

INDIA'S UNIQUE INTERNAL AUDIT CULTURE: HISTORY, PHILOSOPHY, AND INNOVATION

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Abstract: This paper's objective is to set out the development and potential future ramifications of India's unique auditing culture, with a focus on contemporary internal auditing. India's unique culture of audit has been shaped by three influences - Vedic concepts of auditing, epitomized by Kautilya's *Arthaśāstra* (fourth century BCE); assimilated foreign auditing practices; and Indian philosophical traditions, notably the significance accorded to testimonial evidence in *Nyāya* epistemology. India's *sui generis* culture of auditing provides India with a distinctive voice in international auditing theory and practice. In internal auditing, India has produced an unparalleled variety of home-grown professional standards and guidance. The internal audit standards issued by both the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India co-exist with the "global" standards of the United States-based Institute of Internal Auditors. The profundity of India's unique auditing culture currently safeguards the local character of internal auditing in the face of the hegemonic, international aspirations of the Institute of Internal Auditors. Moreover, India is positioned to take a leading role – perhaps even *the* leading role - in global internal auditing, by internationalizing and exporting its principles-based and adventurous internal audit standards. The future centre of gravity of internal auditing may shift away from the United States towards India, if the Indian internal audit community has the ambition to assert the global technical and moral leadership in this field of endeavour that, we argue, it already possesses. Our interpretative approach is based largely on philosophical hermeneutics in the tradition of Hans-Georg Gadamer (1900-2002).

Keywords: *Arthaśāstra*; audit culture; bookkeeping audit; *Fatawa 'Alamgiri*; globalization; Hellenism; localism; Indian auditing; Institute of Chartered Accountants of India; Institute of Cost Accountants of India; Institute of Internal Auditors; internal auditing; internal audit standards; Kautilya; subsidiarity.

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1. INTRODUCTION

In this paper, we shall set out the history and possible future implications of India's *sui generis* culture of audit, with an emphasis on modern internal auditing. We define auditing in broad terms as "an impartial, evidence-based, judgmental assessment for accountability purposes" (O'Regan, 2024, xvi), covering activities like financial auditing (the auditing of financial statements) and internal auditing (the auditing of processes and transactions in the inner workings of organizations, with an emphasis on risk-mitigating internal controls). We shall argue that India's culture of internal auditing is a consequence of the blending of three ingredients - a unique inheritance of Vedic auditing concepts; the assimilation of foreign audit influences; and traits specific to Indian epistemology.

From the historical perspective, India's continuous culture of auditing from antiquity to the present day has been marked by a blend of home-grown, Vedic developments with the assimilation of an eclectic range of non-Indian auditing concepts and practices. India has rarely, if ever, been cut off from the wider world, and audit-related ideas have flowed in and out of the country over the millennia. Grafted on to the ancient Vedic heritage of auditing summarized in Kauṭilya's *Arthaśāstra* (fourth century BCE) are auditing techniques introduced into India through the Islamic empires and the British and European colonial period, creating a distinctive culture of auditing.

In terms of the philosophical influences on India's audit culture, the formal structures of Indian traditions of epistemology and logic have affected the ways in which auditors gather and evaluate audit evidence. As a primary example of the Indian philosophical approach to auditing, we shall review the implications of the significance accorded to testimonial evidence in the *Nyāya* epistemological tradition.

We shall also consider how India's approach to internal auditing may develop in the future. Internal auditors around the world tend to be content to understand and practice internal auditing through the prism of the written professional standards, definitions, and guidance issued by the Institute of Internal Auditors (IIA), based in the United States. This is not the case in India. On the contrary, three sets of internal auditing standards are, at the present time, circulating in the subcontinent. The IIA's standards compete with the local standards promulgated by the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. This healthy competition of ideas for internal auditing is unique in the world. It suggests, we shall argue in this paper, that India possesses an advanced degree of sophistication and

inventiveness in internal auditing. We conclude that the creative energy and innovation Indians have brought to internal auditing bodes well for the future of internal auditing, not only in India but worldwide. We suggest that the IIA's approach to internal auditing has passed its high tide mark of creativity, and has increasingly ossified into prescriptive, algorithmic, checklist-based, amoral ways of thinking. India is well positioned to take a leading role – perhaps even *the* leading role - in global internal auditing, by internationalizing its principles-based, creative, and adventurous internal auditing standards. We suggest that the centre of gravity of internal auditing may well shift on its axis, moving away from the United States towards India, if the Indian internal audit community has the will to assert and implement the global technical and moral leadership in this field of endeavour that, we argue, it already possesses.

