommendations and monitoring their implementation;
- reviewing reports involving the internal audit plan execution together with management control evaluation;
- monitoring the effectiveness of internal auditing, inclusive of reviewing the results of internal and external audit estimations;
- approving terminations and modifications of employment contracts of the heads of internal audit divisions.

On the basis of a delegation of powers of the PFA in December 2009, the Minister of Finance issued a Regulation concerning the audit committee. This Regulation defines, among others, the required qualifications for independent audit committee members, their remuneration as well as the requirements to be met by the rules and regulations of the audit committee. As stipulated in this Regulation, an independent member of the audit committee must be a university graduate and have at least five
years of professional experience, inclusive of two years in a managerial function. Further, an independent member of the committee should have proper qualifications, i.e., have adequate knowledge or documented experience in: internal auditing or management control or risk management or financial economy in PFSU or objectives, tasks and specificity of a division of state administration, for which an internal committee is established.

The rules and regulations of an internal audit committee must be approved by the Minister of Health. The regulations should outline in detail the scope of activities of an audit committee and the rules of access to documents, information and other materials related to the healthcare sector units with the observance of protected confidentiality. The rules and regulations should also define the organization and operation of an audit committee, including, for instance: the manner and frequency of meetings, mode of meetings, resolution adoption, meeting documentation and task execution, rules of meeting attendance by third parties.

Qualification requirements for internal auditors
As already mentioned, an internal audit is carried out by an internal auditor employed with a given unit or by a service provider not employed with a given unit. The currently binding amendment to the PFA features Article No. 286, which stipulates that an internal auditor in PFSU, i.e. including the healthcare sector units, can be a person, who:

- is a EU citizen or a citizen of any other country, the citizens of which, pursuant to international agreements or the European Community legislation, are entitled to be employed in the Republic of Poland;
- is capable of performing legal activities, executing all public rights;
- was not punished for any intentional crimes or any intentional fiscal crimes;
- is a university graduate;
- has the qualifications defined in the PFA to conduct an internal audit:
  - holds one of the following international certificates: Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP), Certified Information Systems Auditor (CISA), Association of Chartered Certified Accountants (ACCA), Certified Fraud Examiner (CFE), Certification in Control Self Assessment (CCSA), Certified Financial Services Auditor (CFSA), Chartered Financial Analyst (CFA) or
  - in the years 2003–2006 passed the internal audit examination before the Examination Board appointed by the Minister of Finance, or
  - holds external auditor’s qualifications, or
  - has a two-year internal audit practice and graduated from post-graduate studies in internal audit organized by a unit, which, upon the diploma issue, was authorized to award Ph.D. degrees in economics or law.
Moreover, internal auditing practice means at least part-time employment documented by the head of a unit from the public finance sector which is involved with:
- conducting audits under the supervision of an internal auditor;
- certifying and issuing EU financial assistance discontinuation declarations, which are referred to in the Fiscal Supervision Act, by fiscal inspectors and meets following criteria:
  - is exclusively a Polish citizen and can fully execute civil and civic rights;
  - enjoys an impeccable opinion and was not punished for any intentional crimes;
  - holds a university degree in law, economics or any other specialization useful for fiscal inspection;
  - is employed in a fiscal inspection organizational unit and has been employed in tax administration for at least five years or has three years of practice in fiscal inspection organizational units;
  - passed a qualification examination in order to function as an inspector before a board appointed by the General Fiscal Inspector,
- supervision or controlling by a controller from the Supreme Chamber of Control, referred to in the Supreme Chamber of Control Act, who, pursuant thereto, meets the following criteria:
  - is a Polish citizen;
  - is capable of performing legal activities, executing all public rights;
  - was not punished for any intentional crimes;
  - holds a university degree;
  - is healthy enough to be employed for this function;
  - completed controller’s training and passed the controller’s examination before the Examination Board appointed by the President of the Supreme Chamber of Control.

Any agreement executed between a unit and an outsourced service provider should feature provisions guaranteeing an internal audit will be conducted in accordance with the Act and relevant executory orders. Such an agreement, under the provisions of the relevant Article of the PFA, should specify how to handle documents. In particular, it should indicate how to manage electronic documents, prepared for internal auditing so as to make them accessible, while protected against unauthorized dissemination, mutilation or destruction.

The role, objectives and principles of internal auditing in the healthcare sector units
As previously mentioned, internal audits must be conducted in accordance with the provisions of the PFA, pertinent Regulations and instructions of the Minister of Finance as well as the International Standards for the Professional Practice of Internal Auditing, which were adopted as internal audit standards for PFSU.

