



## INTERNAL AUDITING : A TOOL OF CONTROL

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### ABSTRACT:

Suppose you are the proprietor of an assembling organization. You need to ensure the correct controls are set up to secure your business monetarily just as to secure your notoriety. You have to make sure that your cash is ensured by isolating obligations with the goal that the individual accepting the money is unique in relation to the individual chronicle the receipt of the money into the book-keeping framework. This is done to forestall robbery by representatives. You need your money related answering to be exact and solid. Generally speaking, inner review controls are intended to give you, as the entrepreneur, with the sensible confirmation that your business accomplishes its objectives.

In this review, you found an inconsistency in the finance report and now you have to forestall a



repeat of this mistake. You have seen that one of your finance workers ceaselessly has composing mistakes that bring about representatives being paid an inaccurate sum. Presently you have to talk with the finance partner to address this issue and maybe give extra preparing to forestall future inconsistencies. You have now played out a remedial control. You have made an arrangement to address these mistakes that bring about workers being paid wrong sums. After you have played out your review and revised the present inconsistencies, you would now be able to

set up controls to forestall future mistakes. With precaution controls you are presently structuring controls to help keep mistakes from occurring later on. Maybe you have concluded that you will presently require this finance partner to stamp an endorsement on the finance report before submitting it that there are no errors with finance. You are isolating obligations, requiring an alternate representative to approve and record exchanges.

### KEYWORDS :

assembling organization , sensible confirmation/

### INTRODUCTION :

Audit term comes from the Latin word audit - auditare, which has the significance " to listen", but the word audit had been talked since the time of Assyrians, Egyptians, from the reign of Charles the Great or Edward I of England.

The occurrence of internal audit and external audit is closely linked to development of the economic crisis of 1929 in the United States, according to the specialist Jacques Renard, when businesses were fully affected by the economic secession. Employers were interested in reducing taxes and fees so that all accounts containing transactions generating taxes and fees,, have been thoroughly analyzed in order to find the possibility of reducing the taxable supply or transactions for which fees were paid improperly". As previously stated in the paragraph we realize

how far we are in time from 1929 and paradoxically how similar we are affected by the current crisis. Audit practice has a considerable experience as we use various terms such as: inspection, control, revision, checking, auditing, and supervision. Each of these terms implies:

- comparing the actual situation with the situation that should be; - establishment and analysis of the deviations and risks; - proposal or recommendation of measures to contribute to the achievement of the entity or to provide correct information. These terms may have a different scope and may be based on some specific investigation techniques and procedures. Audit period, generally comes from the Latin word „audire”- to listen and inform others. In Anglo-Saxon countries today, the term signifies an overhaul of accounting and other information, performed by an independent professional in order to express an opinion on the regularity and sincerity audited information. Audit in general, is a systematic process of objectively obtaining and evaluating the information or statements to assess their degree of compliance with pre-determined criteria, and communication of results to interested users. The audit consists of checking and certifying the financial statements by an independent expert to provide an opinion on the facts and accuracy of the data contained therein. The role of audit is to provide users with information on the principles and accounting practices and accounting and presentation of financial statements accurate picture, clear and complete financial position and financial performance of the company.

#### **OBJECTIVE OF THE STUDY :**

1. To know the concept of internal auditing
2. To study the changing role of internal audit.

#### **METHODOLOGY :**

This investigation depends on auxiliary information gathered from books, magazines, and Government distribution and so forth. To know the idea and changing job of inner review n request to carry out any administration capacities adequately the top administration of an association will require data to design, sort out, direct, co-ordinate and control the exercises of the association. The administration will by and large not have time or aptitude to gather and examine the pieces of data it requires for its administrative capacities. Appropriately, the inner inspector is typically delegated to do this for the benefit of the administration.

The inward examiner doesn't just furnish the board with data. Yet, in addition, he gives the executives the vital affirmation that tasks are being carried on as per laid down plans and prescribed driven techniques. In this manner, the inward review office gives important guides to the executives. This examination analyzed the manner by which the inward review helps the board in the release of their duties. In view of the end result and the work made, some suggest, the examination is of the conclusion that the work would be of help to the administration.

