

An Emergence of Management Audit for Ensuring Sustainable Growth of Organization: A Review and Comparison With Statutory Audit

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Abstract

Audit reviews records with reference to preset standards; a statutory audit involves the review of financial compliance, whereas a management audit is the review of the overall performance of an organization. Management audit is becoming increasingly important for the sustainable development of organizations in a competitive global environment. The main issue of this research is to determine the gap in administering mandatory statutory audits in an organization. This study aims to examine the significance of management audit as compared to statutory audit. This discussion compares and contrasts both management audit and statutory audit to highlight their contribution to the productivity of the organization on a long-term basis. The paper has synthesized theoretical and practical frameworks from both peer-reviewed and professional studies as part of a narrative comparative literature review. The key outcomes of the review are informative regarding the use of management audit in an organization, which promotes decision-making, productivity, and ethical leadership, where it is used in conjunction with statutory audit. A statutory audit is stipulated by law, but a management audit is voluntary. The combined use of management and statutory audits may enrich governance, enhance sustainability, and improve strategic leadership, which is a key implication of the findings.

Keywords: audit, ethics, management audit, statutory audit, sustainability

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Introduction

The beauty of corporate governance is audit, where a statutory audit is not sufficient to examine the entire performance of an organization. This study tries to fill this gap by highlighting the management audit for

organizational sustainability. The rise of management audits is also driven by the growing focus on business robustness in the global business world. Companies that are keen on achieving long-term growth are now expected

to balance financial performance with social responsibility, environmental stewardship, and ethical governance. This change has prompted organizations to integrate sustainability issues into managerial assessment and decision-making procedures (Thottoli et al., 2022). Management audits offer a powerful tool for gauging the ways in which organizations integrate validation principles into their strategic and operational undertakings (Sabauri, 2024). Moreover, the growing regulatory efforts directed at resilience reporting and Environmental, Social, and Governance (ESG) accountability have underscored the necessity of a more comprehensive set of assurance measures beyond financial reporting (Hazaea et al., 2024).

Audit is the regular review of records against established standards. Auditing is an area that has long been known as a pillar of organizational accountability, transparency, and effectiveness of governance. Historically, the law has required statutory audits to present a true and fair view of the financial position of an organization and to operate in compliance with regulatory requirements. This is critical because these audits help to boost investor trust and enhance corporate governance frameworks (Deyganto, 2019; Hazaea et al., 2024). Nevertheless, statutory audits are not always comprehensive in their focus, since they mostly emphasize financial information verification and adherence to legal requirements, rather than the overall performance of a company or the efficiency of its management (Thottoli et al., 2022). The reliance on financial audits might not provide adequate information on the effectiveness of management and strategic decision-making as organizations continue to operate in more complex and competitive environments (Lebkhachi & Chraibi, 2025).

On the other hand, management audit has taken a new form as a voluntary and holistic evaluation process that investigates the efficiency of management, decision-making, leadership practices, and strategic alignment in organizations. In contrast to statutory audits, which are externally required, management audits are initiated by the organization and are usually aimed at evaluating managerial practices and determining how business operations should be improved and developed (Sabauri, 2024). As a result, management audits are significant in refining managerial accountability and boosting performance in an organization by conducting regular assessments and feedback (Lebkhachi & Chraibi, 2025).

Comparative research has shown that statutory and management audits, though different in nature and scope, can be used together to enhance organizational governance and performance. Financial transparency and regulatory compliance are ensured by statutory audits, while managerial effectiveness, operational efficiency, and strategic alignment are addressed by management audits (Deyganto, 2019). Financial verification and managerial evaluation allow organizations to identify inefficiencies more effectively, improve managerial controls, and make better decisions (Lebkhachi & Chraibi, 2025).

Besides, management audit can be very useful for learning and continuous improvement in an organization. Management audits can be used to identify flaws in leadership, communication, and operational frameworks through systematic analysis of managerial practices and internal processes (Sabauri, 2024). These assessments encourage organizations to implement corrective actions, enhance systems of governance, and create a culture of responsibility and innovation

(Hazaea et al., 2024). These gains are especially critical in a dynamic business environment defined by technological change, globalization, and changing stakeholder expectations (Thottoli et al., 2022).

