

THE IMPORTANCE OF THE IMPLEMENTATION OF IT AUDITS IN AGRICULTURAL ENTERPRISES OF THE REPUBLIC OF SERBIA IN ORDER TO INCREASE SAFETY MANAGEMENT AND RISK DETERMINATION INTERVAL

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Abstract

It is a revision of one of the more common audit companies that apply to the business. It can contribute to greater efficiency of business management, the adoption of the first initiatives, high speed processing after the agreed unified completing initial data from the relevant stakeholders in the companies.

Agricultural enterprises can have the benefits of audit work, because it contributes to the security of decision-making within the production sector. Each segment if the company is covered by one of the prescribed procedures has safer operations.

Application audit work is possible with other forms of enterprise, and comes to the fore in a number of countries in transition.

Keywords: management, audits, agricultural companies, the risk.

Classification JEL: M41

1. Introduction and context of the study

Contemporary business is inconceivable without a leader within the top management [1], and the whole process can contribute to the appreciation of the attitudes It auditors, internal auditors, and external auditors, especially in large enterprises, such enterprises in agriculture [2], as well as corporations [3], which are becoming increasingly international corporations.

Consideration of audit recommendations by management is of vital importance in the practical functioning of the firm may. For this reason, it is important to prescribe procedures within an enterprise, particularly if the recommendations developed by the internal control mechanisms within firm [4], [5], [6]. This is achieved by

establishing the so-called standard principles. Standardization system [7] especially if it is accepted as a standardization process of the real functioning of the inside in companies by the management [8].

One of the mitigating mechanisms is the existence of international accounting standards and international financial reporting standards. This is especially important in manufacturing companies, but it is well known that the agrarian enterprises are one of the pillars of production and raw material base of the food and other industries. Accordingly observed audit and other internal control mechanisms, can substantially reduce the hazards associated general business. For this to happen it is necessary to determine the intervals of risks through harmonization and standardization of key financial functions of the company [9], [10], [11]. This is achieved in the first stage of filling out information via a questionnaire by the authorized persons of the company, and later the same treatment and the adoption of solutions related to business improvement.

The above-mentioned processes can become more intense as the transition countries are approaching the end of the road towards the EU [13]. This contributes to the changing socio-economic conditions in the country, economy, but also within the company [14].

Therefore, it must be emphasized that the processes of managing companies [15], based on the respect of a number of heterogeneous targets, which are based, inter alia, to audit operations [16], [17], which are manifested particularly in micro, small and medium-sized enterprises. Regardless of their size management companies must establish internal control mechanisms, as it will help them be able to reduce the general risk to the private company that void with which I managed [18].

2. Starting the audit process - general model

Initiative audit activities and business can come from the sector. This is desirable since this sector has systems that can be quickly programmed and simulated operations, especially can be changed key points and critical points of business, and then come up with a solution that can be presented to top management, and which are used to change the parameters of business in To optimize the whole business.

To increase the security and reporting, it is necessary to increase the number of quality reporting lower organizational parts of the company to the top management of companies, as these bring valid decisions that are existential.

A growing number of reporting contributes to safety reporting, but also increases the total cost by the company, which should be taken into account. Costs arising on the reporting greater involvement of permanent employees in the affairs of performing internal control, which also means greater material consumption, working hours, increase the cost of data processing, and others.

Based on these findings the authors have given the picture a general view models initiating audits, taking into account the existence of other forms of audits.

Accordingly Audit approach must take into account:

- Strategic audit plan,
- Overview of controls must include control objectives,
- The expected controls,
- You should make a preliminary evaluation of forms of control,
- Selected control (control test),
- Additional controls.

In addition companies must take into account:

- Existing control companies can be recorded with the existing controls,
- Adopt a mechanism to match the expected controls,
- Connect with the total parts of the system,
- Stating that in particular areas there is no control.

The audit system is one of the possible models of behavior of companies in the Republic of Serbia, and that the reporting function is required to be renewed at intervals:

- On monthly level,
- Every three months,
- Every six months,
- Annual regular reporting.

