Materia Administrative Auditing

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**Grupos: 53A / 83A**

**Case**

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| **TEMA: Administrative Auditing****Subtema: Parts of Administrative Auditing** **Financial Auditing** | **Clases: 17 to 20** **Fecha: March 5th to 9th** |

**OBJETIVE:**

Identify the parts of auditing and the when they are applied, considering different purposes of each examination as well as types of reports.

**INTRODUCTION**:

There are different parts or types of auditing considering the purposes of each examination and review. Administrative auditing can be internal or external depending if the auditors belong or not to the organization audited. Administrative auditing is focused on the administrative process and controls. Financial auditing is focused on the evaluation of the financial statements to give an opinion about the compliance with accounting principles.

**DEVELOPMENT:**

Analyze the following situations related to the need of performing an auditing examination in the company Royal Services:

1. The organization has problems with the delivery of products to customers and the adequate control of the inventory
2. The company is considering to obtain a loan however the bank is requiring reliable accounting information
3. Auditors in the Internal Auditing department have worked for the company for many years and they are not updated about market conditions, competence, and tendencies in the industry
4. The board of directors is considering a detailed review of the accounting system to be sure about the compliance with accounting principles
5. There are rumors that the Human Resources department is not following policies and procedures established for recruitment and selection of personnel as well as promotions to employees.

**QUESTIONS:**

1. Analyze each situation and determine which system which type of audit is needed
2. Write the audit that you would recommend and explain your reasons
3. Mention the importance of applying different types of audit in the company and the benefits of its results for the achievement of objectives

**SOLUTION:**

Write your answers to each number, and mention your solutions to the class in order to analyze them in group, have a group debate and give general conclusions and recommendations to the case.