The relevance of management audit is also seen in the fact that it helps support strategic leadership and sustainable decision-making. This is a strategy that can improve the resilience of an organization, corporate reputation, and responsible business practices. Additionally, the consideration of sustainability in managerial evaluation allows organizations to attract socially responsible investors and build trust among stakeholders (Deyganto, 2019). Thus, a statutory audit is crucial in evaluating financial transparency and regulatory compliance, but a management audit broadens the scope of organizational assessment to managerial performance, strategy alignment, and sustainability aspects. Combining both auditing models can develop a form of balanced governance that not only ensures the integrity of financial reporting but also fosters organizational efficiency and long-term development (Hazaea et al., 2024). The need to recognize the complementary functions of statutory and management audits is therefore vital for organizations that seek to enhance their governance systems and achieve sustainable development. This paper has provided a review and comparison of management audit and statutory audit with a view to identifying their contribution to organizational stability and effective management practices.

Auditing is a very essential tool that has been practiced by organizations in a bid to enhance accountability, transparency, and good governance since its inception. Historically, statutory auditing has been presented as a compulsory regulatory framework in such

a way that organizations can present true financial information to users and adhere to the set financial reporting principles. Statutory audits are very important in ensuring that the stakeholder interests of a company are preserved by confirming the reliability of the financial statements and that legal requirements are adhered to (Hazaea et al., 2024). Statutory audits assist in the detection of financial misstatements, the alleviation of risks associated with fraud, and the enhancement of corporate governance structures through systematic verification procedures.

Nevertheless, traditional auditing has changed considerably over the last few decades. Companies are currently working in a highly challenging environment that is affected by globalization, technological advancement, and increased stakeholder demands. Consequently, auditing has evolved to cover more areas of governance, risk management, and operational effectiveness, other than financial verification (Yanuarisa and Irianto, 2025). Contemporary auditing models stress the internal control system, management responsibility, and organizational performance due to the necessity of more detailed evaluation means.

Auditing is based on the ethical foundation of *Tri Kaya Parisudha*: this is a Hindu ethical concept that focuses on the cleansing of three dimensions of human actions: *manacika parisudha* (thought), *wacika parisudha* (speech), and *kayika parisudha* (action). According to Paramananda and Martini (2023), *Tri Kaya Parisudha* is composed of three words: *tri*, which means three; *kaya*, which means limbs; and *parisudha*, which means holy, such that *Tri Kaya Parisudha* implies the purification of three limbs that include *manacika parisudha*, *wacika parisudha*, and *kayika parisudha*. This model guides people to act in an ethically sound manner

in both professional and personal lives, thus enhancing the performance of managers when incorporated into organizational practices. Other authors featured in locus of control also play a major role in managers' outcomes, showing the contribution of individual accountability to organizational upliftment.

The role of auditing in organizational governance is growing further, as evidenced by empirical research. For example, one of the studies on internal audit systems in emerging markets revealed that efficient internal audit functions would positively affect organizational performance through multiple aspects, such as enhancing transparency, internal control systems, and risk management practices (Hazaee et al., 2024). These results demonstrate that auditing is a strategic governance tool, rather than merely a compliance mechanism.

Management audit is well known as a thorough assessment program that reviews managerial efficiency, organizational policies, and procedures. In contrast to statutory audits, which are mainly related to the review of financial reporting and compliance with regulations, management audits review managerial performance, overall decision-making processes, and strategies (Kaur et al., 2020; Gallo et al., 2017). This has emerged due to the increasing realization that financial audits are not sufficient to determine the performance of organizations and the effectiveness of their managers.

Management audits are aimed at determining whether organizational resources are utilized in an efficient way and whether management policies correspond with organizational goals. Management audits assist in identifying areas of inefficiency as well as suggesting improvements by carrying out a systematic review of planning, organizing, leading, and controlling roles.

According to scholars, management audit is a tool that can be used to achieve better managerial accountability and upliftment of organizations. The management audit is an inspection, supervision, monitoring, evaluation, enquiry, and testing of whether public bodies comply with existing policies, laws, administrative rules and procedures, annual plans, budgets and programs, performance agreements, and overall aspects of employee management, office management, financial administration, inventory and record management with respect to service delivery to the public (Government of Nepal, Ministry of Federal Affairs and General Administration, 2022/23).

