

Integrated Audits Job Interview Questions And Answers



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Integrated Audits Interview Questions And Answers Guide.

Question - 1:

Tell me what is internal audit?

Ans:

Internal audit is a continuous review of operations and records undertaken within the business and is normally done by specially assigned staff. It should operate independently of all the internal check and in no case should divest any one of the responsibilities placed upon him. Internal auditing is an independent appraisal activity within an organization for the review of operations as a service to management. It is managerial control which functions by measuring and evaluating the effectiveness of other controls.

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Question - 2:

List the role of Internal Audit?

Ans:

- * Reliability and integrity of the information.
- * Compliance with the policies, plans, procedures, laws and regulations.
- * Safeguarding of assets.
- * Economical and efficient use of resources.
- * Accomplishment of established objectives and goals for operations or programs.

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Question - 3:

What are the different functions of Internal Audit?

Ans:

The function of internal audit is concerned with analysis of internal check. The internal audit can look into the duties of each employee. All employees are provided jobs on the basis of their abilities. The auditor can test the effectiveness of internal check. The function of internal audit is examining the application of legal requirements.

Confirmation of liability is a function of internal auditor can determine the work done by every person. The carelessness or negligence on the part of worker is noted. The concerned person is given a chance to explain his position. If the reason is not justified, the liability is confirmed. The function of internal audit is to examine the assets protection. The proper record is to be maintained. The possession must be in the hands of senior officer. The assets are used for business only. There are proper purchase and disposal of these assets. The internal auditor can check that assets are protected.

The accounts are prepared under certain legal frame work. Verification of accuracy is a function of internal audit. The accuracy of accounting books and records can be verified with the help auditing techniques. The audit techniques include inspection, observation, inquiry, confirmation, computation and review. An auditor can check the accuracy through these techniques.

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Question - 4:

List the basic principles of internal audit controlsystem?

Ans:

The basic principles of financial internal control are explained below:

- * Financial and accounting operations must be separated that is the handling of cash and the recording of the movement thereof should be done by different persons. Responsibility for the performance of the job must be clearly stated so that there may be no room for doubt or confusion subsequently.
- * Too much confidence should not be pinned in one individual. Nearly all frauds have been committed by trusted officials or employees. It is interesting to note that frauds have occurred owing to their being trusted. Relation principle relating to transfer of an employee from one job to another should be the inflexible guiding rule. This is an effective safeguard against collusion and is recognized as an important canon of sound organization.
- * Mechanization of the work wherever feasible and practicable should be resorted to, mechanical devices such as cash register, recording time clocks, calculation machines should be introduced. A system of control accounts should elegantly be fitted in the book keeping system.
- * The work should be so arranged that work done by one employee should be properly checked by independent employee. Such continuous and constant checking goods moral control and the errors and the frauds cannot go undetected.

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Question - 5:



What you know about the importance of evaluating an internal audit department?

Ans:

Significance of Internal Auditing:

Internal auditing refers to an assessment activity managed within a corporation as a check to the entity. Its main function is to monitor control within the corporation. The task of internal auditing is determined by organization itself, and its goals differ from those of the external auditor who is appointed to report independently. The depth and goals of internal auditing vary widely and depend on the volume and structure of the body and the requirements of its administration. Ordinarily, the importance of internal auditing can be seen by one or more of the following:

- 1) Implementing and monitoring of sufficient internal control. That is the duty of management that demands proper attention on a permanent basis. Internal auditors are ordinarily assigned definite task by management for reviewing controls, monitoring their function and suggesting improvements for them.
- 2) Inspection of monetary and operational information. This may include review of the means used to recognize, determine, categorize and report such information and definite inquiry into individual items as well as in depth testing of balances, transactions and procedures.
- 3) Review of the economy, effectiveness and efficiency of operations including non-financial controls of the corporation.
- 4) Review of fulfillment of laws, regulations and other external requirements and compliance with administration policies and commands.

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Question - 6:

What you know about before an audit processes?

Ans:

- * Make sure the authority of the audit team is established - this will increase the cooperation from audites.
- * Decide what areas of the company will be audited and the frequency of the audits. Prepare a yearly audit schedule and distribute.
- * Develop an audit plan. Decide what other audit resources are needed - checklists, other auditors?
- * Determine the purpose of the audit - is it to comply with government regulations, quality standards, internal procedures and systems? v Define the scope of the audit - is it an overview of the area being audited or is it to concentrate on a specific system within the area?
- * Hold a meeting with the auditors to discuss the plan, purpose, and scope of the audit.
- * Read the documents you will be auditing against. Know what they say. Develop questions to ask the auditors.
- * Conduct an opening meeting with the audites.

