

INTERNAL AUDIT

Meaning & Objective	Qualities of IA	Internal Audit Report	SA
<p>Internal Audit provides independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organizational objectives.</p>	<p>The internal auditor should have the special expertise necessary for evaluating management control systems, especially financial and accounting controls</p>	<p>As per Standard on Internal Audit (SIA) 370 Reporting Results, reporting of internal audit results is generally undertaken in two stages</p>	<p>Reference to SA 610 Using the work of Internal Auditor.</p>
<p>Section 138 of the Companies Act, 2013, following class of companies (prescribed in rule 13 of Companies (Accounts) Rules, 2014) shall be required to appoint an internal auditor</p>	<p>Accounting and finance functions provide basic data for management control of an enterprise. Therefore, the internal auditor must have accounting and financial expertise to be able to discharge his duties.</p>	<p>At the end of each assignment the internal audit report</p>	
<p>Objectives of IA</p>	<p>The internal auditor is also expected to evaluate operational performance and non-monetary, Operational controls. This requires a basic knowledge of the technology and commercial practices of the enterprise</p>	<p>Contents of Report</p>	
<p>Monitoring of Internal Controls</p>	<p>He should also have a basic knowledge of commerce, laws, taxation, cost accounting, economics, quantitative methods and EDP systems</p>	<p>An overview of the objectives, scope and approach of the audit assignments;</p>	
<p>Examination of Financial and operating information</p>	<p>An understanding of management principles and techniques is another essential qualification of an internal auditor as also the ability to deal with people</p>	<p>The fact that an internal audit has been conducted in accordance the Standards of Internal Audit;</p>	
<p>Review of Operating Activities</p>	<p>By his conduct the internal auditor should provide an assurance to the management that the confidentiality of such information would be maintained.</p>	<p>An executive summary of key observations covering all important aspects, and specific to the scope of the assignment;</p>	
<p>Review of Compliance with laws and regulations</p>	<p>Core Principles of IA</p>	<p>A summary of the corrective actions required (or agreed by management) for each observation; and</p>	
<p>Risk Management</p>	<p>Integrity, Objectivity & Independence of Internal auditor</p>	<p>Nature of assurance, if any, which can be derived from the observations</p>	
<p>Governance</p>			
<p>Scope of IA</p>			
<p>Monitoring of Internal Controls</p>			
<p>Custodianship & Safeguarding of Assets</p>			
<p>Compliance with Policies, Procedures & Regulations</p>			
<p>Relevance & Reliability of Information</p>			
<p>Organizational Structure</p>			
<p>Utilization of Resources</p>			
<p>Accomplishment of Goals & Objectives</p>			