Recent studies highlight the correlation between internal and management auditing practices. Alfina and Utama assert that internal audit operations are essential for adherence to risk management policies and enhancement of corporate governance structures (Alfina & Utama, 2025). Based on their literature review, it is stated that good internal audit practices lead to transparency, minimize operational risk, and enable organizational permanence. These results emphasize the increasing significance of incorporating management-oriented auditing strategies into contemporary organizations (Irwansyah et al., 2020).

Also, management audit helps in the process of strategic decision-making as management is given good insight into organizational outcomes and operations. Continuous improvement and competitiveness in an organization are supported through management audit because it helps pinpoint areas of weakness in managerial practices and proposes how they can be rectified.

The directive stipulates general areas of management audit, which include:

- o Policy and legal compliance
- o Human resource administration and management.
- o Management and decision-making at the office.
- o Record keeping and inventory control.
- o Budgeting and program execution.
- o Delivery of services and customer complaint management.
- o Capacity development and discipline.
(Ministry of Federal Affairs and General Administration, 2023)

Internal auditing is very critical in improving the productivity of an organization through its identification of internal control mechanisms and the provision of confidence in the efficiency of operations. Research has continually shown that companies that have a robust internal audit department record favorable results because of enhanced good governance, risk control, and accountability systems (Furiady et al., 2015).

Scholars have found that the effectiveness of internal auditors has a considerable impact on the performance of organizations, and this effect is more prominent in developing economies (Hazaea et al., 2024). Their analysis has identified various determinants of internal audit effectiveness, such as independence of auditors, professionalism, management support, and compliance with international auditing standards. Internal audits are useful when such factors exist in a company and help increase financial capabilities, improve governance practices, and strengthen the internal control system. Authors also emphasize that internal auditing supports risk management systems by observing the operations of organizations and verifying adherence to risk management policies

(Alfina & Utama, 2025). Internal auditors can also help organizations become more resilient and sustainable by identifying possible risks and suggesting mitigation strategies.

Sustainability has emerged as one of the main areas of interest among organizations in recent years. Companies are under greater pressure to strike a balance between financial efficiency, social responsibility, and environmental stewardship. As a result, audit practices have changed to embrace sustainability issues such as Environmental, Social, and Governance (ESG) aspects.

Likewise, Baharom observes the increasing significance of internal auditing in ESG governance models (Baharom, 2025). The research found that internal auditors provide advisory services involving sustainability practices and assist organizations in incorporating ESG into their strategy-making processes. This extended mandate shows the role of auditing in ensuring long-term organizational development.

Moreover, studies reveal that internal auditing has a positive impact on improving sustainability reporting transparency and credibility. Internal auditors enable organizations to gain the trust of stakeholders by ensuring sound disclosures and by assessing environmental management systems, thus demonstrating that they are responsible for managing their businesses.

One study analyzed the moderating effect of audit quality on ESG outcomes and concluded that high-quality auditing increases the transparency of sustainability reporting and the quality of corporate governance practices (Zahid et al., 2024; Djanegara et al., 2017). It was also found that organizations that possess strong audit systems can more easily attract responsible

investors and consequently maintain sustainable financial practices.

Management auditing also advances ESG outcomes as it identifies environmental and social risks linked to organizational activities. Internal auditors assist organizations in reducing long-term risks and enhancing overall results by assessing environmental policies, adherence to sustainability regulations, and social responsibility initiatives. These results demonstrate the strategic nature of auditing in ensuring sustainable development. Incorporating ESG into auditing procedures would help organizations reinforce governance structures, increase transparency, and achieve sustainable development.

Management audits assist organizations in detecting inefficiencies, optimizing the use of resources, and improving strategic plans (Sabauri, 2024) through the systematic review of management practices. Studies indicate that organizations that embrace comprehensive management auditing practices are better placed to achieve long-term growth. In addition, management audit may be applied to human resource effectiveness, which assists in meeting the company's goals (Musa, 2024).

