

Government where the internal



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The term is commonly used as a synonym for computers and computer networks, but it also encompasses other information distribution technologies such as television and telephones. Several industries are associated with information technology, such as computer hardware, software, electronics, semiconductors, internet, telecoms equipment, e-commerce and computer services. In a business context, the Information Technology Association of America has defined Information technology as “the study, design, development, application, Implementation, support or management of computer-based Information systems”.

The responsibilities of those working in the field include network administration, software development and installation, and the planning and management of an organization’s technology life cycle, by which hardware and software is maintained, upgraded, and replaced. Humans have been storing, retrieving, manipulating and communicating information since the Sumerians Mesopotamia developed writing in about 3000 BC, but the term “information technology” in its modern sense first appeared in a 1958 article published in the Harvard Business Review; authors Harold J.

Alleviate and Thomas L. Whistle commented that “the new technology does not yet have a single established name. We shall call it Information technology (IT).” Based on the storage and processing technologies employed, it is possible to distinguish four deadliest phases of IT development: pre-mechanical (3000 BC - 1450 AD), mechanical (1450? 1840), electromechanical (1840? 1940) and electronic (1940? present). This article focuses on the most recent period (electronic), which began in about 1940.

Internal audits are designed to evaluate the effectiveness of an operation's internal controls by first gathering information about how a unit operates, identifying points at which errors or inefficiencies are possible, and identifying yester controls designed to prevent or detect such occurrences. Then, they test the application and performance of those controls to assess how well they work. Managers ought to routinely evaluate controls in their department's operations by following the same process.

Computers and networks provide most of the information needed for auditing. In order to be effective, auditors must use the computer as an auditing tool, audit automated systems and data, understand the business purposes for the systems, and understand the environment In which the systems operate. The other Important uses for computers and networks by auditors auditors improve their ability to review systems and information and manage their activities more effectively. Automated tools allow auditors to increase individual productivity and that of the audit function.

By recognizing the importance of emerging environment and requirement to perform audit task effectively, auditors must recognize the key reasons to use audit tools and software, which will be further explored, in later section. The key reasons include: (I) On a personal level, learn a new skill. (it) Improve company decision-making using improved data. (iii) Increase the efficiency of an audit. ' v) Reduce routine tasks to provide more time for creative and business analysis. (v) Provide improved transparency governance of the organization. V') Identify quantitative root causes for issues. (vii) Reduce fraud and abuse. (viii) Identify savings in supplier, customer, human resource, computer, and enterprise management. This

write up provides a brief analysis of the main areas where software tools are used in auditing, technology impacts on the auditing profession, audit impacts on emerging business and technology issues, and an example list of information technology products frequently used by auditors. Background

Risk is inherent in the decisions that an organization takes to manage and run its business and in the business processes established to assist in the achievement of its business objectives. Changes in the way organizations carry out their normal activities resulting from, for example, expansion of the business or changes in the regulatory framework, can place enormous strain on an organization's control mechanisms and become major sources of risk. That is why establishing, implementing and embedding effective risk and control elements of the overall corporate governance framework are of fundamental importance to all organizations.

Internal audit can play an important assurance role in an organization's governance processes, particularly in the area of risk management and control. In many organizations, the expectations placed upon internal audit have increased and the function is being relied on to make a significant contribution. With the introduction of the revised Combined Code and the Smith Guidance, audit committees are expected to take a more focused oversight role in respect of risk management and internal control.

They need assurance from management and independently that good internal controls are in place and operating effectively. Internal audit can contribute to independent assurance on the overall risk management, control and corporate governance processes. It can also be a useful catalyst

for change and improvement within the organization. It is important therefore for the audit committee to distinguish between the role of management and that of internal audit. Management has primary day-to-day responsibility for managing risk and for the operation of internal controls within an organization.

Internal audit's role is separate and independent from management. 'Independence' has a different meaning for internal audit than it does for external audit. L) The internal audit function is generally considered independent when it can carry out its work freely and objectively. From the literature reviews, it appears that the several issues on IT and operation of corporate internal audit have to be addressed and need to be answered. 1. No specific guidelines are available to ensure information technology impact can be softened through audit best practices. 2.