2. A NOTE ON METHODOLOGY

The approach taken in this paper is not one of social science. Instead of the technocratic rationality that largely prevails in the analysis of modern auditing (Francis, 1994) we have taken a phenomenological-based interpretative approach, at the intersections between the later work of Edmund Husserl (1859-1938) in depicting the *Lebenswelt*, the lived world of phenomenological experience; the philosophical hermeneutics articulated by Hans-Georg Gadamer (1900-2002), notably in his *Truth and Method* (published, initially in German, in 1960); and autoethnography. Our interpretative perspective derives from a fusion of historical horizons, mediated by the role of tradition in the encounter between the cognizing subject and the phenomena it observes. Based on involvement rather than distance, and on personal interaction rather than impersonal observation, our interpretation of India's culture of auditing places it within both ongoing humanistic traditions and the contemporary, intuitive experience of our collective socio-economic existence.

3. THE HISTORY OF AUDITING IN INDIA

Modern internal auditing in India has inherited a lengthy, continuous, and complex historical development, incorporating a blend of home-grown auditing traditions with Vedic roots and the influences of non-Indian sources. The antiquity of India's traditions of auditing is not unique: India shares with Greece and China a continuous history of auditing dating to before the Common Era. Reliable records of auditing processes in classical Athens have been dated to the fifth to the third centuries BCE (Smolinski et al., 1992, 8), while the claims of Nom Lee (1936, 190) for a Chinese auditing history that

stretches back to the beginning of the Han Dynasty, in 206 BCE, are well-founded. (Lee's speculations that Chinese auditing may be dated to 2205 BCE are unsupported by evidence, as they would place auditing practices beyond documented history, into China's semi-mythological period of the *Three Sovereigns and Five Emperors*.)

Arguments in favour of the uniqueness of India's auditing culture are not clinched solely, nor even mainly, by claims of antiquity. A complex blend of historical factors, including the characteristics of home-grown Indian auditing and epistemological traditions, and the role of foreign influences, have rendered India's auditing culture *sui generis*. Nonetheless, antiquity is significant for our arguments that India possesses a continuous history of auditing comparable in duration to any other country. The oldest, surviving text relevant to auditing in India is the *Arthasāstra*, the treatise on statecraft and public administration attributed to Kauṭilya (c.375–c.283 BCE), of which the oldest extant manuscript dates to the second century CE. The dating and authorship of the *Arthasāstra* are disputed: its materials were probably accumulated over several centuries by different hands before Kauṭilya collected and systematized the available texts, and redacted the version that has come down to us. We follow Amartya Sen in dating the *Arthasāstra* to the fourth century BCE (Sen, 2005, 284), and more precisely to the era of the founding of the Maurya Empire (322 BCE to c.185 BCE). Traditionally, Kauṭilya (also known as Cāṇakya or Viṣṇugupta) was a senior ministerial advisor, or perhaps prime minister, to the emperor Chandragupta Maurya (350–295 BCE). Rich (2010, 6 and 32) has described as “probable” the notion that Kauṭilya was the “organizing genius” behind Chandragupta's autocratic, centralized state, but admits that much of the evidence of Kauṭilya's life is inconclusive.

The *Arthasāstra* is a wide-ranging treatise on statecraft: it addresses the efficient and effective conduct of political governance, war, law, public finances, and trade, matters often handled with heavy doses of Machiavellian *realpolitik*. Within the domain of public finances, the text provides a sophisticated treatment of internal controls and verification procedures intended to safeguard and provide accountability for state finances. The control and verification measures set out in Book Two of the *Arthasāstra*, “On the Activities of Superintendents” (Olivelle, 2013, 99-177), are unambiguously recognizable as forms of auditing (Bhattacharyya, 1989, 92-113). This is consistent with the *Arthasāstra*'s emphasis on the activities of “bureaucrats bent on securing and controlling revenues” (Mattessich, 1998, 201).