Ethical leadership and accountability are also encouraged by management audit through the assessment of governance structures and managerial conduct. Management audits promote responsible business practices by organizations by identifying vulnerabilities in management systems and suggesting ways in which the system might be improved. In addition, management auditing helps organizational learning as it provides feedback on management efficiency and operational processes. These findings help organizations take corrective measures and enhance their overall performance.

Despite these differences, researchers claim that statutory and management audits can be considered complementary rather than competitive. A statutory audit ensures financial transparency and compliance with regulations, whereas a management audit aims to improve managerial effectiveness and organizational performance. The author also points out that a human resource management audit of an organization or company can assist management in identifying and appraising various issues (Musa, 2024). These auditing methods, when combined, create a holistic governance system that facilitates the sustainable growth of organizations and enhances decision-making.

Methodology

The research design adopted in this study is a qualitative research design under the narrative literature review methodology to investigate the role of management audit in facilitating sustainable organizational growth and to compare management audit practices with statutory audit practices. A qualitative research design suits well, as the focus of the study is to bring together theoretical views and empirical evidence from the available literature in the field of study, instead of gathering primary data in numerical form. The literature-based qualitative research enables the researcher to develop conceptual insights and determine connections between important variables, including management audit, statutory audit, governance, and resilience (Yanuarisa & Irianto, 2025).

A literature review has been one of the commonly used methods in research studies in accounting and auditing to determine trends, theories, and gaps in the literature in a specific area. This approach allows researchers to examine the available literature critically and develop a holistic picture of the role played by

management audit in organizational performance and durability. Alfina and Utama have indicated that literature reviews offer a systematic approach to the evaluation of scholarly articles, enhance transparency, and improve the credibility of research conclusions (Alfina & Utama, 2025).

The literature review is especially suitable in this research because management auditing practices in organizations and industries significantly differ. Through the analysis of available academic works and professional literature, the study can pinpoint common themes and best practices concerning management auditing and statutory auditing. The study takes a descriptive and comparative design. The descriptive aspect is aimed at describing the concept, objectives, and scope of management auditing and statutory auditing. It analyzes the contribution of each auditing practice to organizational governance, internal control practices, and productivity enhancement. The comparative element examines the purpose, scope, implementation, and organizational impact of management and statutory audits. As a research method, comparative analysis enables researchers to establish complementary roles of the two audit methods.

The studies used certain criteria in the selection of research articles to guarantee the validity and reliability of the literature review. The research studies include internal auditing, management auditing, statutory auditing, and sustainability-related research articles from 2015 to 2025. This ensures consideration of contemporary trends in auditing practices, while irrelevant research articles were excluded from this study. There were a few steps in the process of data collection. To begin with, the appropriate keywords were determined according to the

objectives of the research. The major keywords were:

- o Management audit
- o Statutory audit
- o Internal audit
- o Corporate governance
- o Sustainability reporting
- o ESG auditing
- o Organizational performance

Once the relevant studies were identified, the articles were filtered using titles, abstracts, and keywords to determine their relevance to the research topic. Studies directly related to management auditing and statutory auditing were selected for further analysis. The final number of references was 20, which was used to identify common themes and results associated with auditing practices and organizational integrity. Thematic analysis is a qualitative research method applied to identify recurring patterns and themes in text. During the analysis process, key themes related to management auditing and statutory auditing were identified. These themes include:

- o Audit as a tool for corporate governance
- o Organizational performance and internal audit effectiveness
- o Strategic evaluation tool-management audit
- o Sustainability reporting and auditing
- o Combination of statutory audit and management audit

The literature was then systematized according to the identified themes, followed by a comparative analysis of management auditing and statutory auditing practices. In scholarly studies, it is crucial to ensure that research outcomes are reliable and valid. Reliability in this study was improved by selecting literature

from reputable journals and academic databases. Peer-reviewed articles were prioritized, which ensures the validity and reliability of the research results.

Ethical considerations relate mainly to giving credit and acknowledgment to original authors, since the study is based entirely on secondary data sources. Each source utilized in this study is properly referenced in accordance with APA 7th edition style. Citations also ensure that the intellectual property of previous researchers is not plagiarized, and the study remains academically sound. The paper avoids plagiarism by paraphrasing ideas and properly citing all sources used.

