Administrative Auditing

“Methods for Administrative Audit: William P Leonard”

Audit Objectives”



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| **Group: F53A** | **Prof. Rosa María López Larios** |
| **Week: November 13th to 17th**  | **Classes: 49 to 53** |
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**OBJECTIVE**

Continue with the knowledge of the points related to the administrative audit method proposed by William P Leonard and compare them with other authors´ proposals.

**DEVELOPMENT**

The elements in the administration and operation methods that require constant monitoring, analysis and evaluation and also must be known well and making up the audit program are:
1. **Plans and Objectives**. Review and discuss with management the current status of the plans and objectives.
2. **Organization**.
a. The structure of the organization in the area being assessed.
b. Compare this with the structure shown in the chart (if any).
c. Meet the estimate to the principles of good organization, operation and departmentalization.
3. **Policies and practices**. Should be studied to see if any action requires improvement.
4. **Regulations**. Determine if the organization meets applicable local, state and national regulation
5. **Systems and procedures**. Knowing whether the systems and procedures deficiencies or irregularities and devise methods to improve them.
6. **Controls**. Determining the effectiveness of control methods.
7. **Operations**. It should be noted that aspect of operations requires better control, communication or organization to achieve better results.
8. **Persona**l. Meet the needs of staff and how they affect the work in the assessment area.
9. **Hardware availabl**e. Specify whether you can make improvements in the provision of equipment to be used effectively.
10. **Report.** Prepare a report on the deficiencies found and describe the most appropriate solutions.

EXAMPLE OF MAIN TOPICS usually include in a performance audit to the personnel department
• objectives

• data and functions of the personnel department.
• hierarchy.
• structure.
• Number of persons
• Functions performed and their distribution.
• Numerical data of workers in the company.
• Employees.
• Vendors.
• Technicians.
• Supervisors.
• Senior executives.
• Other categories.
• Data on unionization
• how many workers belong to the union?
• Central to or belonging the unions.
• General situation or relations with the unions.
• admission and employment.
• supply sources by staff category.
• Steps used in the selection procedure.
• Correlation between results of selection.
• training systems for various levels.
• Development Methods.
• Evaluation by trained themselves.
• Correlations between training and development training.
• wages and salaries.
• Evaluation System employees.
• Surveys of wages.
• Ranking give them wages.
• Grading of merit.
• System of incentives.
• legal and extralegal benefits.
• Correlation between high turnover rates.
• staff mobility.
• rotation.
• Promotion.
• Promotions.
• Transfers.
• staff morale.
• absenteeism and its causes.
• Delays and their causes.
• Complaints
• Suggestions.
• Conflicts
• Records of inefficiency.
• industrial hygiene and safety.
• Number of accidents by cause.
• Number of occupational diseases.
• Classification of the causes of accidents.
• Security measures.
• Direct and indirect costs.
• hygiene conditions.
• Personal communication.
• Interviews with workers.
• meetings with various heads of personal problems or exclusive.
• Newsletters, instructive.
• Handbooks on staff-related aspects.
• internal staff newsletter.
• Personal control.
• systems to monitor attendance.
• personnel file systems.
• Staff Kardex.
• Use of electronic computing personnel control

**ACTIVITY 1**

**HOMEWORK**

According to the information above related to an administrative audit to the personnel department, make a list of at least 25 issues to be reviewed and examined in the marketing and sales department.

Prepare your report according to the specifications given for homework in class.

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**ACTIVITY 2**

**HOMEWORK**

Compare the methods proposed by the American Institute of Management to perform and administrative audit, the one given by Banco de México and Fernández Arena method with the tools proposed by William P Leonard and mention two advantages and two disadvantages of each one.