Absence of accounting standards to educate relevant auditors in performing audit task and mitigate organizational risk. 3. The role of internal auditor has not been specified thoroughly and correctly to ensure necessary capability and competencies being addressed and help auditor to perform auditing task effectively. 4. To study on global trend of adopting IT system (software/hardware) in implementation of continuous Controlled environment (continuous auditing). Objective Statement of the Study. 1 . To identify reasons for lack of guidelines available to best practices. . To address and suggest accounting standards to educate and help relevant auditors in performing audit task and mitigate organizational risk. 3. To suggest a detailed role of internal auditor and required skills and competencies in T related audit. . To address and detailed out IT system (software/hardware)

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for continuous auditing. Statement of Research Hypotheses In view of the objectives of the study the following were formulated; H1: The information technology and operational challenges of internal auditor has no significant relationship.

H2O: The information technology and operational challenges of internal auditor has significant relationship. Significant of the study Internal audit has emerged as a key area of concern in contemporary organizational management. The wakening call came after a series of accounting and auditing cams, both in corporate sector as well as in government sector. The impact was rather devastating with global giants like Enron becoming a non-entity overnight. Back home in India, the biggest corporate scam was committed in one of the most respected names in IT sector, Astray.

The series of scams in various Government organizations is rather too well known to be discussed. A strong and institutionalized internal audit mechanism has been perceived to be a response for avoiding similar corporate mishaps, as evidenced in the Serbians Solely Act, 2002, in US and the proposed Companies Bill in India. While there would always be space for institutional and policy reforms to strengthen internal audit in public and private sector, what is appalling is the lack of sensitivities among the concerned stakeholders.

The problem is more complicated in Government where the internal audit mechanism is not premised on professional lines with a result that the auditors lack requisite knowledge and skills to deliver on their Job. Scope of study The application of information technology and its impact to internal

audit profession is somehow beyond an organizational control.

Mismanagement and untested presumption on this impact can be very much precious to the organization and may lead to conflict in achieving effective internal control mechanism.

Proper handling of resources, maintaining records, effective communication through adopting technology offered by information technology is critical to ensure completeness of audit process and benefited auditors. This paper focuses on above critical basis and limiting the research scope within functional audit task within an organization - mainly about the tools and techniques used by auditors in audit management and Limitations of the study The shortcoming of this study is that it adopts a conventional approach, as opposed to more proactive research methods and in-depth study to suggest any practical implication to auditors at large.

While it is important to note there is no generic model for technology tools applicable to all organizations, it is also important to recognize the increasing dependence on technology to accomplish and/or support virtually all auditing activities. The study stress that this shortcoming is common in the benchmarking literature, and one important research question is how to incorporated risk of emerging technology in shaping business controls, and audit approaches and techniques. Literature Review

For a better understanding and revisit previous studies on the information technology application to internal audit, literature review is outline as a basis for defining research problem and objective of this paper. The survey of literature covers the vigorous implication of technology advancement

towards internal audit profession and audit management. The survey has been divided into a categories such as changing role of auditors, continuous auditing, oversight IT risks and technology implication.

Research Methodology The topic gave a preliminary understanding to further understanding the role, impact and IT risk toward auditors. The information and data of the research project were gathered from various sources of secondary data. Sources of secondary data include Journal articles published in magazines and downloaded from the Internet. The Internet search engine like Google, Locos and Yahoo also offered excellent search for locating on-line articles.

Other references were also made on the research topic from various chapters of relevant accounting and textbooks. The method to adopt in carrying out the test of hypotheses developed on this write up is correlation research design will be employed. **Data Analysis and Presentation** The technique of ordinary least squares will be applied to estimate the regression coefficient in the model of the form of analyzing the data collected for this study and also discusses the results of data analyses.

Discussion of the Result Audit management is charged with providing an effective audit force, directing audit resources for maximum benefit to the organization, and complying with laws, regulations, and policies regarding auditing. This involves reviewing processes, activities, and information that represent the greatest risks, planning and managing individual audit engagements, maintaining records of prior and current audits, directing and

scheduling personnel, and communicating effectively with audit clients, senior management, and the board of directors.