

CONNECTION BETWEEN INTERNAL AUDIT AND MANAGEMENT

Keywords

Management
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Abstract

Management activity has utility in all socio-economic segments, taking into account the need for continuous professional training of humans, management involvement in the activity of economic entities registered a significant need. What levers should be used and in what direction in order to act effectively? The answer is not unique, but will be made based on economic theory and systematic methodological principles that lead to certain, multiple positive effects on a long-term perspective.

Looking at the dynamics of the business environment every manager will set a secondary objective in addition to maximizing the profit of the economic entity, which consist in preparing for any type of change in the market, due to the influence of endogenous or exogenous factors.

Internal audit concept is connected to the concept of management, internal audit being defined as an attribute of management by many specialists.

1. INTRODUCTION

Management activity has utility in all socio-economic segments, taking into account the need for continuous professional training of humans, management involvement in the activity of economic entities registered a significant need. What levers should be used and in what direction in order to act effectively? The answer is not unique, but will be made based on economic theory and systematic methodological principles that lead to certain, multiple positive effects on a long-term perspective.

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2. THE RELATION BETWEEN INTERNAL AUDIT AND MANAGEMENT

The managers mediate the relationship between the economic environment and the economic entity, being responsible for satisfying the interests of owners. They also act as examiners of accounts and controllers of those responsible for preparing the financial statements. (Feleaga, 2006)

Management existed in one form or another, not in the actual name, from the beginnings of civilization. Mankind has found it necessary to organize / manage activities. We can say that in some way we are all managers, managers of our own lives, as we manage our time, money, life in general. Taking any day as an example, we observe that each person sets their wake-up time based resources, but in the same time a firm can disintegrate if management is not run in a fair and efficient manner.

Internal audit has as objective review of all activities of the entity in order to provide an independent assessment of risk management, control and management of its processes.

Internal audit has two features, features that belong to the factual and legal human activities in general, namely:

It has a character of finality, in that it has a pre-set goal, which according to IIA (Institute of Internal Auditors) is to add value to the company;

it has a functional character, in the sense that it seeks the satisfaction of needs of the enterprise.

It is believed that confusion in a firm increases with the hierarchical level, the importance of the audit functions being confirmed to all users, but especially in the area of management.

Sometimes no matter how good managers are they need consultation, another opinion to confirm or refute what they or others parties believe. Exactly this makes internal audit in the company: Analyzes, verifies, confirms or refutes the results obtained in a given time.

Manager will convert the data / information available in other data embodied in decisions, internal working rules,

on the tasks they have to accomplish that day. If these are added to your morning coffee, we subtract 10 minutes from time for sleep. Ladies will surely allow 15 minutes for some cosmetically finishing touches. So every day we manifest our managerial talent. Some of us are good "managers", others will be late for work. What I want to emphasize is that although management as a process of organization has existed since ancient times, the primary bases for management in the modern science were established not many generations ago by a few businessmen who had the vision of a science able to ensure a prosperous business, led effectively.

Management (regardless of her position, either top-manager, middle manager) is the power of economic entities. Through management we are able to unite and achieve performance with available

regulations and other documents that will form the basis of the managerial and other activities carried out within the economic entity.

The management sets objectives to achieve by making use of all available resources, whether material, financial and human. Success / Performance management is given by the gap between inputs represented here by the objectives and outputs, represented by the objectives achieved.

In organizations is obvious that efficiency is a priority, obtaining economic and financial performance, expressed by means of indicators and indices, the natural consequence of managerial performance.

Achieving performance is one of the company's objectives of a general nature, because it resolves the secondary endpoints simultaneously subsumed and the means of achieving the major objective of the company, which is defined as company's viability in terms of domestic and international competition, within the restrictions imposed by sustainable development. (Gheorghiu and Ionescu, 2002)

If you work with people, you are governed by the laws of human behavior. Performance is given of what employees are doing every day. To have good results is to make certain performance behaviors and other behaviors not a bad. (Rizea, 2009)

Performance management level has been understood as the art of making good

business, how to use the best of possible resources to achieve business objectives.

Survival in business is generally considered performance criterion it and can be defined as a law / requirement that is not even raised, her exposure is not necessary, being understood from the beginning. The primary objective of this requirement is the value of profit, which however is not a crucial measure of performance because it does not provide a complete picture of the performance achieved.

Internal auditing is an independent,

objective **assurance** and **consulting** activity designed to add value and improve an organization's operations. It helps an organization **accomplish its objectives** by bringing a systematic, disciplined approach to evaluate and **improve the effectiveness of risk management, control, and governance processes.** (IIA)

Considering internal audit definition the functions of internal audit within companies are shown in figure 1. (Fig. 1)

