Materia Administrative Auditing

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**Grupos: 53A / 83A**

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| **TEMA: Administrative Auditing**  **Subtema: Areas of application in an organization**  **Administrative auditing principles** | **Clases: 13 to 16**  **Fecha: February 26th to March 2nd** |

**OBJECTIVE:** Recognize the application areas of an administrative auditing and the benefits of performing this kind of evaluation or examination for the achievement of objectives

**INSTRUCTIONS**: Review the information about the application areas of an administrative auditing and prepare a mental map according to the guidelines for homework given in class.

**CONTENT:**

**APPLICATION AREAS OF ADMINISTRATIVE AUDITING (continue)**

Considering the different areas or departments in an enterprise as if they were one system, administrative auditing is able to be performed to the following systems:

The auditing to the Global System covers:

* Competitive position
* Organizational structure
* Strategic direction
* Directive structure

The auditing to the Commercial System considers:

* Commercial strategy
* Goods and services offer
* Physical distribution system
* Pricing policy
* Advertising and sales function

The auditing to the Financial System covers:

* Working capital analysis
* Investments
* Long term financing
* Short term financing
* Financial planning

The auditing to the Production system considers:

* System design
* Production scheduling
* Quality control
* Warehouse and inventory
* Products design and development

The auditing to the Human Resources system includes:

* Productivity analysis
* Working environment
* Promotion and incentives policies
* Recruitment and selection policies
* Tasks design
* Job training program

The auditing to the Management system covers:

* Projects and programs
* Data processing
* Procedures

As it is mentioned above, an administrative auditing covers the whole organization in an administrative focus. To perform with quality an administrative auditing, besides complying with the auditing norms, there are some principles that have to be considered and applied

**Administrative Auditing Principles**

1. **Sense of Evaluation:** An administrative auditing does not evaluate the technical training of the responsible in an enterprise, it is focused on
   * Quality of management
   * Control models established (advantages and disadvantages)
   * Fulfillment of plans and objectives
2. **Importance of the Verification Process: The auditor applies verifying methods to** determine what is being done in the directive, administrative and operative levels. Those methods or techniques are direct observation, data verification, data analysis, etc.
3. **Ability to Think in Management Terms:** It is important to think as managers do. How to motivate personnel?. How to control tasks?, How to measure performance?

**HOMEWORK:**

Investigate about differences between an external auditing and an internal auditing, mention at least seven points of each one and write them in a comparison chart. Prepare your homework in handwritten and bring it the next class according to the specifications given in class.