It is also important to note that this study has some limitations, even though the literature review methodology provides valuable insights into auditing practices. First, the research is based entirely on secondary data, meaning that it does not include primary data. Second, the results depend on the availability and quality of existing research. Certain studies may be limited to specific industries or geographical contexts; thus, the generalizability of the findings may be restricted.

Despite these limitations, the literature review methodology offers a broad overview of management auditing and statutory auditing practices and is therefore appropriate for studying their contribution to facilitating sustainable organizational growth.

Results and Discussion

The most significant conclusions are drawn regarding the role of auditing in organizational governance, management efficiency, sustainability performance, and corporate accountability based on a review of academic literature. The key issue in this review is identifying the gap created by the reliance on

mandatory statutory audits alone. This study aimed to examine the disclosure of management audit as a long-term evaluation system and compare it with statutory audit in the sustainable growth of an organization.

Internal audit is the process of checking financial and operational records primarily and regularly within an organization by the internal audit team, whereas external audit refers to the examination of records by external experts to support statutory audit and maintain obligations based on organizational requirements. Internal audit supports both external audit and statutory audit. Statutory audit is an obligation-based financial review performed by auditors according to the nature of the organization. Among all, management audit is a voluntary review of organizational productivity for overall effectiveness, integrity, and sustainability.

The findings suggest that management audits offer a wider scope for considering organizational performance and managerial efficiency, whereas statutory audits play a crucial role in providing financial transparency and compliance with regulations. The findings indicate that management audits provide a broader scope for examining organizational practices and leadership effectiveness, whereas statutory audits are essential for ensuring transparency in records and adherence to legal requirements. A combination of the two auditing methods enables the creation of a complete governance mechanism that allows the organization to grow sustainably and remain competitive in the long term. The guidelines state the following: The Ministry and federal agencies will undertake regular and occasional management audits, which must be independent, impartial, and in compliance with existing laws (Ministry of Federal Affairs and General Administration, 2023).

Among the main results of the literature review, one may note that statutory audits remain an important factor in preserving financial transparency and ensuring compliance with legal and regulatory standards. Statutory audits provide independent verification of financial statements, which increases the confidence of investors, regulators, and other stakeholders. Statutory auditors detect irregularities and ensure that organizations adhere to relevant laws and regulations through systematic checks of financial records and internal controls.

Statutory audits, however, are limited in some ways despite their significance. Since statutory audits are mainly concerned with financial statements and regulatory compliance, they do not adequately consider organizational factors such as managerial effectiveness, strategic planning, and operational efficiency. This means that organizations may need to adopt additional appraisal systems to assess non-financial outcomes.

The most important observation of the research is the development of management audit as a strategic instrument for the overall development of the organization. Management audits review how efficiently managerial processes, structures, and resource use are conducted in organizations. Management audits are usually voluntary and are either internal or conducted by independent consultants. Their main task is to determine the level of alignment between management practices and organizational goals and their role in long-term performance. Both management audit and locus of control are moderated by *Tri Kaya Parisudha* to ensure that managerial efficiency is improved through ethical values (Paramananda & Martini, 2023).

Another important finding identified in the literature review is the strong correlation between

internal auditing and organizational performance. Internal auditors are crucial in assessing internal control systems, checking compliance with policies, and detecting operational risks. Efficient internal auditing frameworks play an essential role in enhancing organizational capability by reinforcing governance structures and contributing to risk management practices (Hazaea et al., 2024). In their research, they concluded that companies whose internal audit departments are autonomous and professionally competent have superior financial results and higher operational efficiency.

The results also show that internal auditing enhances accountability and transparency in organizations. Internal auditors can ensure the efficiency and ethics of how organizational resources are utilized by assessing internal processes and monitoring managerial actions. The increasing role of audit in supporting sustainability efforts and ESG activities is also evident in the study. With growing organizational interest in development, auditing has diversified to consider both environmental and social impacts. According to Sabauri, internal auditors are also essential in verifying sustainability disclosures and ensuring that reporting is accurate and reliable (Sabauri, 2024). Auditors help organizations demonstrate accountability to stakeholders in relation to environmental management systems and corporate social responsibility programs.