Consequently, the aim of internal auditing is to identify and comprehend potential risks faced by a hospital and to examine and evaluate the effectiveness of the
internal control system, which was implemented to control risks and financial safety. The underlying objective of an internal audit is to support a unit’s management in attaining their goals and in the execution of their tasks by regular management control and evaluation of public spending. It must be stressed that the amended PFA features a new definition of an audit. In accordance with Article 272 of the Public Finance Act, internal auditing means independent and objective activities, which support the Minister or a manager heading a given division or unit in attaining their goals and executing their tasks by regular evaluation of management control as well as counseling. In particular, it is evaluated whether management control in the government administration or a given unit is adequate, effective and efficient. In accordance with the Standards of auditing in PFSU, the fundamental goal of an audit is to add value and facilitate a unit’s operation. Internal audits should provide the manager of a given unit with an unbiased and independent evaluation of whether the management and internal control mechanisms, inclusive of financial control procedures, are in place and operate adequately, effectively and efficiently. An internal audit involves the examination and evaluation of risk management and task execution quality.

Internal audits include assurance activities (evaluation) and counseling. Assurance activities constitute a fundamental task of an internal audit. An independent and unbiased management evaluation, inclusive of evaluation of risk management and control as well as a unit’s operation areas and systems, should assure a manager that the systems operate properly. Audit by counseling should also lead to the facilitation of a unit’s operation. An internal auditor can submit requests to the manager of a division or audited units, which should result in the facilitation of the operation of a division or its units. Nevertheless, auditor’s requests, recommendations and opinions are not binding for management.

An internal audit should cover all areas of a unit’s operation. Through internal auditing the manager of a unit is assured that:

- the objectives and tasks of a given unit are executed;
- procedures specified by acts of law or adopted by the manager of a unit are implemented and observed;
- the mechanisms and procedures constituting an internal control system are adequate and effective for a proper unit’s operation.

Internal audits should include in particular:

- a review of internal control mechanisms as well as reliability and credibility of operational, management and financial information;
- an identification and analysis of risks related to hospital operation, including evaluation of the effectiveness of risk management and internal control;
- an opinion as to whether the control mechanisms put in place in the audited systems by unit management are adequate and efficient;
- an opinion about procedures and practices of financial information development, classification and presentation;
– an opinion as to whether acts of law, internal unit regulations as well as programs, strategies and standards introduced by pertinent bodies are observed;
– an opinion as to unit property security, an evaluation of the effectiveness and economy of unit resources use and public funds management;
– an evaluation as to whether a unit’s operation is adjusted to previously presented recommendations of an internal audit or a control.

Further, it must be stressed that the Regulation concerning internal audit procedures and documentation of 2010, defines in detail the rules of internal auditing in PFSU. It features both regulations, which were modified, and numerous new provisions, including: provisions concerning internal audit documentation and procedures, internal audit report preparation and report components, counseling and conditions of an outsourced internal audit.

The internal audit standards, published in a new version in 2009, which should be observed by auditors in PFSU, i.e. including the healthcare sector units, are divided into: Attribute Standards (Series 1000), which pertain to the organization of an internal audit unit and the procedures for internal auditors, and Performance Standards (Series 2000), which characterize activities undertaken during internal audit, among others: planning, examination, reporting, as well as quality criteria for their evaluation (Tab. 1).

**Tab. 1. Structure of internal audit standards in PFSU in 2010**

<table>
<thead>
<tr>
<th>Attribute Standards</th>
<th>Performance Standards</th>
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<tbody>
<tr>
<td>1000. Purpose, Authority, and Responsibility</td>
<td>2000. Managing the Internal Audit Activity</td>
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<td>1100. Independence and Objectivity</td>
<td>2110. Governance</td>
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<tr>
<td>1110. Organizational Independence</td>
<td>2120. Risk Management</td>
</tr>
<tr>
<td>1111. Direct Interaction with the Board</td>
<td>2130. Control</td>
</tr>
<tr>
<td>1120. Individual Objectivity</td>
<td>2200. Engagement Planning</td>
</tr>
<tr>
<td>1130. Impairment to Independence or Objectivity</td>
<td>2201. Planning Considerations</td>
</tr>
<tr>
<td>1200. Proficiency and Due Professional Care</td>
<td>2210. Engagement Objectives</td>
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<tr>
<td>1210. Proficiency</td>
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<td>1220. Due Professional Care</td>
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<td>1230. Continuing Professional Development</td>
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<td>1300. Quality Assurance and Improvement Program</td>
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<tr>
<td>1310. Requirements of the Quality Assurance and Improvement Program</td>
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<tr>
<td>1311. Internal Assessments</td>
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<tr>
<td>1312. External Assessments</td>
<td>2220. Engagement Scope</td>
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<tr>
<td>1320. Reporting on the Quality Assurance and Improvement Program</td>
<td>2230. Engagement Resource Allocation</td>
</tr>
<tr>
<td>1321. Use of <em>Conforms with the International Standards for the Professional Practice of Internal Auditing</em></td>
<td>2240. Engagement Work Program</td>
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<tr>
<td>1322. Disclosure of Nonconformance</td>
<td>2300. Performing the Engagement</td>
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<td></td>
<td>2310. Identifying Information</td>
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<td>2320. Analysis and Evaluation</td>
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<td>2330. Documenting Information</td>
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<td>2340. Engagement Supervision</td>
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<td>2400. Communicating Results</td>
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<td>2410. Criteria for Communicating</td>
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<td>2420. Quality of Communications</td>
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<td>2421. Errors and Omissions</td>
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<td></td>
<td>2430. Use of <em>Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing</em></td>
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<td></td>
<td>2431. Engagement Disclosure of Noncompliance</td>
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<td>2440. Disseminating Results</td>
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<td>2500. Monitoring Progress</td>
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<td></td>
<td>2600. Resolution of Management’s Acceptance of Risks</td>
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</tbody>
</table>