Two themes arising from the *Arthasāstra* are crucial to our arguments in favour of the uniqueness of India's auditing culture - (1) its firm grounding in ethical considerations and (2) its eclecticism through the assimilation of international influences. We shall briefly review these two areas of interest.

First, in terms of ethics, the *Arthasāstra* has not been without its critics, who have perceived it as advocating an amoral (or even immoral) ruthlessness in statecraft. Bāṇabhaṭṭa, the seventh century CE writer and poet, described the "the science of Kauṭilya" as "merciless in its precepts, rich in cruelty" (cited in Rich, 2010, 67) while, closer to our day, Wendy Doniger memorably opined that Kauṭilya "makes Machiavelli look like Mother Teresa" (Doniger, 2009, 202). In addition, much has been made of the well-known quotation from the *Arthasāstra* that material success [*artha*] "alone is paramount" (Book One, Chapter 7, cited in Olivelle, 2013, 72). To some, this emphasis on *artha* suggests that Kauṭilya elevated material wealth above the competing endeavors in India's traditional fourfold categories of human pursuit - *dharma*, *artha*, *kāma*, and *mokṣa*, which, respectively, "can be roughly translated as moral conduct, wealth, worldly pleasure and salvation" (Bhat, 2023, 212). The primacy given to *artha* in Book One, Chapter 7 has been criticized as a form of shallow materialism that contrasts, for example, with the spiritually-inspired moral values of Chandragupta's grandson, the third Maurya Emperor, Aśoka (c.304-232 BCE).

Other commentators, in contrast, have discerned a strong moral streak running through the *Arthasāstra* as a whole. For example, the *Arthasāstra* advocates the monitoring of the integrity of high officials, and encourages the exclusion from public office of those found wanting in integrity. In the words of Bruce Rich: "Kauṭilya's pursuit of *artha* is by no means one of unprincipled greed or exploitation: on the contrary, in a number of areas he advocates rational, long-term sustainable use of resources" (Rich, 2010, 72).

The concepts in the *Arthasāstra* have been described as quintessentially Vedic in nature (Saputra & Anggiriawan, 2021). Nonetheless, the historical context in which the *Arthasāstra* was composed – the era of Chandragupta Maurya's rise to, and consolidation of, power - was marked by the coexistence and mutual influences of several cultures, Indian and non-Indian. The Maurya Empire emerged from a cultural crossroads at which Vedic, Buddhist, Greek and other cultures coexisted and influenced one another. In 324 BCE Alexander the Great (356-323 BCE) abandoned his invasion of India, and three years later Chandragupta Maurya overthrew the Nanda Empire to establish his own empire in the chaotic political vacuum left by Alexander's departure. It has

been suggested that the *Arthaśāstra* was an attempt to bring order to politics, the economy, and the law, following the dislocations and conflicts arising from Alexander's invasions: the *Arthaśāstra* was "an effort to reconstitute a decomposed social order, rudely shaken to its foundations by Hellenistic contacts" (Rao, 1958, 19). The Greek military incursions into India were accompanied by the circulation of Greek culture and literature, and the expansion of an eclectic Hellenistic culture with marked Egyptian and Persian influences (Waterfield, 2011). It is well known that Alexander's retinue included "philosophers, poets, and historians" (Hanson 2024, 278), and it is not implausible that Kauṭilya was acquainted with the Greek theories of statecraft of Plato, Aristotle, and others introduced to India by Alexander's retinue.

From the *Arthaśāstra* to the present day, accretions of auditing traditions in India have arisen from foreign influences. Like the rich and complex topsoil of a forest, India's auditing culture has assimilated a range of non-domestic practices. The Islamic empires, notably the Delhi Sultanate (1206-1526) and the Mughal Empire (1526-1857), introduced new administrative systems, increasingly Persianate and increasingly centralized, which included auditing routines over state finances. The Mughals gradually standardized the currency and other units of measurement used in large parts of India, and they "maintained offices of meticulous record keepers and auditors, departing from the more haphazard methods of earlier regimes... [by] the end of the sixteenth century, their revenue and judicial administrations...exhibited an obsessive preoccupation with order, the efficient management of time, and a spirit of rational self-control" (Pollock and Elman, 2018, 9-10). The sharia-based *Fatawa 'Alamgiri* was compiled by 500 scholars, Indian and non-Indian, at the zenith of the bureaucratically-centralized Mughal Empire under Emperor Aurangzeb (c.1618-1707, reigned 1658-1707). The *Fatawa 'Alamgiri's* subject matter was statecraft, understood (as with the *Arthaśāstra*) in the broadest sense, covering political governance, military strategy, law, taxation, and economic policies and regulations.

