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THE INVOLVEMENT OF THE AUDIT IN THE INTERNAL CONTROL ACTIVITY

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ABSTRACT. *The internal managerial control system is an integral and essential component of the institution's management that covers the entire activity.*

Internal audit in carrying out its own activity has as its main objective the assessment of internal control on each audited activity. Internal audit mainly uses, as a form of advice, the training and professional development of employees, intended to provide theoretical and practical knowledge regarding risk management and the development of the internal control system.

KEYWORDS: *audit intern, control intern, proceduri, evaluarea inițială a controlului intern.*

JEL CLASSIFICATION: *M42*

Internal audit "control of controls"

According to its attributions, the audit involves analysis, diagnosis and evaluation of internal activities based on the analysis of risks in the entity, being a real support for the entity's management. Since the internal control is also a management tool through which the fulfillment of the responsibilities assumed by each person regardless of the position they occupy in the hierarchy of the entity is sought, the internal audit in carrying out its own activity has as its main objective the evaluation of the internal control on each activity audited.

Cases of involvement of the internal audit in the internal control activity

The involvement of the internal audit in the internal control activity is carried out in the following cases mentioned below:

A. Methodology for carrying out the audit mission

According to the methodology for carrying out audit missions in the preparation stage, one of the documents to be completed is the "Internal control questionnaire" form. This form allows, through the questions asked and the answers received, to identify the internal control activities established by the management and to assess their functionality.

Another document that is also completed during the preparation stage of the audit mission is the "Initial evaluation of internal control and establishment of the activities to be audited" form.

The initial evaluation of the internal control involves the completion of the following stages:

- ✚ determination of the functioning methods of each identified activity/action;
- ✚ identification of existing internal controls, based on the internal control questionnaire and/or the collected documents;
- ✚ establishing the expected internal controls for each activity/action and identified risk;
- ✚ establishing the compliance of the internal control.

The initial assessment of internal control takes into account the risks associated with auditable activities/actions and involves the identification and analysis of the internal controls implemented by the entity to manage these risks, in conclusion this form presents the result of the initial assessment of the risks associated with auditable activities/actions and identifies and analyzes the internal controls implemented by the audited entity/structure to manage these risks in order to identify areas where they are not functional.

It can be mentioned that, depending on the result of the risk assessment and internal control assessment, the vulnerable activities/actions are selected in the audit.

This form also includes the heading "Establishment of expected internal controls". within this heading, the auditors complete with the internal controls that should be implemented at the level of the audited structure, respectively any activity, means or action that should be established and implemented by the management, with the aim of allowing adequate control over the operation of the structure of the audited entity as a whole, taking into account the provisions of the regulatory framework.

To identify the "expected internal controls", the auditors analyze the following criteria:

- ✚ the degree of implementation of the internal managerial control system at the level of the audited structure/entity;
- ✚ the degree of procedural coverage of the activities carried out within the audited structure/entity;
- ✚ the way in which the procedures developed at the level of the audited structure/entity present the steps to be followed, the working methods and the rules to be applied necessary to fulfill the duties and tasks, taking into account the assumption of responsibilities;
- ✚ the degree of awareness of the management of the audited entity/structure regarding the internal/managerial control system;
- ✚ the degree of integration of internal/managerial control in the current activities of the audited structure/entity;
- ✚ at the level of the audited structure/entity, the risks related to the performance of its activities are systematically analyzed, corresponding plans are developed, in the direction of limiting the possible consequences of these risks, those responsible for the implementation of internal control measures are established and their effectiveness is monitored;
- ✚ at the level of the audited entity/structure, a system is implemented that allows the management to know the status of activities, the monitoring of performances with the help of relevant quantitative and qualitative indicators and the adoption of corrective measures in case of deviation from the objectives.

Another section of the form represents the identification of existing internal controls. In this section, the auditors enter the internal controls implemented for risk management at the level of the audited structure and according to which the degree of compliance of the internal control is established, at the time of evaluating the degree of confidence in the internal control.