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Question - 7:

Tell me what is the importance of internal audit to the organization?

Ans:

An audit helps keep track of where the money is going and makes sure the money is going where it is supposed to and not in someone's pocket. An audit can also help a company know if it is losing or making more money.

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Question - 8:

Can you please explain the difference between internal audit and statutory audit?

Ans:

An internal audit is one which is conducted by the internal auditors of the company. It is not mandatory for the company and the company just conducts it to keep a check on the operations of the company. On the other hand statutory audit is very important because it is by the external auditors and it is mandatory for all kinds of companies. Statutory audit is usually conducted for various purposes like tax regulatory requires it for taxation purposes.

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Question - 9:

Define the new approach for integrated audits?

Ans:

The modern approach permits one audit of an audit-able entity with one comprehensive report. One additional benefit is that this approach assists in staff development and retention. This publication address the four basics phases of a modern integrated audit approach:

- * Planning
- * Evaluation
- * Testing
- * Reporting

This enclosed work program addressing each of these phases in standard work paper format using MS Word to facilitation modification to each Audit Department? Standards and to complete each audit efficiently.

The work program contains over 50 steps required to complete an audit using this approach.

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Question - 10:

Can you explain the difference between internal audit and external audit?

Ans:

Internal audit nothing but the checking the product that you produced.

External audit is checking your product by your customer.

Here it means you may not find mistakes in your processes but a third man who comes and check the system he may see some deviations in the system and give suggestions for the improvements of the system.

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Question - 11:

How to evaluate the internal control audit?



Ans:

Compliance procedures are tests designed to obtain reasonable assurance that these internal controls on which audit reliance is to be placed are in effect. The auditor can test the functioning of the controls and not the transactions. He can check the exceptions and departure from suggested internal control. When there is strict supervisory control the staff can not digress from prescribed control procedures. Compliance procedures can be applied with the help of audit sampling. The samples can be selected from various categories of transaction in order to test the control aspect. He can examine evidence through inspection of signature. He can apply re performance and observation techniques. He can check custodial control over assets. He can examine the segregation of duties. He can go through supervisory controls. The auditor can test all the items included in the sample. The compliance procedures can ensure the auditor that internal control exists. The control is operating effectively. The control has so operated throughout the period of intended reliance.

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Question - 12:

Define integrated audit?

Ans:

The modern integrated audit approach combines elements of several traditional audit areas including financial, operational, and information technology.

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Question - 13:

Do you know how to do an internal audit effectively?

Ans:

With internal audit we always need to be careful of any manipulations within the company itself. Errors and frauds within the company cannot be denied /overlooked at any cost.

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Question - 14:

Define internal quality audit? What happens during internal quality audit?

Ans:

If your organization is CMM level 5, It has some set of process, which needs to be followed. Now, audit happens internally to check if all the processes are followed as per the rules set/ templates, proper frequency. During the audit, auditor asks questions to verify the same. If some set of processes are not followed, auditor gives NC (Non Compliance) for that, which should be rectified within 2 weeks time.

[View All Answers](#)

Question - 15:

What is Internal Audit Charter?

Ans:

Internal audit charter is basically a delegation or grant of authority from a person or organization of authority to another person or organization. The purpose of an internal audit charter is to compel the departments that need to be audited to provide the information required by the auditor. Without this charter or similar authority most managers wouldn't see any benefit to being audited and would likely refuse to provide anything the auditor needed.

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Question - 16:

What Internal Audit Charter describes?

Ans:

This charter describes the mission, independence and objectivity, scope and responsibilities, authority, accountability and standards of the Internal Audit function.

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Question - 17:

List the disadvantages of Internal Audit?

Ans:

Disadvantages are following:

- * Internal audit is not acceptable by the shareholder.
- * There can be errors in internal audit because he is not an auditor.
- * And there are some more.

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Question - 18:

List the advantages of Internal Audit?

Ans:

Advantages of Internal Audit are following:

- * It is in-expensive.
- * No chartered accountant is required to audit internally.
- * Errors will be removed before preparing financial statements.
- * There will not be any type of embarrassment in the society because errors have been removed.
- * Accounting staff will remain in pressure so record will remain update every time in the organization.