Source: Own work based on *The International Standards for the Professional Practice of Internal Auditing* [10]

As intended by legislators, internal auditors in PFSU should be trusted. Internal auditors are trusted if they are ethical. The currently binding Code of Ethic for internal auditors in PFSU was published in 2006. The Code supplements the internal audit standards and provides instructions for internal auditors in the public finance sector units. In the light of the Code of Ethics, an internal auditor is obliged to work in an honest, reliable and decent manner. The Code presents rules of internal audit practice and standard procedures expected from an internal auditor. The rules are helpful in practice and are to promote ethical behavior among auditors. The rules pertaining to the internal audit practice in PFSU involve: honesty, objectivity, confidentiality, professionalism, internal auditor’s behavior and relations between internal auditors and conflicts of interest (Tab. 2).
Tab. 2. The rules pertaining to the internal audit practice in PFSU

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Honesty</td>
<td>If an internal auditor is honest, his/her work is trusted and his/her evaluation relied on.</td>
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<tr>
<td>2. Objectivity</td>
<td>An internal auditor is highly objective during an internal audit, in particular when collecting, examining and forwarding information about the audited activities or processes. An internal auditor makes balanced judgments taking into consideration all significant circumstances connected with the audit task. In opinions he/she disregards his/her own interest and does not allow other persons influence his/her judgments.</td>
</tr>
<tr>
<td>3. Confidentiality</td>
<td>An internal auditor respects the value of and ownership rights to information, which he/she receives and does not disseminate it when unauthorized, unless he/she is legally or professionally obliged to do that.</td>
</tr>
<tr>
<td>4. Professionalism</td>
<td>An internal auditor uses his/her knowledge, skills and experience to conduct an internal audit.</td>
</tr>
<tr>
<td>5. Auditor’s behavior</td>
<td>An internal auditor acts in a manner which reinforces professional cooperation and good relations with other auditors.</td>
</tr>
<tr>
<td>6. Conflict of interest</td>
<td>An internal auditor does not participate in an audit task, if it could result in a conflict of interest.</td>
</tr>
</tbody>
</table>

Source: Own work based on Announcement No. 16 concerning issuing the “Internal Auditor’s Code of Ethics” and the “Internal Audit Charter” [3]

Each of the above rules was described in detail in the procedures for internal auditors in PFSU. The Minister of Finance recommends the managers of PFSU to implement the Code in the internal regulations of PFSU or to oblige internal auditors in any other manner to observe the Code.

**Internal audit documentation**

In accordance with acts of law and internal audit standards, a person in charge of internal auditing should establish rules and procedures to be observed during the audit. The form and content of the rules and procedures depend on the scope and structure of an internal audit as well as its complexity. The internal audit charter as well as the description of the internal audit procedures, which are frequently referred to as Internal Audit Book of Procedures, constitute fundamental internal documents regulating internal audit performance. The internal audit charter specifies the chief objectives and rules of an internal audit. Further, it should define the basic rights, obligations and responsibilities of an internal auditor and specify his/her status in a unit. Additionally, it should specify the relations with other control institutions such as, e.g. The Supreme Chamber of Control, inspectors from Tax Offices and Social Insurance Company.

The Internal Audit Book of Procedures specifies the general provisions of the charter and describes the detailed planning procedures, audit task execution and reporting. The Book of Procedures constitutes the basic source of information for au-
thorities and organizational units, as it describes not only audit organization but also internal audit procedures. The Book of Procedures is to provide the management of an organization, managers of audited units and an auditor with rules and instructions for current operation. The Book is most frequently composed of several parts and describes the organizational and operating audit objectives, audit method, audit files and evaluation of the internal auditor’s work quality. It can also be used by other interested parties, both inside the sector, for example the supervisory bodies or audit committee, and outside the sector, for example, internal auditors examining internal audit’s independence or reviewing procedures and other external controllers [8].

