



ORIGINAL RESEARCH PAPER

Accountancy

A STUDY ON THE ROLE OF THE INTERNAL AUDITOR

KEY WORDS: Peak Inspiratory Flow; Athletes; Sports; Respiratory function tests.

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ABSTRACT

The paper discusses role of internal auditor in an organization. Brief Outline of the Social Role of Auditing in practice is also discussed. How an Organizational Culture affects the role of internal auditor in an organization and role of internal auditor in an organization is also studied.

Internal audit and its inevitability being the backbone of the organisational structure to stand independently as well as insured and dynamically progressive. This is utmost necessary for effective management and the public in general too. Internal auditing as a profession which can supervise all different professional sectors can offer guidelines along with red signals and safety measures for organisations& units as such under its supervision and structure.

Looking at the present scenario of industrial, professional, co-operative, certain government and private companies, the effective system of internal audit is absolutely inevitable. There are certain external factors which might cast adverse repercussions and impacts which might not only hamper the financial growth, the public confidence and genuine and legitimate profit ratio of the organisations irrespective of organisation being government, public or private. It is the sound system of internal audit can only point out certain lapses, lacunas and deliberate malpractices and they are through this system only can be brought to the notice of the competent authorities prior to the final reporting of accounts, balance sheets and annual reports to the general public. The financial discipline and norms setup for financial management are normally in any type of the sector maintained and strengthened otherwise so many hidden irregularities in maintenance of accounts, financial administration and financial coordination of different units are likely to be affected adversely which might affect the profit, financial stability and the prestige of the organisation. This is how, internal audit as sound insurance to organisation is to be adequately envisioned, effectively implemented and result oriented so as to enhance the multisided progress of the company organisation as the case may be.

The basic norms and principles laid down by the institute of chartered accountants are to be accepted as the standard parameter for evolving all proof and sound system of internal audit.

The scope of internal auditing within an organisation is broad and may involve topics such as the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets and compliance with laws and regulations.

Brief Outline of the Social Role of Auditing

Auditing is seen as a means of protection. Small businesses are generally managed by their owners, who are well aware of what is happening within the business. As businesses grow, the close control that the owner/managers are able to give the business becomes more difficult. Once an organization becomes too large for the direct monitoring of the critical aspect of the organization's activities by the principals of the organization, some form of additional monitoring would be required. This is generally described in most modern literature as "audit". The form and nature of this "audit" is driven by how it is appointed. If the appointment is driven by the needs of government regulation, to keep shareholders informed, then the appointment is considered to be that of an external audit (Ghosh, 2014). There are, however, other influences on organizations that may lead to the appointment by the organization of "internal auditors".

The duties of the internal auditor are set by management. Internal auditors have become so numerous now that they have formed a professional body, the Institute of Internal Auditors (Henderson et al, 2014). As with most professional bodies of employees the IIA supports its members by laying out professional guidelines that cover the roles an internal auditor should undertake. The IIA holds that internal auditors are appointed by the management of an organization for a "number of purposes" (Henderson et al, 2014). These purposes include ensuring that information generated by the organization and delivered to management is accurate. The internal auditor is also required to ensure the organization is properly protected from its business risks or at least is making informed decisions about these risks (Salawu and Agbeja, 2014). The IIA would consider that internal audit is a comparatively wide brief encompassing a wide range of activities beyond simply verifying the books of account for management.

The firm that employs an internal auditor has generally reached a size where the senior management can no longer observe all the key operations. Thus, the internal auditor is appointed

to gather information about the integrity of the operations of the company and report back to management. The nature of this information and the breadth and depth of the internal audit brief would be set by senior management, or in a growing number of organizations, at board level. Thus, the brief may be relatively confined or very broad. The IIA sees the role as a broad one, thus, it is possible that roles to which management or the board in one company give a special title, would be seen in another company or by the IIA as an internal audit role. For example, the IIA handbook includes within the scope of work that an internal auditor may perform the following: "review of quality of performance". Thus, one firm may have a Quality Manager, who performs identical tasks to those assigned to the internal auditors of another firm when they undertake a "Quality Audit" (Pylypenko, 2011).

Larger organizations would, over time, develop internal peculiarities within the organization that make it unique in the way it is both seen by the world and sees itself. Thus, there would often be specialist monitoring roles that fit the description outlined above. For the purposes of this work, such specialist monitoring roles would be considered as belonging to the internal audit function regardless of how the organization may regards them (Costuleanu et al. 2013).

A Brief Introduction to Organizational Culture

Since time out of mind (as the Old Saxon saying goes), mankind has organized for collective advantage. At the micro-level such organizing has today lead to the firm or corporate entity. So today, when we talk of organizations we generally talk in terms of business entities. It is with that concept in mind that organizational behaviour has come to be associated with the social or group behaviour of individuals who see themselves as members of a particular corporate organization. These simple economic organizations vary in size from a small group to many thousands of people, who may simultaneously be members of several different organizations, each of which would influence the attitudes and values of the group. Generally, this type of social interaction is

considered to be organizational culture and has been the province of anthropologists and sociologists. Today, however, accountants have started to consider the influence that these attitudes and values have on the production and use of accounting information (Macintosh, 1994, Kloot, 1997). Thus, accountants have expressed growing interest

in the influence of the culture of an organization on its behaviour and the effect that this behaviour has on the financial accounting operations of the organization. Accountants are recognizing that any activity of the organization would have an effect on the accounts. For example, the ability of an organization to maintain higher quality standards than its competitors would affect how well that organization is accepted within its market and therefore how successful it is within its chosen industry.

An Introduction to the Concept of the Organizational Sub-Culture
If organizations have defined cultures, what about the organizational sub-unit. Hofstede (1980) identified differences in culture in sections of the same organization located in different countries. Hofstede (1980) found that several sub-cultures could exist in an organization. Using the model he developed, he considered these sub-cultures from an international perspective, and recognized that offices of his chosen international organization located in different countries exhibited different sub-cultural attributes, while acknowledging the dominant culture of the corporate entity (Hofstede 1980). Other writers, for example, Langfield (1995) have found similar sub-cultures. Thus, it is clear that different groups within an organization would have different sub-cultures. At the same time, the organization would tend to have a dominant culture. Accordingly it is likely that the internal audit role would have a sub-culture. This study of the internal audit role would examine the development of a separate-sub-culture by the internal audit role of an organization.

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