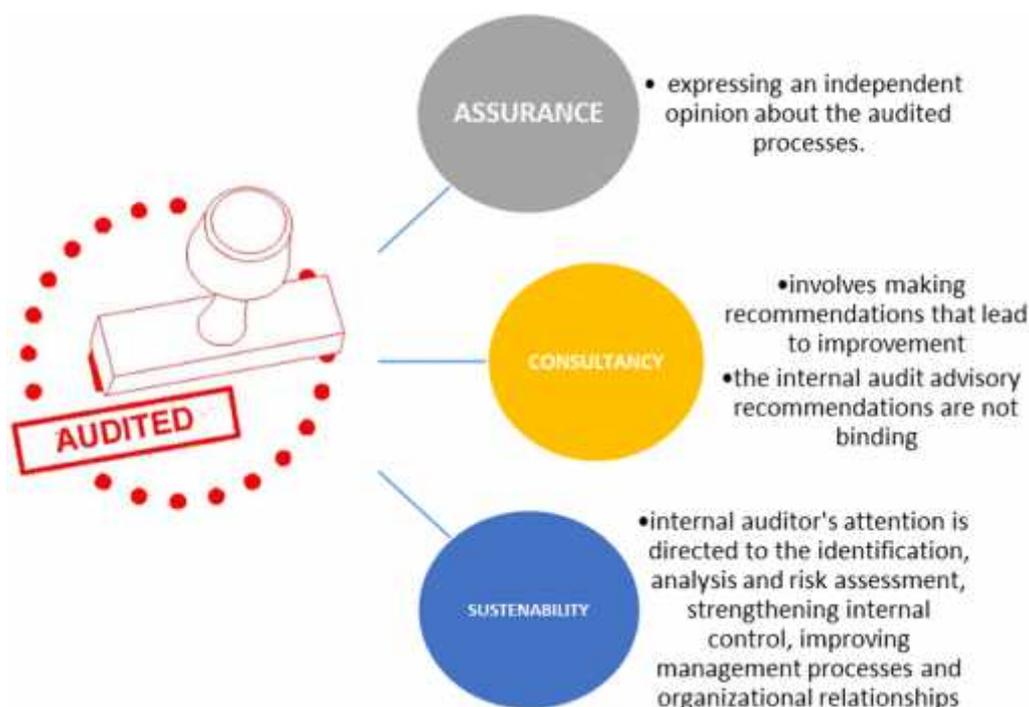


Figure 1. Functions of internal audit

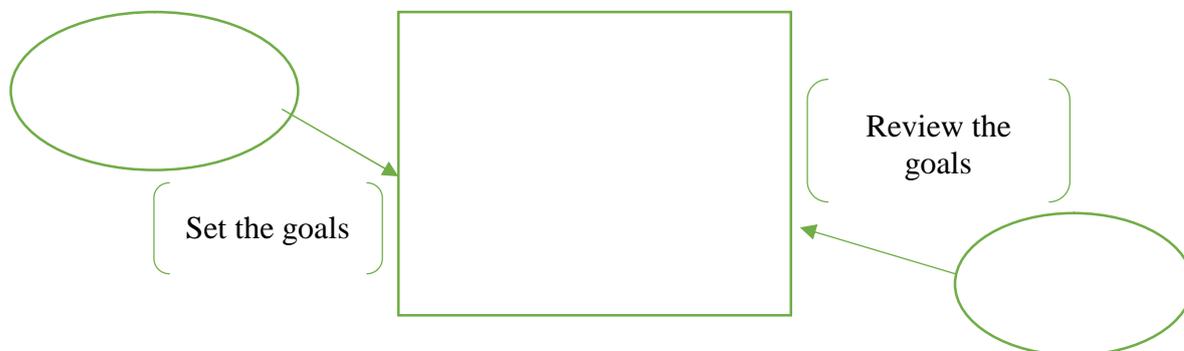


Figure 2. Goals

One of Murphy's Law says that *The one who set the goals will have a different view of them than others.* (Fig.2).

Modern management of economic entities, regardless of the nature of society, whether public or private entity status cannot be developed without a rigorous and flexible control. Running a company requires a permanent and systematic control of the business.

Patrimonial entities whose business is conducted in a dynamic business environment and aggressive to be flexible, be able to adapt easily and quickly to these changes in order to survive, conduct an efficient, ensuring the principle of continuity activity.

In the context of a challenging economic and financial environment, internal audit objectives are focused on some areas:

- ensure maximization of profit;
- eliminate any factors and causes that could lead to lower profits;
- ensuring the integrity of heritage;
- increase operational efficiency by limiting and / or exclusion of inefficient operations;
- increasing the fidelity and accuracy of accounting information;
- legal compliance and requirements management;
- ensuring a healthy climate, discipline, for the activity in terms of profitability and high efficiency;
- motivate and empower their employees, resulting in improved business and real feedback.

Internal auditors are in the position that provides support particularly important in the transition of the company from what was to implement a control model viable, efficient and effective. Companies that place a higher importance of internal control are the same trend in terms of internal audit. (Bunget, 2009).

3. CONCLUSIONS

In the sense of a free market, a common market, stock audit becomes increasingly popular and higher certification that the activity of a company is in line with international standards, always bringing extra

value representing an asset of the company concerned. This will bring notoriety, will give confidence and stability, notifying that the economic unit that is a major player in the market and successfully cope with market requirements.

The audit is presented as a profession where professional judgment, skepticism and ethical behavior are taken at high ranking. Amid globalization and the growing needs of information among companies, the audit was and is a vital service.

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Biography

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