The Book of Procedures specifies the rules and methods of internal auditing in order to ensure the audit division operates smoothly and that audit activities are consolidated and properly documented. Furthermore, it defines obligations and deadlines for internal auditors to submit authorized unit plans, reports and other information connected with audit division operations and audit procedural modifications. The Book of Procedures features a collection of internal audit procedures. Because the procedures are in writing, the internal audit tasks are executed in a standard manner, as the outlay of forms and reports is uniform. The form outlay of the working documents makes the procedures more uniform and the document types and their graphics more alike. The procedures also help to define requirements concerning the internal audit activities. It also refers to the post-audit and counseling activities as well as the rules of drawing up audit documents. It should describe the criteria for increasing audit quality in a unit.

An internal auditor documents all activities and events, which are significant for internal auditing. An internal auditor keeps permanent internal audit files to collect information about risk areas, which can possibly constitute the subject of an internal audit and current internal audit files in order to document the internal audit and its results. Permanent files include in particular:

- a list of fundamental standards and other acts of law connected with a unit where an internal audit is conducted and which regulate its operation;
- a list of documents describing management and control systems, inclusive of the financial control procedures;
- annual audit plans and reports from annual audit plan execution;
- other information significant for the audit, inclusive of the analysis of risk areas.

Current files include in particular:

- documents collected prior to the commencement of the audit task, inclusive of the materials which constitute the basis for the task commencement (for instance, system description) and personal authorization to conduct the audit;
- documents collected and drawn up at the audit schedule planning and preparation stage, inter alia, audit schedule, all potential schedule amendments, risk analysis documentation for a given audit task, minutes from an opening meeting, selected audit methods;
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- materials drawn up by an auditor or received from any 3rd parties and statements of the audited unit’s employees made during the audit, which influence the assessment of management and control systems (minutes from meetings, certified document copies, copies or excerpts from documents, statements and calculations, written and oral – in the form of a memo – information and explanations made to an auditor and statements concerning the audit subject, filled in questionnaires, minutes from talks and discussions, memos, test results, etc.);
- reports, inclusive of a draft report, any reservations and approved final reports, inclusive of a memo with initial conclusions (draft report), minutes from a closing meeting, additional explanations or reservations expressed by a manger of the audited division to the audit report together with a copy of the auditor’s opinion, audit report, recommendation and requested execution plan, documents certifying the report was submitted to the unit’s manager;
- documents concerning verification stage, inclusive of the verification memo, in particular the information from the audited unit’s manager about the recommendation implementation;
- other documents significant for the audit task.

The head of a unit, the head of the audited unit, in which an audit is performed as well as all authorized persons can gain access to current audit files. The internal audit documents are marked and stored in accordance with the general rules concerning the files left behind in a unit.

CONCLUSIONS

Internal auditing was introduced to PFSU in January 2002. Internal auditing is a managerial instrument employed by unit managers to gain rational assurance that the objectives and tasks of a given unit are being attained, procedures stemming from acts of law or adopted by a unit manager are being implemented and observed, while internal auditing mechanisms and procedures adequately and correctly support a unit’s operation.

It must be emphasized that the idea of professional and independent internal auditing dates back to the first half of the 20th century. In the United States in 1941 the Institute of Internal Auditors (IIA) was established. The IIA branch was also set up in Poland in 2001. In 1977 the European Court of Auditors was established in Luxembourg. The IIA standards are recognized worldwide as international standards. They were adopted by the EU institutions and by many other countries. In many countries they are perceived as models for developing national regulations. Also in Poland they served as a basis for the first national internal auditing standards for PFSU in 2003.

The function and development of internal auditing in PFSU places it in the organizational structure of the public finance sector units. Internal auditing in the sector is constantly facilitated by the regulations and instructions of the Minister of
Finance but also by the *International Standards for the Professional Practice of Internal Auditing*, which were adopted in July 2006, the ISACA standards as well as the financial control standards and the management control standards, which are based on international standards and concepts.

Public sector internal auditing is and will continue to be constantly improved as it is introduced, inter alia, by virtue of the amended Public Finance Act effective as of January 2010, as well as the new version of the *International Standards for the Professional Practice of Internal Auditing* put in practice in PFSU in 2009. Internal auditing becomes obligatory in more and more public finance sector units, including the healthcare sector units. It is necessary to and efficient for the public sector operation. The healthcare reform should lead to an establishment of a modern healthcare system, which will treat patients efficiently, create favorable conditions for the sector employees as well as manage public funds effectively. It is common knowledge that in the wake of the current bad situation of the Polish healthcare system and the poor financial situation of numerous units of the sector, among others, independent public healthcare centers, the sector is ineffectively managed. Thus, in light of the effective regulations and adopted standards, an internal audit should support the manager of a unit in effective unit management, evaluation of the efficiency of internal control, public finance economy, risk management and execution of corporate and public governance tasks.

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