Auditors use the following criteria to identify existing internal controls:

- ✚ the degree of implementation of the internal managerial control system at the level of the audited structure;
- ✚ the degree of procedural coverage of the activities carried out within the audited structure/entity;

- ✚ the way in which the procedures developed at the level of the audited structure/entity present the steps to be followed, the working methods and the rules to be applied necessary to fulfill the duties and tasks, considering the assumption of responsibilities;
- ✚ the degree of awareness of the management of the audited entity/structure regarding the internal/managerial control system;
- ✚ the degree of integration of internal/managerial control in the current activities of the audited structure;
- ✚ at the level of the audited structure/entity, the risks related to the performance of its activities are systematically analyzed, corresponding plans are developed, in the direction of limiting the possible consequences of these risks, those responsible for the implementation of internal control measures are established and their effectiveness is monitored;
- ✚ at the level of the audited entity/structure, a system is implemented that allows the management to know the status of activities, the monitoring of performances with the help of relevant quantitative and qualitative indicators and the adoption of corrective measures in case of deviation from the objectives.

Depending on the information entered in this form, the auditors perform an initial evaluation of the internal control using a scale, on 3 levels, as follows: compliant internal control, partially compliant internal control and non-compliant internal control.

In all the audit missions carried out at the level of the entity, the auditors concluded that there was a control system according to which it complies with the provisions of the legislation in force.

B. Based on the annual internal audit plan prepared at the level of the internal audit office, a mission entitled Evaluation of financial management control was established.

The auditors proceeded to evaluate the internal managerial control system at the level of the Management Financial Control Office in order to analyze the capacity of the internal control system to prevent, detect and correct significant errors/deviations that may occur within the activities carried out.

The objectives of this mission were:

- ✚ Evaluation of the internal managerial control system of the financial management control activity;
- ✚ How to comply with the legal provisions regarding financial management control.

In order to audit these objectives, it is necessary that the sources of information provided by the audited structure are real, legal, correct, and of good quality. Therefore, under this aspect, the scope of control includes, first of all, objectives regarding both the preparation of primary documents in compliance with the conditions of form and content, as well as the organization and management of technical-operational and accounting records in compliance with methodological norms. consequently, the system of documents and records is both the object of the control and the source of information for the control of the economic-financial activity.

The auditors analyzed the fulfillment of the specific requirements of each internal control standard. In some cases, partial implementations of the control system were found, in these cases the auditors formulated recommendations containing solutions regarding the full implementation of the internal control standards.

Regarding the evaluation of this activity, from the checks carried out, the team of auditors did not record any deviations from legality and regularity that would determine the damage procedure.

Also the basis of the analyzes and evaluations carried out by the audit team, appreciates the fact that the activity of the audited structure has a functional internal control.

C. Informal counseling

Informal counseling took place, through the participation of the management of the Internal Public Audit Department in working meetings with the monitoring, coordination and implementation commission of the internal/managerial control system and in current exchanges of information with the staff within the entity's structures.

Consulting involves a useful solution that can include the development or flexibility of the internal control system and adds value to the organization's management.

At the entity level, professional training and development was used as a form of counseling, aimed at providing theoretical and practical knowledge related to risk management and the development of the internal control system.

In the current year, the auditors carried out informative counseling that aimed at consulting on the implementation of the internal/managerial control system at the level of organizational structures, in accordance with the provisions of OSGG. no. 600/2018 for the approval of the Internal/Managerial Control Code of public entities, with subsequent amendments and additions.

This was achieved by participating in trainings organized with the staff of the Internal Control Department and individual consultations in the framework of the implementation of internal control standards and the development of the internal control system at the entity level.

There were bimonthly work meetings with the staff of the Internal Control Department where the requirements of each control standard were discussed.

We mention the fact that the specific legislation applied by the entity in implementing the control standards was analyzed and updated.

Each type of supporting document that would lead to the implementation of each control standard was analyzed. The manner of completing the answers requested by the external auditors to the questions regarding the implementation of the internal control standards was also analyzed. Each person participating in the working meeting supported a point of view regarding the supporting documents necessary to certify the implementation of each standard. The participants also formulated points of view on how to respond to the questionnaire submitted by the external auditors.

Conclusions

The internal audit office, within an entity, makes a significant contribution to the improvement of the decision-making system through the consultancy and advice provided and to the improvement of risk management processes, being an active presence within the company.

Internal control evaluation is a priority in the work of internal auditors. In the current period, there is an increasing emphasis on IT knowledge, which has an important role in a rigorous approach to risks

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