

BRIEF INCURSION IN THE EVOLUTION OF INTERN AUDIT

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Abstract

With the contemporary world, the internal audit activity is well organized, found in over 80 national institutes which are part of the Institute of Internal Auditors (IIA), whose headquarters is in the U.S., Orlando. This activity is conducted in accordance with the Internal Auditing Standards promoted by the Institute of Internal Auditors (IIA). Internal auditing is an independent, objective assurance and consulting designed to increase value and improve an organization's operations. It helps the organization meet its objectives, assessing, through a systemic approach and methodical processes of risk management, control and management of the organization and making proposals to strengthen the effectiveness of the entity. [1]

A review of the history audit provides a sound basis for understanding modern audit objectives and techniques of interpretation changes and its assimilation in detail all aspects characterizing the audit.

Keywords: audit, evaluation, diagnosis, stages, internal audit

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1.Introduction

Etymologically the term comes from the Latin word "Listening" which means to listen, to hear. [2] As has extended its semantic and took directions well to examine, verify, review. Audit word of Latin origin, converted for Anglo-Saxon practice, means today, in the strict sense, reviewing accounts with independent experts in order to express an opinion on the regularity and their sincerity. Audit talking about the time of the Assyrians, Egyptians, during the reign of Charlemagne or of Edward I of England. [3] We should also note that the Explanatory Dictionary of the Romanian Language (DEX) to find the right word audit following definitions based revision control and accounting of a company, the process by which competent persons self collect and assess evidence to form an opinion on the degree of correlation between the observed and certain predetermined criteria. [4]

Audit is the process conducted by individuals or legal entities authorized, called auditors, which analyzes and evaluates, professionally, information about a particular entity, using specific techniques and procedures in order to obtain evidence, called audit evidence upon which the auditors issued a document called audit report responsible and independent opinion, by using the evaluation criteria resulting from legal requirements or good practice widely recognized in the audited entity operates. [5]

We note that in different periods were used terms containing close, but different, such as control, maintenance, inspection, supervision, accounting expertise, testing, etc.. Each singular term translates into:

- comparing the current situation with that which should exist;
- establish risk and analysis of deviations;
- propose and recommend measures to facilitate the achievement of the entity's objectives.

These terms may have different in scope and may be based on some specific investigative techniques and procedures. [6] Often confused with other notions audits and evaluation and / or diagnosis.

The audit generally consists of a set of interrelated activities (process) carried out by the auditors or by other experts, based on their theoretical and practical knowledge in the following assignments from specific organs and analyze information operations of an entity or on an activity in order to provide assurance through an opinion or in the formulation of recommendations [7].

For delineation of the concept of audit is necessary to explain these terms with connotations apparently identical to the audit. Thus according DEX (Explanatory Dictionary of the Romanian language), the assessment is presented as an appraisal, calculation, estimation, measurement, appreciation, thinking, action and evaluate its outcome. On the other hand the diagnosis can be defined as the method used by management based on the establishment of a multidisciplinary team consisting of managers and performers, whose main content is to

identify the strengths and weaknesses of the analyzed domain, identifying causes that generate them, completed with recommendations for corrective or development. [8]

2. Audit through the definitions given by experts in the field

Literature given space definition important aspects of audit. If we refer to the definition given in 1978 by HF Stetler an audit means a review actually a meeting or a hearing before making an assessment or appraisal.

Collins, L., Valin, G. defining the audit as being an information professional examination in order to express an opinion responsible and independent with regard to this information, given the reference to the quality criteria, the goal is to increase the usefulness of the information. The audit is everything a manager should do to ensure that it has a good control of the situation if they had time and if they knew how to do [9].

If we focus attention on the literature in 1973, we find a definition of the audit in the Declaration on the basic concepts of auditing, definition commonly used increasingly by contemporary specialists. Therefore audit is a systematic process of objectively obtaining and evaluation of claims of economic actions and events with a view to assessing the compliance of these statements predetermined criteria, and communicating the results to interested users. [10].

From these definitions we can conclude that previously played the final objective of the audit process, regardless of type, is to improve the use of information by communicating the results to interested users. [11]

3. The audit reported

The fall of the Roman Empire history caused a decline in economic and social life in Europe. Italian cities were the first who came from economically and internal audit over the current practice. Auditing practices to the sixteenth century were principally to verify the sincerity of people with financial responsibilities. Early eighteenth century shows audit as ordered by kings, emperors, church and state, which had as its main objective the prevention of fraud and punish acts of thieves in order to protect its heritage. The auditors were appointed from among the priests and receive their moral qualities. [12] Knead history during the eighteenth century and the middle of the nineteenth century brought to the fore changes that auditors should be chosen from among the best accountants. The audit expands coverage by punishing those who produce fraud and possible solutions for correcting inconsistencies. In the period before the Industrial Revolution, techniques and audit purposes have not changed much. Instead, its scope has broadened considerably, being audited and manufacturing companies or industrial nature start to appear. [13]

Late nineteenth century brings to the fore the election of auditors from specialists in the field. They had as main objective realities certification so that favored avoid errors and fraud. In the nineteenth century were greatly expanded industrial businesses in the UK, a situation which has enabled the start of the audit work. The development of economic activity led to a sizing functions between owners, managers and creditors of each organization as the lead organization began to be taken over by professionals, owners began to be interested in how their capital is used and protected. Thus, after the mid-nineteenth century, the owners are starting to devote some time and correctness of managerial work, but realize that this requires a qualified, independent of management. This is where independent professionals demand increases and status auditor takes shape, developing very fast.