Moreover, Thottoli et al. (2022) emphasizes that the field of auditing is increasingly associated with the concept of sustainability accounting, which incorporates financial and non-financial performance measures. This integration enables organizations to assess their overall sustainability performance and identify ways of improving

productivity. Overall performance, management audit, and locus of control can improve, and when they are balanced by *Tri Kaya Parisudha*, they can contribute to long-term organizational growth (Paramananda & Martini, 2023).

The research indicates that management audit may play an important role in program effectiveness by reviewing how organizational strategies correspond to environmental and social goals. Companies can enhance responsible business practices by using sustainability standards in management assessments.

The purpose of this research was to compare management audits with statutory audits based on their scope, purpose, and impact on organizations. The comparison indicates that there are significant differences as well as complementarities between these two auditing methods. Financial reporting and

compliance with regulations are the primary focus of statutory audits. They ensure whether financial statements present a fair and accurate view of an organization's financial status. Such audits are required and performed by independent external auditors. By contrast, management audits consider managerial capabilities, operational efficiency, and strategic decision-making. Management audits assess the effectiveness of organizational resource utilization and whether management policies align with organizational goals. Despite these variations, the results indicate that statutory and management audits complement each other in strengthening organizational governance. While statutory audits ensure financial transparency, management audits provide insights into managerial effectiveness and organizational performance. A summary of the differences between each is shown in the following table:

Table 1

Comparison of Statutory Audit and Management Audit

Dimension	Statutory Audit	Management Audit
Mandate	Legally required	Voluntary, initiated by management
Scope	Financial statements, compliance	Managerial efficiency, decision-making, ethics
Focus	Accuracy, transparency, accountability	Sustainability, governance, leadership
Stakeholders	Regulators, investors, creditors	Internal management, employees, board
Outcome	Assurance of financial integrity	Improved productivity, ethical leadership

Note. Adapted from Arens et al., 2020; Kaur et al., 2019; Johria & Singh, 2024)

The combination of internal auditing with management evaluation activities can contribute to better results and governance of organizations to a considerable degree (Lebkhachi & Chraibi, 2025). Those organizations that apply the two methods of auditing are in a better position to detect operational inefficiencies and apply strategic amendments.

The results of this research hold several significant implications for the practice of organizational governance and management. To begin with, organizations must understand that auditing is not just a financial checking tool, but also it is significant in assessing managerial efficiency and strategic results. Second, incorporating management audits and statutory

audits may reinforce corporate governance frameworks. By adding financial assurance to managerial assessment, organizations can acquire a more detailed insight into their results and pinpoint ways in which they can improve. Third, sustainability considerations should be integrated into auditing practices to deal with new challenges concerning environmental and social responsibility. Companies that incorporate standard auditing in their governance models have a greater chance of attaining long-term resilience and trust from stakeholders. Lastly, the research points out the need to enhance internal audit functions in organizations. Internal auditors are the most important advisors to management since they give advice on risk management, governance, and operational efficiency.

Generally, the findings of the study illustrate that management auditing has become a significant supplementary audit to statutory auditing in contemporary organizations. Statutory audit is required to provide financial compliance and transparency; management audit measures the effectiveness of management and the performance of the organization. The combination of these auditing strategies can develop a strong governance system that produces sustainable growth and resiliency for organizations. It is expected that management audit will become an even greater factor in the organization of strategies and in governance practices of companies because increased pressure put on businesses to address sustainability issues and meet the demands of stakeholders.

Conclusion

This study has analyzed the origin of management audit as a strategic organizational tool and has compared it to statutory audit as a tool for ensuring sustainable growth. According

to the review of existing journal and research articles, there are some important insights that are brought forth into the complementary roles of statutory and management audits in modern-day governance.

To begin with, statutory audits cannot be eliminated as they are required to guarantee financial transparency and investor confidence. Organizational governance is also assisted by statutory audits since they help to spot errors, fraud, and misstatements in financial reporting and thus mitigate the chances of being penalized and exposed.

Second, the current paper points to the increased topicality of management audits, assessing the efficiency of managers, the effectiveness of operations, and the congruence of strategy with organizational objectives. These audits are useful in assisting organizations to detect gaps and conduct corrective measures in their internal management processes, resulting in increased productivity.