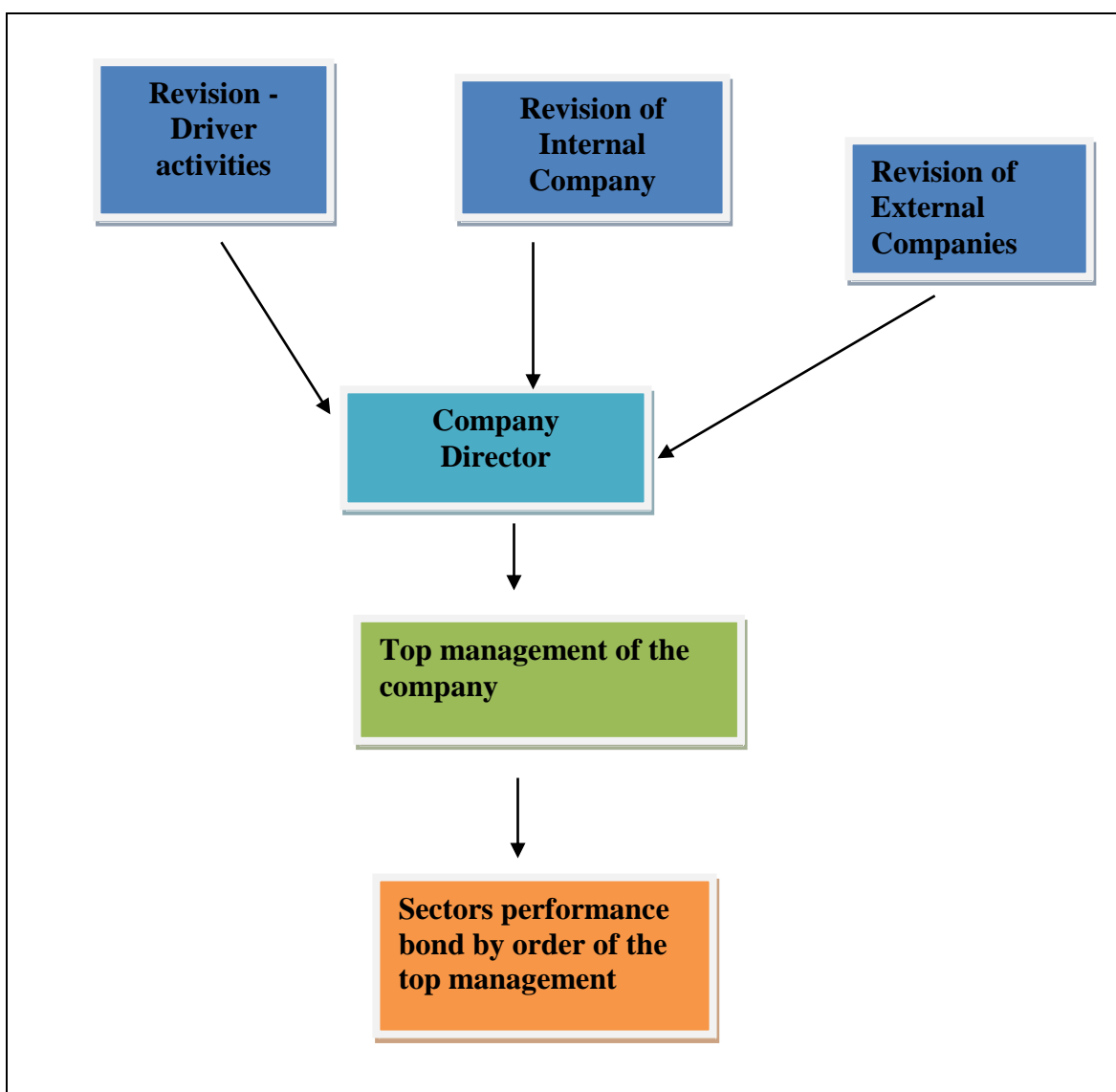


Fig. 1 - Only the movement of the sources of decision-making across the enterprise managers to the execution of decisions

2. The objectives of the audit it in an agricultural company

It audits can run really functioning of audit work in the company. This applies equally to agricultural enterprises, especially as this is basically a production company. In this sense, the authors cited possible targets that can be formulated with the definition of risk interval. A higher number means higher nominal risk to top management. I see the defined goals and the possible risks interval authors are given in Table No. 1

