

Advantages of outsourcing internal auditing



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From the interview we find that Marc Levinson states that outsourcing internal auditing has its own advantages which include; Saves Costs This research reveals that outsourcing of internal auditing became very popular in many organizations. This is because it offers significant advantages to accounting firms and corporations. Through Marc Levinson I managed to find out that many organizations have really benefited from the outsourcing strategies in line with internal auditing. One of the benefits is that these strategies save money.

Research shows that it is far much cheaper for this organization to carry out outsourcing than if it were to do train experts to carry out outsourcing. This is because the operational costs are highly minimized in this case especially when the staffs in an organization are not highly qualified in this field. It is therefore reported that many Companies have benefited in reducing internal audit costs. This is by firms obtaining access to broad expertise that it would be expensive to maintain within the organization. Costs are reduced by overlapping audit effort and positions within the organization.

This is implemented by replacing fixed cost with employees that are variable cost effective. This also gives firms the ability to balance workloads (Deavers, 1970) Resource relocation From the interview I conducted I found out that the other importance of outsourcing internal auditing is that it allows the relocation of resources in the organization. Time as a resource is relocated to other important sectors in the organization by the managers. For instance the managers in many organizations able to use time saved in outsourcing to carry out strategic planning in the organization.

This time is used to critically analyze the operations in the organization.

(Hayes, 1999) Saves time Marc Levinson states that the other importance of outsourcing is that it really saves the organization a lot of time. For instance, if the human resource management was to carry out personnel training so that they can carry out internal auditing it would take quite a long period of time. When outsourcing is carried out in an organization it helps in saving time and therefore other departments in the organization are given enough attention. Minimizes corruption Outsourcing internal auditing has got very many advantages to organizations. This is because it helps to minimize corruption within the organization.

In most of the organizations where outsourcing is not carried out, corruption is normally very rampant. This is because employees within the organization can actually liaise to carry out inappropriate auditing of the books of accounting. This actually creates avenues for corruption practices to thrive within the organization. External experts that are normally used in carrying out internal auditing mostly do not have direct relations to employees within the organization (Kotz, 2004) Staff is reduced Outsourcing really helps in the reduction of staff in many organizations. Research shows that if such organizations would manage an internal professional staff to handle internal auditing then it could be very expensive.

Many organizations through outsourcing have managed to reduce the professional staff by half. This means that less money is used in the payment of staffs. This is very relevant for small organizations that cannot afford to pay professionals on a permanent basis and therefore carry out partial outsourcing. (Assad and Wasil, 1992) Increase in business effectiveness Marc
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Levinson states that Outsourcing has got very big impacts to the entire business. There is increased effectiveness in even the delivery of the services. This is because external experts have adequate experience to analyze the business operations.

They also give invaluable advice to management in organizations on how to run the business. This actually leads to effectiveness in the business operations. As internal staffs in organizations interact with external professional they gain skills which in turn lead to increased business effectiveness.(Hayes, 1999) Management of warehousing is very crucial aspect to inventory managers since it provides a basis of distributing and meeting the target of the potential customers. In essence, it refers to the publication that mainly target effective operations regarding distribution of inventory as well as management of warehousing center operations. From my interview I can deduce that warehousing management requires the supply and logistic managers to be well equipped with knowledge on how to make analysis, get up-to-date news, movements, equipment and supply and logistics events.

(Kotz, 2004) The other importance of warehousing management that I noted is that it allows effective and efficient relocation of resources in the organization. Time as a resource is relocated to other important sectors in the organization by the managers since the inventory will be easily accessible thus saving time. For instance the managers in many organizations able to use time saved in outsourcing to carry out strategic planning in the organization. This time is used to critically analyze the supply and logistics operations in the organization. Good warehousing management

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procedures save time; when good warehousing management is carried out in an organization it helps in saving time and therefore other issues in the process of supply chain management are attended to in an efficient manner. Further warehousing effective management has got very big impacts to the entire business.

There is increased effectiveness in the delivery of the inventories as well as effective services offered by the supply and logistics departments. (Gattorna, 2003)