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**Question - 19:**

Define that recording is an essential feature of internal audit?

Ans:

Recording is an essential feature of internal audit. The auditor can record the facts and figures in order to express his views in the business activities. The audit note book and audit working papers are used to record the information. Independence is essential element of internal audit. The work of internal audit is done by an employee of the company. He must not be influenced by management. He must be free in developing audit program, audit investigation and audit reporting.

[View All Answers](#)

Question - 20:

Define that planning is an essential feature of internal audit?

Ans:

Planning is an essential feature of internal audit. The auditor can plan to check the accounting system. The plan may relate to accounting functions like purchase, sales, income, expenses and shares. The planning includes degrees of risk and extent of audit. It also states the nature of audit work. Controlling is an essential feature of internal audit. Auditor can examine the operations of accounting system. He can control audit work through audit program. The whole audit work is distributed among audit staff.

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Question - 21:

Define statutory audit?

Ans:

Statutory audit is very important because it is by the external auditors and it is mandatory for all kinds of companies. Statutory audit is usually conducted for various purposes like tax regulatory requires it for taxation purposes.

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Question - 22:

Define internal audit?

Ans:

Internal audit is one which is conducted by the internal auditors of the company. It is not mandatory for the company and the company just conducts it to keep a check on the operations of the company.

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Question - 23:

Explain what are the importance of evaluating an internal audit department?

Ans:

Significance of Internal Auditing:

Internal auditing refers to an assessment activity managed within a corporation as a check to the entity. Its main function is to monitor control within the corporation. The task of internal auditing is determined by organization itself, and its goals differ from those of the external auditor who is appointed to report independently. The depth and goals of internal auditing vary widely and depend on the volume and structure of the body and the requirements of its administration. Ordinarily, the importance of internal auditing can be seen by one or more of the following:

- 1) Implementing and monitoring of sufficient internal control. That is the duty of management that demands proper attention on a permanent basis. Internal auditors are ordinarily assigned definite task by management for reviewing controls, monitoring their function and suggesting improvements for them.
- 2) Inspection of monetary and operational information. This may include review of the means used to recognize, determine, categorize and report such information and definite inquiry into individual items as well as in depth testing of balances, transactions and procedures.
- 3) Review of the economy, effectiveness and efficiency of operations including non-financial controls of the corporation.
- 4) Review of fulfillment of laws, regulations and other external requirements and compliance with administration policies and commands.

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Question - 24:

Explain statutory audit?

Ans:

It is a compulsory audit done by a CA.

Finance Audit conduct by the CA to compliance the legal requirements of monetary issues.

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Question - 25:

Tell us before an audit processes?

Ans:

- * Make sure the authority of the audit team is established - this will increase the cooperation from auditees.
- * Decide what areas of the company will be audited and the frequency of the audits. Prepare a yearly audit schedule and distribute.
- * Develop an audit plan. Decide what other audit resources are needed - checklists, other auditors?
- * Determine the purpose of the audit - is it to comply with government regulations, quality standards, internal procedures and systems? v Define the scope of the audit - is it an overview of the area being audited or is it to concentrate on a specific system within the area?
- * Hold a meeting with the auditors to discuss the plan, purpose, and scope of the audit.
- * Read the documents you will be auditing against. Know what they say. Develop questions to ask the auditors.
- * Conduct an opening meeting with the auditees

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**Question - 26:**

Tell me how to do an internal audit effectively?

Ans:

With internal audit we always need to be careful of any manipulations within the company itself. Errors and frauds within the company cannot be denied /overlooked at any cost.

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Question - 27:

What are different functions Of internal audit?

Ans:

The function of internal audit is concerned with analysis of internal check. The internal audit can look into the duties of each employee. All employees are provided jobs on the basis of their abilities. The auditor can test the effectiveness of internal check. The function of internal audit is examining the application of legal requirements.

The accounts are prepared under certain legal frame work. Verification of accuracy is a function of internal audit. The accuracy of accounting books and records can be verified with the help auditing techniques. The audit techniques include inspection, observation, inquiry, confirmation, computation and review. An auditor can check the accuracy through these techniques.

Confirmation of liability is a function of internal auditor can determine the work done by every person. The carelessness or negligence on the part of worker is noted. The concerned person is given a chance to explain his position. If the reason is not justified, the liability is confirmed. The function of internal audit is to examine the assets protection. The proper record is to be maintained. The possession must be in the hands of senior officer. The assets are used for business only. There are proper purchase and disposal of these assets. The internal auditor can check that assets are protected.

