

IMPACT AND IMPORTANCE OF INTERNAL AUDIT IN SUCCESSFUL MANAGEMENT OF THE ENTERPRISE

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Abstract

Internal audit is an independent activity to provide objective assurance and advisory activity, designed to add value and improve an organization's operations. Internal audit helps an organization to accomplish its objectives by promoting a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes. Lack of transparency in companies' financial statements lead to the financial crisis. Continuous monitoring is a process that must be evaluated by the internal auditor, in order to monitor whether management is acting on the basis of business policies, procedures and processes, namely whether it is operating effectively.

Economic growth and globalization of businesses, market pressure to improve the operations, rapidly changing business environment created the need for control in order to ensure that examinations are effective and the risk is detected properly. In order to meet these needs internal auditors are using continuous audits to maximize the efficiency of their work. The auditor maintains independence of internal audit and objectivity in evaluating the effectiveness of controls, risk management, and governance processes.

The internal audit is designed to provide reasonable assurance regarding the achievement of key objectives such as:

- * Effectiveness and efficiency of operations.
- * Reliability of financial reporting and management.
- * Compliance with laws and regulations.
- * Preservation of assets.

The complexity and size of the organization makes it impossible for senior managers to personally monitor whether the organization is carrying its activity effectively. To ensure that the organization is functioning effectively it is relevant for the organization to have the internal audit services.

Keywords: Internal Audit, organization, management, effectiveness, and governance controls.