FOURMI
& PARTNERS

Building #12, Street 348, Phum 4, Sangkat Toul Svay
Prey Ti Mouy, Khan Boeng Keng Kang, Phnom Penh
+855 (0) 23 926 999 · hello@fourmiandpartners.com

INSIGHTS

AUDIT & ASSURANCE

ISA 610 using internal auditors in Cambodia

How a Cambodian external auditor evaluates the internal audit function under ISA 610: objectivity, competence, systematic approach, using the work and direct assistance.



By Liv Bonito
Co-founder & Managing Director · FCCA, CPA (KICPAA)

PUBLISHED 19 NOVEMBER 2026 UPDATED 19 NOVEMBER 2026 10 MIN READ

CAN A CAMBODIAN EXTERNAL AUDITOR RELY ON THE INTERNAL AUDIT FUNCTION UNDER ISA 610?

ISA 610 applies when the external auditor uses the work of the internal audit function, or uses internal auditors to provide direct assistance. The external auditor evaluates the function's objectivity, competence and systematic and disciplined approach, and then evaluates the work itself; the external auditor remains responsible for the audit opinion. In Cambodia, internal audit functions are common in banks, microfinance institutions and larger groups, and may be outsourced; a small company without an internal audit function simply does not apply ISA 610.

IN SHORT

- ISA 610 applies only when the external auditor uses the internal audit function or uses internal auditors for direct assistance.
- Evaluate objectivity, competence and the systematic and disciplined approach before relying on the work.
- Using the work means evaluating the scope, the sample, the documentation and the conclusions, and re-performing some of it.
- Direct assistance is possible, but the external auditor must supervise it and remains responsible for the audit.
- In Cambodia, banks, MFIs and groups often have an internal audit function; SMEs usually do not, so ISA 610 does not apply.

When ISA 610 applies

ISA 610 applies when the external auditor uses the work of the internal audit function in obtaining audit evidence, or uses internal auditors to provide direct assistance under the direction, supervision and review of the external auditor. It does not require an entity to have an internal audit function, and it does not apply if the external auditor does not use the function.

An internal audit function is a function of the entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity's governance, risk management and internal control. It may be in-house or outsourced. The function's objectives include assurance to management and the board, not the external audit.

The external auditor may use the internal audit function's work to modify the nature, timing or extent of audit procedures, but cannot delegate the audit opinion. The external auditor remains responsible for the audit evidence and the conclusion.

Objectivity and competence

The external auditor evaluates the internal audit function's objectivity. Objectivity is the ability to perform the work without bias, conflict of interest or undue influence. The evaluation considers the function's reporting lines, the status of the head of internal audit, the access to the

board or audit committee, the absence of operational responsibilities and the policies on assignments and rotation.

An internal audit function that reports to the finance director, prepares the accounts or manages the operations is less objective than one that reports to the audit committee. An outsourced internal audit provider can be objective if the engagement terms, the fee dependency and the other services provided to the entity do not create a conflict.

Competence includes the qualifications, experience and resources of the internal auditors, the quality of the workpapers, the supervision and the quality assurance review. The external auditor may review the function's charter, plan, budget, workpapers and reports, and may interview the head of internal audit.

EVALUATING THE INTERNAL AUDIT FUNCTION

Factor	Question	Evidence
Objectivity	Who does the function report to?	Charter, reporting lines, audit committee access
Competence	Are the auditors qualified and supervised?	CVs, training, workpapers, quality review
Systematic approach	Is there a risk-based plan and methodology?	Audit plan, manual, risk assessment
Scope	Does the work cover the relevant risks?	Plan, engagement letters, reports
Quality	Is the work reviewed and documented?	Supervision, review notes, quality assurance

Using the work

If the external auditor plans to use the internal audit function's work, the auditor evaluates whether the work is adequate for the audit purpose. The evaluation includes the scope, the sample, the documentation, the conclusions and the consistency with the external auditor's risk assessment. The external auditor may re-perform some of the work, test the same items or review the workpapers.

The external auditor should not rely on the internal audit function's conclusion without testing the underlying work. The extent of the evaluation depends on the significance of the area, the risk and the assessed objectivity and competence of the function.

The external auditor communicates with the internal audit function about the planned work, the areas of common interest and the timing. The communication should be documented and coordinated with the overall audit plan.

Direct assistance

ISA 610 permits the external auditor to use internal auditors to provide direct assistance, working under the direction, supervision and review of the external auditor. The external auditor should obtain written agreement from the entity that the internal auditors can follow the external auditor's instructions and keep the work confidential.

The external auditor should not use internal auditors for work that requires independence from the entity, such as making audit judgements, accepting management representations or forming the audit opinion. The external auditor should supervise the work, review the documentation and evaluate the results.

Direct assistance is different from using the function's work. In direct assistance, the internal auditors act as part of the external audit team; in using the work, the external auditor evaluates work performed for the entity's own purposes.

> **Internal audit is not the external audit**
>
> An internal audit report is a source of evidence, not the audit opinion. The external auditor evaluates the work, tests it and remains responsible for the conclusion.

The Cambodian context

Cambodian banks, microfinance institutions, insurers and larger groups often have an internal audit function, sometimes outsourced to a local firm. The function may focus on credit, operations, compliance and IT rather than financial reporting. The external auditor should assess whether the function's work covers the financial reporting risks and whether the objectivity and competence are sufficient.

A small or medium-sized company usually does not have an internal audit function. In that case ISA 610 does not apply, and the external auditor obtains evidence through its own procedures. A company that has an internal audit function but does not use it for financial reporting may still provide useful information for the risk assessment.

For a group audit under ISA 600, the group auditor may use the work of a component's internal audit function, subject to the same evaluation. The group auditor should coordinate with the component auditor and document the reliance.

Documentation

The audit file should document the assessment of objectivity, competence and the systematic approach, the nature and extent of the work used, the evaluation performed, the re-performance and the conclusion. If the external auditor uses direct assistance, the file should document the agreement, the instructions, the supervision and the review.

ISA 230 applies. The documentation should be sufficient for an experienced auditor to understand why the internal audit work was used and how it affected the audit plan.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Can internal auditors perform the external audit?

No. Internal auditors can provide direct assistance under the direction, supervision and review of the external auditor, or their work can be used as evidence. They cannot form the audit opinion or make the external auditor's judgements.

Does ISA 610 apply if the company has no internal audit function?

No. ISA 610 applies only when the external auditor uses the internal audit function or uses internal auditors for direct assistance. If there is no function, the external auditor obtains evidence through its own procedures.

Can an outsourced internal audit provider be used?

Yes, if the external auditor evaluates the provider's objectivity, competence and systematic approach. The engagement terms, fee dependency and other services provided to the entity are relevant to objectivity.

What is the difference between using the work and direct assistance?

Using the work means evaluating work the internal audit function performed for the entity. Direct assistance means internal auditors work under the external auditor's direction and supervision as part of the external audit. Both require evaluation, but direct assistance requires more supervision.

SOURCES

Where the rules come from

01 ISA 610 Using the Work of Internal Auditors — IAASB / KICPAA

02 ISA 600 Group Audits, ISA 315 Risk Assessment and ISA 230 Audit Documentation — IAASB / KICPAA

03 CISA / CISQM standards applied in Cambodia — Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)

04 Law on Accounting and Auditing (Royal Kram NS/RKM/0416/006, 11 April 2016): audit and internal control responsibilities — Kingdom of Cambodia