Administrative Auditing

“Audit to Production, Systems, Purchases and Performance”

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Audit Objectives”

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| **Group: F53A** | **Prof. Rosa María López Larios** |
| **Week: Jan 8th to 12th**  | **Classes: 73 to 76** |
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**OBJECTIVE**

Establish the objectives to be achieved in an administrative audit performed to different areas in an organization such as production, systems, purchases and management and determine the differences between the audit goals.

**DEVELOPMENT**

**PRODUCTION ADMINISTRATIVE AUDIT**

The objective of the administrative audit to the production area is to verify the production capacities and the performance of a factory according to quality principles. The criteria to be evaluated are the policies, procedures and records that can indicate the capacity of the factory to apply a quality policy on a constant basis.

**Key points to be reviewed**

* Quality management system
* Good production practice (environmental standards)
* Product control
* Process control
* Staff

**Benefits of the production audit**

* Evaluate the capabilities of the transformation process
* Identify the strengths and weaknesses of current suppliers
* Record the progress that leads to quality throughout the manufacturing process
* Provide an independent evaluation tool
* Coordinate the manufacturing process (manufacturing, inspection, engineering
* industrial, production control)

**SYSTEMS ADMINISTRATIVE AUDIT**

A systems audit is an examination of the controls within an [Information technology](http://en.wikipedia.org/wiki/Information_technology) (IT) [infrastructure](http://en.wikipedia.org/wiki/Infrastructure). The IT audit is the process of collecting and evaluating evidence of an organization's [information systems](http://en.wikipedia.org/wiki/Management_information_systems), practices, and operations. The evaluation of obtained evidence determines if the information systems are safeguarding assets, maintaining [data integrity](http://en.wikipedia.org/wiki/Data_integrity), and operating effectively and efficiently to achieve the organization's goals or objectives. These reviews may be performed in conjunction with a [financial statement audit](http://en.wikipedia.org/wiki/Financial_audit), [internal audit](http://en.wikipedia.org/wiki/Internal_audit), or other form of attestation engagement.

IT audits are also known as automated data processing (ADP) audits and computer audits. They were formerly called [electronic data processing](http://en.wikipedia.org/wiki/Electronic_data_processing) (EDP) audit.

**Key points to be reviewed**

**Antivirus Strategy**

* Ensure that there is an Antivirus strategy documents.
* Ensure that the Antivirus covers Servers as well as end user.
* Review the frequency of Antivirus update.

**Backup Strategy**

* Determine whether backup procedures provide the ability to adequately recover: Operating systems, Application programs, Master files, Transaction files, System utilities
* Verify that the computer's disk storage is backed up daily

**Physical Security Access**

* Is access to computer area restricted only to authorized staff?
* Are there procedures in place to control and identify visitors and how is this achieved?
* Is the computer room screened so that it is not easily visible and how is this achieved?

**PURCHASES ADMINISTRATIVE AUDIT**

Its objective is to verify the existence of adequate and sufficient internal controls, as well as policies and procedures that regulate the process of acquisitions.

Basic purchasing operations: Purchase planning, market studies, price control, post-purchase tracking, supplier qualification, quality and timeliness, request for quotations

**Key points to be reviewed**

• Existence of departmental purchasing plans and programs

• Annual procurement budget

• That the plans and programs include aspects of quality, time and cost

• Adequate delimitation of activities

• There is a catalog of suppliers, it is updated

• Request at least three quotes

• Security in the storage of materials and products

• Timely delivery of raw material, materials in process, finished product

**Performance Administrative Audit**

Its purpose is to assess the existence and definition by the direction clear and achievable objectives and long-term plans, considering the board of directors and general management level.

**Key points to be reviewed**

Board of Directors

• Ensure participation in board meetings

• Review compliance with the objectives of the company

• Ensure that board members are sufficient and suitable

• Validate that the Director define long-term plans

• Performance in the field of public relations

General Management

• Clear determination of the position and its activities

• Proper selection of the executive

• The position involves adequate economic incentives

• Delegating authority

• To have information of internal company problems in a timely manner

• Review departmental policy

• Verify the existence of development plans and the growth of interest in another

**ACTIVITY**

Read the information above, underline the most important issues and prepare a mental map for each area to be reviewed

Answer the following

Which are the objectives to the production audit?

Mention five points to be reviewed in a production audit

What does a systems audit consider?

Which are the key points to be reviewed in a systems audit?

What is a purchases administrative audit?

Indicate four points to be reviewed in a purchases audit

What does the performance administrative audit consider?

What should be reviewed in the board of directors and general management audit?

Prepare your report according to the specifications given in class