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Question - 28:

Explain an Internal Audit and what is the role of Internal Audit?

Ans:

The internal audit is a continuous review of operations and records undertakes within the business and is normally done by specially assigned staff. It should operate independently of all the internal check and in no case should divest any one of the responsibilities placed upon him. Internal auditing is an independent appraisal activity within an organization for the review of operations as a service to management. It is managerial control which functions by measuring and evaluating the effectiveness of other controls.

To achieve its objectives the auditor has to review the following areas:

- * Reliability and integrity of the information.
- * Compliance with the policies, plans, procedures, laws and regulations.
- * Safeguarding of assets.
- * Economical and efficient use of resources.
- * Accomplishment of established objectives and goals for operations or programs.

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Question - 29:

What is an internal quality audit? What happens during this audit?

Ans:

If your organization is CMM level 5, It has some set of process, which needs to be followed.

Now, audit happens internally to check if all the processes are followed as per the rules set/ templates, proper frequency. During the audit, auditor asks questions to verify the same. If some set of processes are not followed, auditor gives NC (Non Compliance) for that, which should be rectified within 2 weeks time.

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Question - 30:

Explain what does an Internal Audit Charter contain?

Ans:

This charter describes the mission, independence and objectivity, scope and responsibilities, authority, accountability and standards of the Internal Audit function.

A charter is basically a delegation or grant of authority from a person or organization of authority to another person or organization. The purpose of an internal audit charter is to compel the departments that need to be audited to provide the information required by the auditor. Without this charter or similar authority most managers wouldn't see any benefit to being audited and would likely refuse to provide anything the auditor needed.

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Question - 31:

Explain different advantages and disadvantages of internal audit?

Ans:

Advantages of Internal Audit are following:

It is in-expensive.

No chartered accountant is required to audit internally.

Errors will be removed before preparing financial statements.

There will not be any type of embarrassment in the society because errors have been removed.

Accounting staff will remain in pressure so record will remain update every time in the organization.

Disadvantages are following:

Internal audit is not acceptable by the shareholder.



There can be errors in internal audit because he is not an auditor.
And there are some more.

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Question - 32:

Explain the Essential Of Internal Audit?

Ans:

Planning is an essential feature of internal audit. The auditor can plan to check the accounting system. The plan may relate to accounting functions like purchase, sales, income, expenses and shares. The planning includes degrees of risk and extent of audit. It also states the nature of audit work. Controlling is an essential feature of internal audit. Auditor can examine the operations of accounting system. He can control audit work through audit program. The whole audit work is distributed among audit staff.

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Question - 33:

Explain how we can evaluate the internal control audit?

Ans:

Compliance procedures are tests designed to obtain reasonable assurance that these internal controls on which audit reliance is to be placed are in effect. The auditor can test the functioning of the controls and not the transactions. He can check the exceptions and departure from suggested internal control. When there is strict supervisory control the staff can not digress from prescribed control procedures. Compliance procedures can be applied with the help of audit sampling.

The samples can be selected from various categories of transaction in order to test the control aspect. He can examine evidence through inspection of signature. He can apply re performance and observation techniques. He can check custodial control over assets. He can examine the segregation of duties. He can go through supervisory controls. The auditor can test all the items included in the sample. The compliance procedures can ensure the auditor that internal control exists. The control is operating effectively. The control has so operated throughout the period of intended reliance.

[View All Answers](#)

Question - 34:

Explain how does the internal audit differ from an external audit?

Ans:

Internal audit nothing but the checking the product that you produced.

External audit is checking your product by your customer.

Here it means you may not find mistakes in your processes but a third man who comes and check the system he may see some deviations in the system and give suggestions for the improvements of the system.

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Question - 35:

What is that new approach for integrated audits?

Ans:

The modern approach permits one audit of an auditable entity with one comprehensive report. One additional benefit is that this approach assists in staff development and retention. This publication address the four basics phases of a modern integrated audit approach:

Planning
Evaluation
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Reporting

This enclosed work program addressing each of these phases in standard workpaper format using MS Word to facilitation modification to each Audit Department?s standards and to complete each audit efficiently.

The work program contains over 50 steps required to complete an audit using this approach.

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Question - 36:

What is an integrated audit?

Ans:

The modern integrated audit approach combines elements of several traditional audit areas including financial, operational, and information technology.

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