Table No. 1. Possible targets encourage audit

| Ordinal number | Objectives audits in agricultural enterprises | Defined and the proposed interval of risk |
|----------------|--|---|
| 1 | The existence of written procedures top management | 1-5 |
| 2 | Whether the records comply with documentation | 1-5 |
| 3 | The existence of separation of functions | 1-5 |
| 4 | Determining the accuracy of the documentation | 1-5 |

| | | |
|----|--|-----|
| 5 | Account control companies in banks | 1-5 |
| 6 | Implementation of systematization | 1-5 |
| 7 | Implementation of harmonization | 1-5 |
| 8 | Implementation standardization | 1-5 |
| 9 | The existence of the confidentiality of documents | 1-5 |
| 10 | The existence personal income | 1-5 |
| 11 | The existence of a periodic and constant control of | 1-5 |
| 12 | The existence of protective codes in the automatic processing of data and codebook access to certain company codes | 1-5 |

Source: Production authors.

3. Collect relevant information from top management in order to make the proposal to top management

The realization of the new role of internal audit can be achieved by obtaining data from top management but also full-time employees, but also from other relevant sources. As a general and a model of conduct authors melting tabulation table in two possible initial display whether carried out by those responsible for certain positions or not. After treatment suggestions of improvements. It initiated the audit in this case.

Table No. 2. General data Collection Company

| Ordinal number | Description initiated research audit | Reply responsible persons | |
|----------------|---|---------------------------|----|
| | | Yes | No |
| 1 | Is access to the data has authorized person | | |
| 2 | Is there a lock rooms with equipment | | |
| 3 | Does access to rooms with equipment changing any personnel changes within the company | | |
| 4 | Do you prescribe update persona (permanent employees) | | |
| 5 | Do you prescribe update code | | |
| 6 | Do you prescribe update Director | | |
| 7 | Do you prescribe TESTING SYSTEM SECURITY | | |
| 8 | Do you prescribe financial controls | | |
| 9 | Do you prescribe CONTROL tax payments | | |
| 10 | Do stipulates payment for each worker's personal income for each month of the fiscal year | | |
| 11 | Do you prescribe control sick workers | | |
| 12 | Whether orders for the payment of workers and other payments controlled automatically | | |

Source: Production authors.

Accordingly audit processes that are initiated within any sector, including the agricultural sector must take into account the general process of planning initiatives with top management. This achieved good cooperation, and with him the participants luck several times when it is necessary to remember already agreed activities which are essential announced.

Planning with control speaks to top management includes:

- Establishing the basic purpose of general communications;
- Defining the data that are the essence of interest;
- Timely inform the invited person meeting,
- keeping track of time when the audited has the most work;

- conducting a business meeting in the office of your interlocutor (the legal entity, if it does not insist that it be elsewhere);
 - It is important to be a participant in an environment where he feels comfortable and that you do not interrupt the conversation;
- In addition, this will allow the caller to speak without fear of him to hear someone else;
- explain the purpose of the meeting;
 - pre-obtaining the requested information;
 - Preparation of documentation you need to carry with you;
 - stress the important questions that required answers.

To perform these tasks it is necessary to take into account:

- the person with whom the interview is done,
- pleasant atmosphere in which to feel interest to another participant,
- respect for anyone in the business conversation,
- show interest;
- avoiding everything that could point to disagreement, disapproval or disbelief about what you've heard in a business conversation;
- no negative comments without denying all mentioned above;
- seeking clarifications where necessary;
- Without debate;
- preparedness for responses that will signal that the person you are talking with is not safe or does not understand what is said in business communication;
- reflect on the responses received,
- evacuation fact from opinion and
- Then determine the direction of future operations.

All these activities are undertaken in order to reduce risk. Thus it can be said that the overall process of economic activities may be based on risk reduction.

An example of the schematic authors gives to fig. number 2.