In the British colonial period, under both the Company Raj (1757-1857) of the East India Company and the Crown Rule in India (1858-1947), new units of measurement and new approaches to auditing were introduced to India. Fuelled by the Industrial Revolution in England and Scotland, and bolstered by Britain's Joint Stock Companies Act of 1844, the financial auditing profession, channeled through the institutes of chartered accountants, arose to meet the accountability demands arising from the separation of the providers of capital from the managers who administered it (Matthews et al., 1998).

The new Anglo-Scottish profession of chartered accountancy, with its focus on providing audit opinions on financial statements, soon established itself in India, where it remains the backbone of financial auditing.

Different types of auditing, akin to modern internal auditing, also arose to safeguard institutions from error and fraud. Some of these activities of verification and spot-checks developed in the East India Company (Dobija, 2018), at its peak perhaps the largest commercial corporate entity in the world. But it was with the arrival of the railways that modern internal auditing first took a recognizably modern shape (Reed 1996). In the nineteenth century the railway corporations were “by a long way the largest companies spawned by industrialisation, and they presented a major accounting challenge...it was clearly essential to have a secure system to record takings and allow effective audit” (Matthews, 2006, 5-6). The railway companies gave rise to the semi-formal “bookkeeping audit”, which differed significantly from the formalities of the chartered accountants’ auditing of financial statements. The “bookkeeping” audit consisted of on-the-spot, more or less contemporaneous tests aimed at the safeguarding of assets and the monitoring of transactions. This form of proto-internal auditing was performed by railway employees, often with little or no formal accounting training. This is not to suggest incompetence, but rather to indicate that the bookkeeping audits were a grass roots type of verification driven by business needs, and clearly recognizable in their form and intention as the forerunner to modern internal auditing. In 1868 the Protection of the Railways Act introduced more professionalism and rigor into the accounting practices in British railways. The British introduced the railways into India from the 1830s, along with their management and auditing practices, adding another layer to India’s auditing culture.

In addition to the Islamic and British audit influences, India was also exposed, on a regional basis, to various European auditing cultures through the colonial activities of other European nations. Two examples are Portugal’s control over Goa (1510-1961) and France’s control over Pondicherry (1674-1954).

The numerous influences discussed in the previous paragraphs all suggest the development of an increasingly eclectic audit culture in India as the second millennium of the Common Era progressed. However, such a view should be tempered by an acknowledgement of India’s powers of cultural assimilation. India was not a passive recipient of a series of new audit concepts from external sources. Instead, India assimilated foreign auditing concepts by grafting them on to its existing audit culture. It is important to recognize that the Islamic and

British empires did not have absolute control over the entire subcontinent. In the south, the Vijayanagara Empire (1336-1646) held out as an independent state for early three centuries, frustrating the ambitions of the Delhi Sultanate and the Mughal Empire. And across British colonial India, hundreds of “Princely States” bound by treaty (but often, in practice, by little more than lip-service) to the British colonial authorities maintained home-grown patterns of administration and auditing, within minimal inference in their internal affairs. Therefore, despite the colonial upheavals endured by India, strong strands of continuity persisted through the second millennium of the Common Era, and auditing was no exception to this pattern. What has emerged from India’s history is a powerful bedrock of home-grown auditing concepts, leavened with foreign influences.

4. THE EPISTEMOLOGICAL STATUS OF TESTIMONIAL EVIDENCE IN THE NYĀYA TRADITION

Domestic and foreign influences, we have suggested, have both played an important role in the development of India’s culture of audit. Of equal or perhaps even greater importance has been the impact of Indian concepts of epistemology and logic. We shall compare and contrast the emphasis given to testimonial evidence in India’s *Nyāya* tradition with that in western epistemology and Aristotelian logic. Given that epistemology and logic are the bedrock of the treatment of evidence in auditing (Nelson et al., 2003), the example of testimonial evidence helps to explain, we shall argue, profound conceptual differences in auditing between India and the West.

