Materia Administrative Auditing

*Prof Rosa María López Larios*



**Grupos: 53A / 83A**

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

**OBJECTIVE:** Recognize the division of administrative auditing and the similarities and differences of each type, as well as the advantages of its performance.

**INSTRUCTIONS**: Analyze the information about the parts of administrative auditing and prepare a synoptic table in your notebook.

**CONTENT:**

**ADMINISTRATIVE AUDITING**

It is the technique that has the purpose to review supervise and evaluate the administration of an organization, to see if the methods, systems and procedures ensure compliance with the policies, plans, programs, regulations, as well as a constructive and comprehensive examination of the organizational structure. Administrative auditing involves the examination of the stages of the administrative process.

**OBJECTIVES**

* Verify, evaluate and promote compliance and adherence to the correct functioning of the phases or elements of the administrative process
* Determine efficiency in the use of resources
* Detect opportunities to improve
* Give a professional independent opinion

**TYPES OF ADMINISTRATIVE AUDITING**

**Internal**

* Independent evaluation activity in an organization whose purpose is to maintain control, ensure fulfillment of policies, evaluate results and give recommendations.
* They review plans, methods, objectives, controls, policies, departments operation, efficiency, structure, etc.
* It is performed by a specific department inside the company.
* They have enough hierarchy to interfere in any department in the company
* They are specialized in specific areas in the company: sales. Purchases, accounting, production, finance, etc.
* The users if the audit report are stockholders, the board of directors, directors of departments involved, financial auditors.

**External**

* It is performed by an independent firm or consultancy when the company does not have resources to implement an Auditing Department or when it is needed an impartial and objective opinion and it is not possible to obtain it form the auditing area.
* They could offer new ideas or comparisons with other companies
* Before hiring an auditing firm it is important to consider the purpose of the examination, available resources because it is expensive and time

**FINANCIAL AUDITING**

* It is an evaluation of the accounting records and controls of a social organism in order to verify is they are according to general accounting principles.
* It is performed by an accountant.
* It ends with a dictum or opinion about the financial statements of the company.
* It is based on the financial statements of the organization
* There are four types if opinion in the auditor report and it could be clean or without exceptions, with exceptions, negative and abstention

**HOMEWORK:**

Obtain an audit report of an administrative auditing, underline the scope of the audit, purpose, observations and recommendations. Write a summary about the findings and solutions given by the auditor. Print the report and write your comments, prepare your homework according to the instructions given in class.