Administrative Auditing

“Methods for Administrative Audit: William P Leonard”

Audit Objectives”



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| **Group: F53A** | **Prof. Rosa María López Larios** |
| **Week: November 6th to 10th**  | **Classes: 43 to 48** |
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**OBJECTIVE**

Understand the main points related to the administrative audit method proposed by William P Leonard and compare them with the proposals of other authors analyzed in class.

**DEVELOPMENT**

According to William P. Leonard the Management Audit is the examination of a comprehensive and constructive organizational structure, control methods and means of operation of a company, institution, government department, or any other entity.

The method of William P Leonard proposes that the primary objective of the audit is to discover administrative deficiencies or irregularities in any part of the company examined and their remedies. In the management of any organization, there is a constant search for improved methods and performance, reduce costs and improve efficiency.

The management audit can be conducted in a specific role, department or area of ​​the organization, group, division or the entire company.

In this method it is proposed that before implementing a comprehensive program of administrative audit it is essential to have the approval and support of management. Other key issues to consider when organizing an audit program is the formulation of a policy to draw objectives and provide a plan to achieve them. This plan should include: selecting the right staff, the implementation of a training program to improve the efficiency of labor and a base timing and cost.

**Steps of an audit**

**Field to cover**

Obviously the first step is determining the field to cover the procedure, this can be general or specific. In the first case, for instance you will run all the programs and policies of human resources, in the second situation you will cover isolated policies and programs.

**Sources of information**

The second step is to determine the sources of information which will be obtained from the data. This can be met from surveys and interviews, in any case, it is important that the data should be objective and not contaminated by the interests and prejudices of those doing the study.

It can be said that in every organization there are some areas that typically receive constant attention regarding internal audit as these are regarded as symptomatic of some problems.

Here is briefly some of the issues that can be planned with respect to the various functions of the personnel department:

**Issues of attention**

**Analysis of positions:**

The main question in this subsection would be: is the analysis sufficiently up to date? Are the specifications valid? Do all jobs have been analyzed?

**Contribution to Systems:**

Are they in line with the labor market? Do the entire staff understand incentive systems?

**Selection process and placement:**

One of the main focuses here must refer to the standardization and validation of tests. Interview methods should also be investigated. Broadly speaking, the main question regarding the selection and placement process is if the process is predicting a high percentage of people who are successful in their work?

**Training and education:**Does the program meets the needs of the organization? Are appropriate learning methods being used? Is the cost of the programs cheaper than the profits?
**Performance measurement:**Are the criteria valid? Are they being contaminated by other factors? Are they really reflecting the effectiveness?
**Classification of merit:**Is the program considered by supervisors? Are results being used for training purposes promotions? ¿Are employees being informed of the results, What´s their reaction? Do supervisors have been trained to qualify?
**Industrial hygiene:**What is the percentage of occupational diseases? Do the facilities cover requirements set by the relevant regulations?
**Accidents at work:**Are usually calculated the frequency and severity of accidents?.

**Service and amenities:**Are all services and benefits known by the personnel? Are they being used? What percentage of the total payroll?
**Turnover rates:**Rotation means the entry and exit of people in the organization. Obviously if the turnover rate is very high this is symptomatic of some problems. Turnover is also costly because more money is spent on recruitment, selection, training, etc..

**Communications:**Are there formal communication channels there? Are plans and projects timely and clearly and concisely? Is a large percentage considered confidential communications?

**Attitudes and morale at work.**The attitudes and work ethics can help or the flow of the functions of the organization. All administrators should be worry about knowing them.

**ACTIVITY 1**

**HOMEWORK**

Print the information and paste it in your notebook, read the content and underline what you consider important. Write a brief summary of the content and give your own comments

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**ACTIVITY 2**

**HOMEWORK**

Regarding the “issues of attention” that the auditor should consider to perform an administrative audit, according to William P Leonard method, choose five of them and explain why is important to investigate those topics in the audit work. Prepare your homework according to the requirements established in class.