

COLLECTING AND PROCESSING INFORMATION IN INTERNAL AUDIT

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Abstract:

The procedure of collecting and processing information represents actually preparing the information for carrying out the risk analysis and for identifying the necessary, reliable, relevant and useful information in order to achieve the objectives of the audit mission. Collection and processing information in the preparation stage of internal audit deployment facilitates the accomplishment of specific procedures and especially the risk analysis procedure. Internal auditors complete the gathered information with the legal framework, respective the law on the organization and functioning of the public entity, methodological norms, instructions and other documents governing the audited field, usually located at the headquarters of the internal audit structure, embodied in the document Collecting information.

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JEL classification: *M42*

The evaluation and interpretation of the obtained results is carried out under the existent conditions and taking into account some evaluation criteria, which are based on national or international references or universally recognized references in the field, and sound management principles, respectively good management practice recognized in the field.

In its modern sense, audit aims mainly processes or information systems, representing essentially the examination performed by a professional on the manner in which an activity is performed, with reference to the quality criteria specific to this activity.

Accepting this very general definition of the audit, we should at the same time show that the most popular segment of audit is the financial audit, which had a parallel development with that of accounting⁹³.

The development of audit, and as a consequence of this fact, the emergence of national professional organizations and international regulatory bodies in the field, have resulted in the emergence, in addition to the large number of standards, norm and recommendations, to numerous definitions of the audit.

In this sense, internal auditors⁹⁴:

- ✓ talk with the management to be presented with the general operation of the entity when the main documents will be required: organizational chart, Regulation of organization and functioning, job descriptions, internal regulations;
- ✓ go to every department involved in the audit mission, where the activities comprised in the plan are carried out, become familiar with the work that

⁹³ Ghiță, M., Pereș, I., Pereș, C., Bunget, O., Zaharică F., *Guvernanța Corporativă și Auditul Intern*, Editura Mirton, Timișoara, 2009

⁹⁴ Ghiță, M., Pereș, I., Popescu, M., Bunget, O., Croitoru, I., *Audit Public Intern*, Editura Mirton, 2008

will be audited and request: positions included in the scheme, operation mode of the activity with general character, procedures, internal rules, circulars, and if there are no formalized procedures, they retain this issue for the next stage of risk analysis.

Achieving the procedure of collecting and processing information involves from the auditors a professional dialogue with the audited, to which they must communicate that they are present to understand the specific of their activity and to support the for its improvement.

Internal auditors complement the gathered information with the legal framework, respectively the Law on the organization and functioning of public entities, methodological regulations of implementation, instructions and other documents governing the audited field, usually located at the internal audit structure, materialized in the Collecting information document.

Also, internal auditors also get information from the Internet, in the media, from reports of other control bodies, reports of external auditors, if applicable.

Processing information requires their analysis in order to identify the auditable objects.

Collecting and processing information involves⁹⁵:

- ✓ identifying the main elements of the institutional and socio-economic context in which the audited entity operates;
- ✓ analyzing the legal framework regulating the activity of the audited entity;
- ✓ analyzing the audited entity and its activities (organizational chart, functioning regulation, job descriptions, written procedures);
- ✓ analyzing the factors likely to obstruct the proper conduct of the internal audit mission;
- ✓ identifying the key points of the operation of the audited entity (structure) and its control systems for a prior assessment of strengths and weaknesses;
- ✓ identifying significant findings and recommendations of previous audit reports, which could affect the establishment of internal audit mission objectives;
- ✓ identifying and evaluating risks with significant impact;
- ✓ identifying potential sources of information that could be used as audit evidence and assessing the validity and reliability of such information.

In this phase are opened and completed the Records for identification and analysis of the problem (RIAP) based on the discussion at the meeting and the risks analyzed, identified and classified, which involves the following procedure:

- ✓ discussion with the head of the audited structure regarding the identified problem;
- ✓ elaborating the Records for identification and analysis of the problem;
- ✓ endorsement at the unit for conformity;
- ✓ supervision.

In practice was found that this procedure eliminates the reestablishment of the Records for identification and analysis of the problem signed for conformity by the audited entity's representative.

⁹⁵ Ghiță, M, Pereș, I, Popescu, M, Bunget, O, Croitoru, I, *Audit Public Intern*, Editura Mirton, 2008

Purpose: Knowledge of the audit field helps the auditor to become familiar with the audited entity/ structure. Collecting information facilitates risk analysis and verification procedures.

Premise: Collection represents, in fact, preparing information for performing risk analysis and for identifying the necessary, reliable, relevant and useful information to achieve the objectives of the internal audit mission.

Collecting information assumes⁹⁶:

- ✓ identifying the main elements of institutional and socio-economic context in which the audited entity/ structure operates;
- ✓ analyzing the legal framework governing the activity of the audited entity/ structure;
- ✓ analyzing the audited entity/ structure and its activities (organizational chart, functioning regulation, job descriptions, written procedures);
- ✓ analyzing the factors likely to obstruct the proper conduct of the internal audit mission;
- ✓ to identify the key points of the operation of the audited entity (structure) and its control systems for a prior assessment of strengths and weaknesses;
- ✓ to identify the key points of the operation of the audited entity (structure) and its control systems for a prior assessment of strengths and weaknesses;
- ✓ to identify the significant findings and recommendations of previous audit reports, which could affect the establishment of internal audit mission objectives;
- ✓ to identify and evaluate the risks with significant impact;
- ✓ to identify the potential sources of information that could be used as audit evidence and assessing the validity and reliability of such information.

X UNIVERSITY FROM TIMISOARA
INTERNAL AUDIT DEPARTMENT

COLLECTING AND PROCESSING INFORMATION

Audit mission: *Auditing wages and personnel framing*
Audited period: 01.02.2012-01.05.2012
Drafted: Pop Adrian
Endorsed: Ionașcu Maria

COLLECTING INFORMATION			
HUMAN RESOURCE DEPARTMENT	YES	NO	Observations
Identifying the laws and regulation applicable to the audited structure	X	-	
Obtaining the organizational chart	X	-	
Obtaining the Regulation of organization and functioning	X	-	
Obtaining job descriptions	X	-	
Obtaining written procedures	-	X	There are only partially

⁹⁶ Ghiță, M., Pereș, I., Pereș, C., Bunget, O., Zaharică F., *Guvernanța Corporativă și Auditul Intern*, Editura Mirton, Timișoara, 2009

Identifying the responsible personnel	X	-	
Obtaining a copy of the previous internal audit report	-	X	Previously there were no internal audit missions

Conclusions

The audit process is conducted by authorized individuals or legal entities (auditors), through which are analyzes and professionally assesses information regarding an entity, by specific techniques and procedures in order to obtain evidence, called audit evidence.

Based on the audit evidence, the auditor formulates, in the audit report, a responsible and independent opinion, by using the evaluation criteria arising from legal regulations or best practice widely recognized in field in which the audited entity operates.

The audit process, also called audit mission, is carried out based on national and international standards.

The information analysis in audit missions is based on unanimously recognized procedures and techniques in the field that provide audit evidence, based on which the audit opinion is founded.

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