Nyāya is one of India’s major *āstika* (orthodox, i.e. Vedic-consistent) philosophical traditions: its origins are uncertain, but they clearly predate its oldest extant text, the *Nyāya-sūtra*, of 200 CE, attributed to the sage Akṣapāda Gautama. An extensive and vital tradition of commentary on the *Nyāya-sūtra* developed, to analyse and clarify Gautama’s sharply chiseled and occasionally gnomic phrases (Dasti & Phillips, 2017). Developments in *Nyāya* philosophy over the subsequent centuries were eventually rationalized and presented by Gaṅgeśa Upādhyāya in his monumental fourteenth century text *Tattva-chintā-maṇi* (Phillips, 2020). Despite the fundamental continuity of the *Nyāya* tradition since the *Nyāya-sūtra*, the post-Gaṅgeśa perspective of *Nyāya* is often referred to as *Navya-Nyāya* (neo-Nyaya) to differentiate it from the earlier tradition.

Nyāya emphasizes the importance of epistemic clarity, and it provides strict guidance for the doxastic (i.e., belief-forming) processes that arise from the

accumulation of cognitive events (Phillips, 2012, 24-32). *Nyāya* recognizes four paths to reliable and valid knowledge. These paths, in order of decreasing importance, are (1) perception (i.e. direct experience) (2) inference (3) analogy and (4) testimony. The *Nyāya* system therefore prioritizes the individual's sensory experience as the first and most important path to knowledge. Perceptual knowledge is characterized in the *Nyāya-sūtra* as follows: “[it] arises from a connection of sense faculty and object, does not depend on language, is inerrant, and is definitive” (translation by Dasti & Phillips, 2017, 206). A modern, succinct definition describes perception as “the capacity of each of the senses to make discriminations, and thus help us to bring about a world of experience” (McGilchrist, 2021, 1:105).

Nyāya's emphasis on perception is not a naïve empiricism, because it is complemented by the paths of inference, analogy, and testimony. From an auditor's perspective, *Nyāya's* remaining three paths to knowledge may be considered “lines of defense” against misperception. The second most important path to knowledge, inferential logic, embraces the inductive, deductive, and abductive methods of reasoning familiar in western logic. Analogy, the third path to knowledge, aids understanding by bringing unfamiliar things into proximity to the familiar, but it provides, at best, only degrees of plausibility in its conclusions.

The *Nyāya-sūtra* defines testimony, its fourth and least important path to knowledge, as “instruction by a trustworthy authority” (translation by Dasti & Phillips, 2017, 206). Thus testimonial knowledge, in referring to “acquisitions of information on the basis of linguistic communication” (Shieber, 2015,11), covers both verbal and written communications. In *Nyāya*, testimony is a relatively straightforward path to knowledge. It relies on third parties who have (presumably) mastered reliable information before transmitting to us: if the source of the testimony is trustworthy, little subsequent analysis is needed, beyond a prudent corroboration of the testimonial with non-testimonial evidence.

Seeking a tight coherence between experience and testimony is tricky, as testimony tends to offer little more than suggestions of truth (Olsson, 2005). Nonetheless, a prudent reliance on testimony is evitable in our daily lives, as our cognitive existence would grind to a halt if our skepticism dismissed all evidence from third parties. Nonetheless, an overreliance on testimony is risky, leaving us at the mercy of unreliable or untrustworthy epistemic authorities. It is therefore the least important of *Nyāya's* four paths to knowledge.

What does the status of testimonial knowledge in *Nyāya* imply for India's auditing culture? Indian traditions of epistemology, in comparison with those of the West, contain a stronger resistance to accepting testimonial evidence

at face value. Testimonial evidence is, under *Nyāya*, the weakest path to knowledge, and one might expect auditors in India to exhibit a greater degree of skepticism toward testimonial evidence than their Western counterparts. In keeping with the experiential emphasis of this paper's hermeneutical approach, the present author refers to evidence from his 20 years of professional auditing experience in the United Nations system. The author has observed that Indian auditors in the UN system have a reputation for meticulous verification in their audit tests. In contrast, Western auditors tend to place a greater faith (or, perhaps, demonstrate a greater credulity) in the compliance testing of information systems, the reliability of procedures, third-party confirmations, and management representation letters, leveraging such mechanisms to reduce the levels of transaction-based, "substantive" audit testing. Indian auditors, while willing to place trust in the reliability of testimonial evidence, appear to be more sceptical, preferring to undertake detailed verification to corroborate non-transactional, "higher level" sources of assurance.