In 1886 begin to take shape the new objectives of the audit practice companies. This situation was due to fraud and error detection placing responsibility in the work of managers. An important contribution to the establishment of audit practices and techniques had American experience by giving exhaustive verification for the checks. They now began to recognize the importance of internal control by establishing links between the effectiveness of internal control and scope of audit procedures. Audit manuals put on the market in 1910 played in unanimously as the first step in the audit of internal control testing. Thus began unifying and standardizing audit practices. 1917 brings to the fore the issue of a professional guide are playing an audit parameters.

Period of economic crisis in the United States since 1929, marked by a strong recession is when the audit period begins to be used hereunder. Also now for recovery companies have sought solutions to reduce costs and increase efficiency. To achieve these objectives the major entities have turned to external audit offices and later organized their own internal audit departments. We can not move on without mentioning that during this period investors and the public allegations launched by accounting on losses. It is noted that the crisis was not only economic but also a crisis of quality accounting information provided. [14]

1932 marked the work of The Management Audit of the UK TG Rose, pioneering work that for the first time ers use concept of management audit. Economic crisis were felt worldwide economic reason since 1933 NYSE decided annexation compulsory audit report for listed companies. This report should be prepared by an

independent auditor. After this turning point, time orientation remained audit by accounting, focusing only on certified scales performance in this area and not those of the management.

In Webster's Dictionary, second edition 1973 audit was still defined as a research that consists of examining and verifying records and accounting documents concerning the society in general (organization, company, institution), or its affairs, the final report of such examination. [15]

It's time the first phrases are commonly used examination and verification and final report. The purpose is to provide an accounting audit assurance on the regularity, legality compliance and asset movements associated records, income, expenses and results.

The last two decades highlight the shift from research, assessing the quantitative dimension, mainly economic to investigate, estimate the qualitative dimension of organizational processes. Such audit report was not based solely on financial and accounting information but began to answer as many questions on the assessments, evaluations, examinations, and security management and decision quality. In 1986 the American National Standards Institute (ANSI) defined audit as a systematic examination of the actions and decisions of people in relation to performance, consisting of a verification or independent assessment of the appropriateness of the transaction requirements or specifications quality requirements and contractual requirements related products and services. Since 1990 in all developed countries has been strengthened audit management process as practice.

The year 1999 brings to the fore a new definition of internal audit, IIA issued U.S. definition given after completion of a study by students. Therefore internal audit is an independent and objective assurance gives an organization the degree of control held over operations, guides to improve operations and contribute to adding value.

4. Stages of audit

Internal audit helps the organization to achieve its objectives, evaluating, through a systematic and methodical approach, its processes management risk, control and governance arrangements, and making proposals to enhance their effectiveness. For a detailed knowledge of the dynamics of the objectives and methods used in the audit process, and the stages of shaping and development of the general framework we present a systematic action in the **Table. no. 1**, the main steps for the evolution process audit, objectives and methods used by it.

Table no. 1. Stages of audit

Period	Objectives	Methods
➤ Stage I – Prehistory (until 1850)	Highlighting the work efficiency, preventing abuse	Detailed verification of social factors
➤ Stage II – Appearance audit (1850-1905)	Highlighting abuse	The control units (including independent testing items)
➤ Stage III – Professional training (1905-1933)	Highlighting accurate the image of the financial situation of the client	General controls and components
➤ Stage IV – Defining the profession profesiei (1933-1940)	Highlighting accurate the image of the financial situation of the client and detection of errors	Testing
➤ Etapa a V-a – Current situation (1940-prezent)	Highlighting the effectiveness of internal control	Standardizing methods

Source: Marin, I., *Human resources audit*, Economic Publishing House, Bucharest, 2011, pg. 13.

5. Conclusions

This review audit history helps us better comprehension changes related to the objectives and techniques of internal audit and found the necessity to combine the auditor's professional accounting knowledge with other knowledge in various fields such as legal, management, analysis, ethics etc. Therefore we can say that in front of an environmental auditor complex, uncertain, should answer two main questions, namely: What to do? What to do? Therefore the auditor should make recommendations for general guidance and practical advice to be given course of action and appropriate means of correcting the situations encountered, and the formulation of quantitative and qualitative improvements. Consequently lack of auditor contemporary recipes put in a position to make important decisions, without being influenced by extra-factors. With all these considerations, we can state that the audit was presented transformed from exhaustive verification in a spot check for the

formulation of a qualified audit opinion, with the respect of an accurate image of reality as existing in society. Thus the identification of fraud and error is the background of work to increase the credibility of the auditing profession

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