Third, the results show that a combination of management audits and statutory audits leads to synergistic effects and implies improved financial integrity and operational performance. Statutory audits ensure adherence to accounting standards and legislation, whereas management audits measure management decision-making, internal processes, and long-term practices. Research by Lebkhachi and Chraibi (2025) and Hazaea et al. (2024) confirms that more effective governance in an organization, better risk management systems, and more effective strategic planning are realized when both types of audits are utilized.

Fourth, management auditing has become one of the essential instruments in the advancement of ESG practices. With

organizations focusing more on environmental, social, and governance goals, auditing systems now include sustainability evaluations. ESG initiatives can be confirmed by management audits; it is possible to assess the alignment of corporate strategies with sustainability objectives and ensure transparent reporting to stakeholders (Sabauri, 2024; Thottali et al., 2022). This integration helps in long-term resilience, creates stakeholder trust, and improves corporate reputation.

Lastly, the research points out that good auditing (statutory and management) will help develop a culture of continuous improvement and learning within an organization. The dual audit approach is more adaptable to organizations responding to dynamic markets, regulatory pressures, and technological disruptions.

Practical Implications

Strategic Governance Improvement

Management audits should be incorporated with statutory audits in organizations to enhance governance. Management audits offer strategic information on internal operations, efficiency of decision-making, and resource use, whereas statutory audits ensure financial integrity.

Improved Risk Management

Operational risks and inefficiencies identified through management audits can be missed in statutory audits. It also assists in reducing risks ahead of time through continuous monitoring of internal processes.

Sustainability Integration

Management audits can be used by organizations to incorporate ESG considerations into corporate strategy. Sustainability practice of audits help maintain responsibility, align operations with international ESG requirements, and improve stakeholder trust (Sabauri, 2024).

This is especially applicable to industries that experience regulatory pressure in matters related to climate change, corporate responsibility, and social equity.

Organizational Learning and Leadership

Management audits will give leaders practical information about managerial effectiveness and ethical leadership. Organizations promote lifelong learning, operational excellence, and flexibility through transparency and feedback systems (Lebkhachi & Chraibi, 2025).

Policy and Decision Support

The results of management audits could guide organizational policies, strategic planning, and allocation of resources. Audit-based knowledge can help board of directors and executives maximize organizational performance, fill gaps, and adopt evidence-based strategies to grow organizations in the long run.

Theoretical Implications

Governance Establishment

Management audit is a complement to statutory audit. These results imply that governance mechanisms should not focus on compliance only but should also incorporate reviews of managerial efficiency and ethical behavior.

Stakeholder Interest

Management audit reduces information asymmetry between management and stakeholders. Management audit is helpful in protecting stakeholders' interests and encouraging responsible leadership.

Sustainability and ESG Frameworks

The results expand the implementation of sustainability models by demonstrating the importance of auditing in the verification of ESG reporting and strategy alignment. Management

audits ensure that organizational activities are aligned with long-term environmental and social objectives (Sabauri, 2024).

Despite the useful insights, this research has some drawbacks. First, it is based only on secondary literature and lacks primary empirical data on organizations. As a result, the findings might not reflect the situational peculiarities of industries or regions.

Second, most of the studies reviewed are related to large organizations or public sector structures, and this may restrict generalization to micro, small, and medium-sized enterprises (MSMEs).

These limitations can be addressed in future studies through empirical case studies, surveys, or interviews with organizational leaders and auditors, where theoretical knowledge can be tested. Longitudinal research can be used to assess the effects of management audit on organizational robustness over time. It can also be examined how industry-specific variations affect auditing practices and how emerging technologies, including AI and blockchain, can be utilized to increase audit effectiveness.

Conclusively, the paper confirms that management audits are important supplements to statutory audits in contemporary organizations. Whereas statutory audits focus on compliance and financial transparency, management audits focus on assessing managerial effectiveness, operational efficiency, and sustainability practices. A combination of the two auditing methods is a sound governance system that facilitates accountability, strategic decision-making, and resiliency over time. A dual audit method can help organizations improve internal control, performance, reduce risks, and align their operations with sustainability

goals. With the current changes in the global business environment, the role of management audits will continue to play a greater role in ethical leadership, organizational learning, and sustainable growth. Finally, carrying out management audits as a strategic commitment, particularly by community and/or public organizations, is a fundamental aspect of organization.

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