Explanations of the prevailing tendencies of Indian auditors toward meticulous, detailed testing that the author has received from Western peers fall into two broad categories: (1) Indian approaches to auditing tend to be "old-fashioned" in their emphasis on detailed, transaction-based testing, and (2) Indian auditing exhibits low social trust, thereby necessitating detailed verification procedures to obtain (presumably excessively) high levels of assurance. The author, however, considers such allegations to be largely unwarranted: the meticulousness of Indian approaches to auditing appears to be attributable more to Indian traditions of epistemology than to stereotypes of outdated Indian audit techniques or suspicious Indian mindsets.

Such interpretative observations of an autoethnographical, hermeneutical nature do not fulfil the demands of social science methodologies. The author is unaware of any social science studies on the comparative inclinations of Indian and non-Indian auditors to trade off detailed, substantive audit testing in proportion to faith in information systems, management representations, and third-party confirmations. Research on internal auditing in India remains sparse (Narayanaswamy et al., 2018), and the extent of reliance on testimonial evidence may be a fruitful avenue of future social science research.

5. IMPLICATIONS: IS INDIA POISED FOR FUTURE WORLD LEADERSHIP IN INTERNAL AUDIT?

In this paper, we have argued that India possesses a *sui generis* audit culture, a consequence of a unique blend of home-grown, Vedic concepts of statecraft;

the assimilation of eclectic, foreign audit influences and practices; and the impact of the formal structures of India-specific systems of epistemology and logic. Now we turn to the implications of our arguments for the future of auditing in India, taking internal auditing as an example.

We have seen that early forms of modern internal auditing can be traced back to the nineteenth century railway sector in the United Kingdom (Matthews, 2006, 68). At present, the Institute of Internal Auditors, formed in 1941 and headquartered in Orlando, Florida, in the United States, claims to be the pre-eminent, global, professional internal auditing organization. It issues internal auditing standards (most recently, at the time of this writing, the *Global Internal Audit Standards* (GIAS), set to come into force in January 2025); maintains a certification program; and publishes technical guidance for internal auditors. There is a question mark over the IIA's universal claims to represent global internal auditing, owing to an inherent tension between universalism and subsidiarity.

Universalism is a trend toward "affirming the moral unity of the human species and according a secondary importance to specific historic associations and cultural forms" (Gray, 1986, x). Subsidiarity derives from canon (ecclesiastical) law, particularly as it was used in Pope Pius XI's 1929 papal encyclical *Divini illius Magistri* (*That Divine Teacher*), and it was formally adopted into the law of the European Union in the 1992 Treaty of Maastricht. It refers to a precedence of decentralized, localized decisions over remote, centralized decisions. Universalism and subsidiarity therefore involve inherent tensions that are often difficult to reconcile in practice. For example, the conflict between the European Union's notion of subsidiarity and its top-down *acquis communautaire*, the overarching body of rights and obligations contained in the European Union's laws and policies, was at the root of the United Kingdom's referendum-based decision to leave the European Union in 2016.

The IIA's pretensions to universal validity contain the tensions intrinsic to the balance between universalism and subsidiarity. The IIA's activities and literature often convey a provincial flavor, reflecting the interests, predilections, and political views of North American culture. They are unattuned to the "humane localism" that safeguards decentralized traditions and cultures (Mitchell & Peters, 2018). No country is predestined for permanent global dominance in internal auditing. On the contrary, one can envision a future, multipolar internal auditing world, in which several centers of excellence emerge that satisfy local demands, in line with the subsidiarity principle. In addition, it has been argued (e.g., O'Regan, forthcoming) that the IIA has