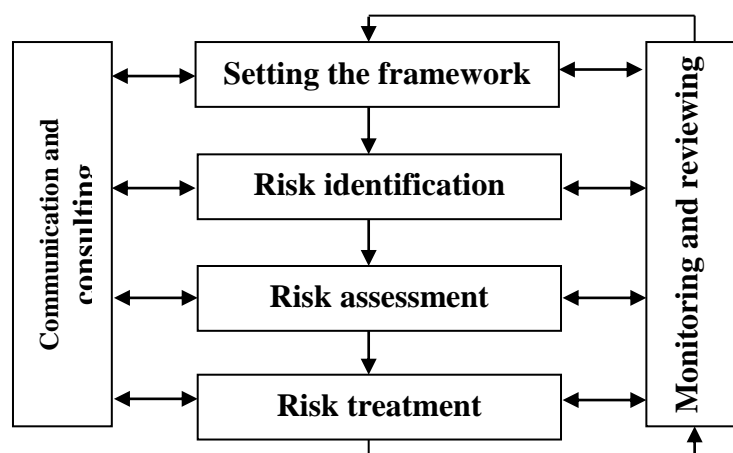


Figure 2: The Risk Management Process

Exposed be interpreted as extremely important for a large number of agricultural enterprises. The same must do well to treatment at all levels of management, with previous statistical treatment [19]. This can be seen in the context of different production cycles in agriculture [20], [21], [22]. The aim of such observation manufacturing companies is to improve the existing production and improving the future.

4. Rating different types of audit tests after sampling

Normal functioning of the company is possible if you just manage it properly initiated based on the changes, where the IT audit initiates (can give the initiative), with the aim of management assurances the legality and regularity

of which were noted. Therefore, tests are used. Debugging occurring after testing usually indicates that the auditor did not understand the way the system works, in theory or in practice. This usually indicates that the system does not work as planned, and documented. The auditor therefore needs to "update" their understanding and documentation relating to the operation of the system.

Error established through "walking through the system" testing can sometimes indicate that the planned specific control process or left out only in that specific transaction. The auditor should record such a mistake and that the element included in future samples. In addition, the auditor should conduct another "travel through the system" test on the second element in order to verify the proper functioning of the system.

Compliance tests are designed to assess the practical effectiveness of the existing internal control framework. Such tests provide evidence of the effectiveness of controls to reduce material risk to the organization, such as. the possibility of loss of physical assets. The controls are a preventive measure.

The absence of controls or their poor performance indicate that there has been some loss, but still indicate that error, whether accidental or not, cannot be detected and corrected. This increases the risk of occurrence of errors, and the organization becomes more susceptible to fraud and corruption. Wherever possible, internal audit focus on control rather than on testing of transactions, since the control is a preventive measure that can prevent the loss, and the testing of transactions reveal losses only after they have occurred.

In assessing the results of tests of conformity is therefore important to stress that the weaknesses increase the risk, or that control tests usually do not reveal the loss itself. Where the controls are weak, the auditor usually complements the essential quality control test assays can provide evidence on the magnitude of the loss occurring in association as a result of poor control frame.

The essential tests of individual transactions may provide evidence of the correctness of processing group transactions. These tests can be used as an indirect way to determine whether the controls are functioning satisfactorily in practice, although they do not differentiate between transactions that are verified as valid and those that are valid, but are not checked. However, only fault detection provides evidence that the control system is not functioning efficiently. Accordingly, the essential tests can provide confirmation of when it comes to the control system that is not working properly, or is unlikely to provide substantial evidence when it comes to control system functions effectively.

The conclusions regarding the substantive test should therefore be noted that do not provide positive evidence of the internal control system. However, unlike the control testing, these tests can be used to estimate the losses incurred in the entire population, based on the degree of perceived losses in the sample.

Testing of weakness should be treated the same as a detailed test whether a given test applied to specific subgroups of the original population which shows some disadvantages, for example: all payments are processed by a particular individual.

The purpose of reporting the results of audit tests is to provide the management of data related to the functioning of the financial, accounting and operational systems. To assist management, internal audit and information you need to present a clearer and more understandable.

5. Conclusions

It is possible revisions and realistic revision that can contribute to improving the management of management. Based on the given sampling must be relevant to one of the first activities is the analysis of the test work for any company.

On the basis of a given platform can be expressed valid recommendations in the form of a report to be submitted to management.

Recommendation It was created on the basis of the audit initiated by the leadership of the report can clearly see the following:

- importance of the test or control of the transaction;
- the nature and purpose of the conducted tests;
- the results of these tests, a standard format such as the degree of correlation;
- firm conclusion on whether there is a control, or whether a particular transaction is valid;
- the impact of the findings on the effective functioning of the organization;
- recommendations to management regarding the measures to be taken regarding the detected weaknesses.

It can contribute to improving of audit work. The author points to the fact that such audits can provide real benefits for most companies, especially manufacturing companies which include the agricultural enterprises. This is important in transitional countries such as the Republic of Serbia, and can be applied in other countries in the region.

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