#### **INTERNAL AUDIT :**

Generally, inward review has been considered as an observing capacity, the "authoritative police officer and guard dog" endured as an important part of hierarchical control yet regarded compliant to the accomplishment of major corporate destinations. Notwithstanding, Institute of Internal Auditors, characterizes inner reviewing as "a free examination work, built up inside an association to look at and assess its exercises as a support of the association". By estimating and assessing the viability of hierarchical controls, interior reviewing, itself, is a significant administrative control gadget which is straightforwardly connected to the authoritative structure and the general standards of the business. In this period, inner review is characterized likewise by COSO (Committee of Sponsoring Organizations of the Treadway Commission, 1992) as a method which offers major security to the business concerning the believability of money related issues. The report characterizes inward control and portrays a structure for inside control. Be that as it may, the essential contrast of this report is that it likewise gives standards to the administration to

use in order to assess controls. A significant advance was the new meaning of Internal reviewing gave by the IIA in June 1999, which obviously expresses that "the inward examining action ought to assess and add to the improvement of hazard the board, control and administration" The new definition moves the focal point of the inner review work from one of affirmation to that of significant worth added and endeavors to push the calling toward a principles driven methodology with an increased personality. All the more as of late, the Institute of Internal Auditors (2004) by expressing that the inside review movement ought to assess and add to the improvement of hazard the executives, control and administration, perceives the confirmation and counseling job of inner inspecting in corporate administration. The Internal Control moves inside a more noteworthy extent of the board theory and of viable application, and includes esteem, offering simultaneously an orderly logical methodology on the evaluation and the improvement of the viability of organizations.

### **The changing Role of Internal Audit :**

Quickening change has described the business scene for a long time and can be required to proceed. New contenders, innovations, and money related instruments changing cost structures and guidelines progressively coordinated worldwide economies and different advancements are creating new dangers and opening doors for associations to consider. As these advancements develop, they will open new entryways for interior review to recover its memorable impact as an autonomous counsellor to the board in supporting top administration objectives checking venture chance and improving administrative consistence endeavors.

Supporting the C-Level Agenda – Inner reviews, new chances and difficulties are practically equivalent to those that are advancing for CFOs at many driving associations. Associations are progressively anticipating that their CFOs should play a vital, consultative job in driving the business; one that is driven by the necessities of the business as opposed to conventional book-keeping duties. Inside review faculty can bring their center aptitudes of hazard and control examination to these inexorably significant exercises. After some time need to keep extending its abilities as its job envelops exercises at the highest point of the C-level plan.

Managing Risk Across the Enterprise – All through associations, pioneers are centered more completely than any other time in recent memory on overseeing hazard undertaking wide. Thus, inward review has a multifaceted task to carry out in the endeavor. The establishment of inward examiners takes note of all the discrepancies and submits it to the management for suitable pro-active measures to ensure error free administration.

Developing a Consolidated Single View of Risk – Alongside endeavors to oversee hazard over the venture numerous associations are battling with covering and frequently difficult consistence prerequisites. The propensity has been to utilize numerous ways to deal with hazard distinguishing proof, estimation and observing relying upon the motivation behind the exertion. The single perspective on hazard center and distinguishing proof, estimation, and checking permits senior administration to recognize and cut top dangers that face the association all in all across all business lines. Inward review can bolster the business with advancement of related measurements.

Complying with Regulations - Lately the need to comply to new and advanced guidelines and business necessities has incited numerous open organizations to grow 'jolt on' hazard executives. As a rule these endeavors address a solitary issue brought about by procedures that are to a great extent separated from existing oversight capacities. Inside review is especially fit to aid various zones to distinguish proof of the use of quantitative and subjective investigation through constant observation.

### **CONCLUSION :**

The region of interior inspecting is one of the most powerful but then significant subjects to become obvious. Interior review is right now at an urgent stage in its advancement as there is a developing interest for review administrations. What presently can't seem to be shaped is an accord among hypothesis and

practice. It is relied upon to be one greater component to help the arrangement of conclusions and to diffuse different conversations regarding the matter. Acknowledgment of the significance of inside review in proficient administration will set interior review as an invaluable help in the business the board exertion. All the progressions are provoking inner review gatherings to consider how they can extend their hazard checking obligations and accordingly help their associations make just as protect esteem.

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