probably passed the high water mark of its creativity. Its prevailing tendencies toward rigid, algorithmic, checklist, amoral mindsets for internal auditing suppress practitioners' creativity and critical thinking, thereby dampening innovation and hampering the ability of internal audit fully to serve the public good. Internal auditing will best flourish as a humane, creative endeavor if we encourage a plurality of competing ideas. We do not claim that internal auditing in India has reached a stage of perfection, and we acknowledge persistent questions relating to the effectiveness of Indian internal auditing practices (e.g., Joshi, 2021; Joshi & Marthandan, 2023), but we also acknowledge that such concerns are shared around the globe, and are likely to be best resolved in an environment of competitive ideas and open discussion. The IIA's monopolistic attempts to control the official discourse of internal auditing point instead toward uniform, monolithic, and homogenized ways of thinking.

We might therefore expect to see the allegiance of global internal auditors to the remote rigidities of the IIA to become increasingly fragile. The next logical step for international internal auditing is the emergence of alternative visions and competing authorities, especially from the Global South. In these circumstances, India's approach to internal auditing may provide an alternative (or antidote) to the IIA's brand of internal auditing. India already possesses competing written standards for internal auditing: the Board of Internal Audit and Management Accounting of the Institute of Chartered Accountants of India promulgates *Standards on Internal Audit*, while the Internal Auditing and Assurance Standards Board of the Institute of Cost Accountants of India issues *Internal Audit and Assurance Standards*. Both institutes have also published supplementary and technical guidance, creating standalone, comprehensive guidance for internal audit.

The Institute of Chartered Accountants of India's *Framework for Standards on Internal Audit* specifies that its internal auditing standards "specify basic principles and processes" (ICAI 2008, paragraph 10), while for the Institute of Cost Accountants of India Singh (2022) emphasizes that the *Internal Audit and Assurance Standards* are "principles based". This emphasis on principles perhaps differentiates the Indian standards from the more prescriptive IIA standards. Although the IIA describes its *Global Internal Audit Standards* as "principles-based", the present author has criticized such a definition: "the grouping of the revised *Global Internal Audit Standards* under 15 principles is a step in the right direction. However, it is misleading or disingenuous to claim that the revised Standards are now principles-based...the Standards are now arranged *by principles* rather than arranged *into principles*. The principles in the IIA's

Standards serve primarily as classificatory headings, and the majority of the text consists, as in the past, of a bloated inventory of rules and requirements” (Lenz & O’Regan 2024, 22, emphasis added).

The Indian standards coexist with the IIA’s *Global Internal Audit Standards* inside India, with the result that three sets of internal auditing standards issued by different professional associations are currently in effect in India. It is not inconceivable that the energy and creativity Indians have invested in developing local internal auditing standards will spill over from the subcontinent to offer their attractions to the rest of the world. The Institute of Chartered Accountants of India or the Institute of Cost Accountants of India - whether separately or together - might one day decide to develop an international version of India’s internal audit standards, in a bid for global technical and moral leadership in internal audit. The Indian internal auditing standards are already written in English, facilitating their potential amendment and adoption for export and international use.

5. CONCLUDING REFLECTIONS

Our interpretation of the fusion of internal auditing horizons, involving both the IIA’s global ambitions beyond the United States and India’s alternative visions, is that internal auditing has reached an inflection point. India is well positioned for world leadership, both technical and moral, in internal auditing. India is already a creative powerhouse of internal auditing, and its principles-based standards could prove attractive globally as an alternative to the IIA’s prescriptive, mechanistic standards. India’s internal audit standards represent authentic Indian auditing traditions, and are not merely watered-down imitations of the IIA’s standards, as some Western advocates of IIA supremacy would have us believe. Given the increasing socio-economic power of the Global South, it is possible that India, the world’s largest country by population size, and the world’s largest democracy, may one day rival, and perhaps eclipse, the United States as the world leader in internal auditing.

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Conflict of Interest

There is no conflict of interest involved in the publication of this paper.

Abbreviations

BCE	Before Common Era
CE	Common Era
GIAS	Global Internal Audit Standards (of the Institute of Internal Auditors)
IAAS	Internal Audit and Assurance Standards (of the ICAI)
ICAI	Institute of Chartered Accountants of India
ICMAI	Institute of Cost Accountants of India
IIA	Institute of Internal Auditors
SIA	Standards on Internal Audit (of the ICAI)

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