



## INTERNAL AUDITING : A TOOL OF CONTROL

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### ABSTRACT

*The aim of this study is to investigate the role of internal auditing in controlling the performance of Jordanian industrial companies. To achieve the study objective, the researcher distributed a questionnaire to (150) of the employees in the Jordanian industrial companies, (91) questionnaires were returned which was (60.67%). In addition, the study attempted to verify the basic hypotheses and that of the study. On order to analyze the data, the researcher used the Mean, Standard Deviation, Percentages, and T-test. The result of the study revealed the presence of a very high degree relationship between the independence and objectivity of the internal auditor and his ability to control financial and*

*administrative performance with (89.2%), also there is a very high degree relationship between the adoption of clear criteria-tools for internal auditor and his ability to control the financial administrative performance with (75.76%). Based on the result of hypotheses tested, the two null hypotheses of the study were rejected. In the light of the finding, the researcher gave a number of recommendations that are necessary to achieve the competitive advantages and quality assurance. The results of this study revealed that the internal audit function is one of the basic functions in Jordanian industrial companies and the internal auditor has the ability to discrimination indicator mistakes and distortions in the records and financial statements.*

**KEYWORDS :** *financial administrative performance , Standard Deviation, Percentages, and T-test.*

### INTRODUCTION :

Review term originates from the Latin word review - auditare, which has the criticalness „ to tune in", yet about the review had been talking since the hour of Assyrians, Egyptians, from the rule of Charles the Great or Edward I of England. The event of inward review and outer review is firmly connected to advancement of the financial emergency of 1929 in the United States, as indicated by the authority Jacques Renard, when organizations were completely influenced by the monetary withdrawal. Bosses were keen on lessening assessments and expenses so all records containing exchanges creating charges and fees,, have been completely broke down so as to discover the chance of diminishing the assessable stock or exchanges for which expenses were paid inappropriately". As recently expressed in the section we understand how far we are in time from 1929 and incomprehensibly how comparative we are influenced by the present emergency. Review practice has a significant encounter as we utilize different terms, for example, investigation, control, amendment, checking, evaluating, and supervision. Every one of these terms suggests:

- contrasting the real circumstance and the circumstance that ought to be; - foundation and examination of the deviations and dangers; - proposition or suggestion of measures to add to the accomplishment of the element or to give right data. These terms may have an alternate degree and might be founded on some particular examination systems and techniques. Review period, by and large originates from the Latin word „audire"- to tune in and advise others. In Anglo-Saxon nations today, the term means a redesign of bookkeeping and other data, performed by an autonomous expert so as to communicate a sentiment on the consistency and genuineness evaluated data. Review when all is said in done, is a methodical procedure of dispassionately acquiring and assessing the data or articulations to evaluate their level of consistence with foreordained criteria, and correspondence of results to intrigued clients. The review comprises of checking and confirming the budget reports by a free master to give a sentiment on the realities and exactness of the information contained in that. The job of review is to give clients data on the standards and bookkeeping practices and bookkeeping and introduction of budget summaries precise picture, clear and complete budgetary position and money related execution of the organization.

### **1. OBJECTIVE OF THE STUDY :**

1. To know the idea of inner inspecting
2. To investigation the changing job of inner review.

### **METHODOLOGY :**

This examination depends on optional information gathered from books, magazines, and Government production and so forth. To know the idea and changing job of interior review.

### **INTERNAL AUDIT :**

Generally, interior review has been considered as a checking capacity, the "hierarchical police officer and guard dog" endured as an important segment of authoritative control however regarded subservient to the accomplishment of major corporate goals. Be that as it may, Institute of Internal Auditors, characterizes inward inspecting as "an autonomous examination work, set up inside an association to look at and assess its exercises as a support of the association". By estimating and assessing the adequacy of hierarchical controls, inside evaluating, itself, is a significant administrative control gadget which is legitimately connected to the authoritative structure and the general guidelines of the business. Right now, review is characterized likewise by COSO (Committee of Sponsoring Organizations of the Treadway Commission, 1992) as a technique which offers crucial security to the business concerning the believability of money related undertakings. The report characterizes inside control and portrays a structure for inward control. Nonetheless, the vital contrast of this report is that it likewise gives criteria to the administration to use in order to assess controls. A significant advance was the new meaning of Internal examining gave by the IIA in June 1999, which unmistakably expresses that "the interior inspecting action ought to assess and add to the improvement of hazard the board, control and administration" The new definition moves the focal point of the inside review work from one of confirmation to that of significant worth added and endeavors to push the calling toward a measures driven methodology with an uplifted personality. All the more as of late, the Institute of Internal Auditors (2004) by expressing that the inward review action ought to assess and add to the improvement of hazard the board, control and administration, perceives the confirmation and counseling job of interior evaluating in corporate administration. The Internal Control moves inside a more prominent extent of the board reasoning and of down to earth application, and includes esteem, offering simultaneously an orderly logical methodology on the evaluation and the improvement of the adequacy of organizations.

### **The changing Role of Internal Audit :**

Quickening change has described the business scene for a long time and can be required to proceed. New contenders, advancements, and money related instruments changing cost structures and guidelines progressively incorporated worldwide economies and different improvements are making new dangers and open doors for associations to consider. As these improvements develop, they will open new entryways for

inner review to recapture its noteworthy impact as a free consultant to the executives in supporting top administration objectives observing undertaking hazard and upgrading administrative consistence endeavors.

**Supporting the C-Level Agenda** – Internal reviews new chances and difficulties are similar to those that are advancing for CFOs at many driving associations. Associations are progressively anticipating that their CFOs should play a key, consultative job in driving the business one that is driven by the necessities of the business instead of customary bookkeeping obligations. In numerous to help upgrades in chance administration. Inside review faculty can bring their center abilities of hazard and control investigation to these undeniably significant exercises, after some time need to keep extending its aptitudes as its job incorporates exercises at the highest point of the C-level plan.

**Managing Risk Across the Enterprise** – Throughout associations, pioneers are centered more completely than any other time in recent memory around overseeing hazard endeavor wide. In this way, inside review has a multifaceted task to carry out in the endeavor hazard the executives zone. The establishment of interior inspectors takes note of that inner reviews center job concerning venture hazard the executives is give target affirmation to the board on the adequacy of an associations undertaking hazard the executives exercises to help guarantee key business chance are being overseen properly and that the arrangement of inward control is working adequately.

**Developing a Consolidated Single View of Risk** – Along with endeavors to oversee chance over the undertaking numerous associations are battling with covering and regularly troublesome consistence necessities. The propensity has been to utilize various ways to deal with hazard distinguishing proof, estimation and checking relying upon the reason for the exertion. The single perspective on hazard center and recognizable proof, estimation, and observing permits senior administration to distinguish and cut top dangers that face the association overall over all business lines. Inside review can bolster the business with improvement of related measurements.

**Complying with Regulations** - as of late the need to consent to new and advancing guidelines and business necessities has incited numerous open organizations to grow 'jolt on' hazard the executives forms. As a rule these endeavors to address a solitary issue have brought about procedures that are to a great extent separated from existing oversight capacities. Inside review is especially fit to aid various zones chance recognizable proof the utilization of quantitative and subjective investigation and ceaseless observing are among its center capabilities and normal contacts with the outer examiner make it appropriate to evaluate and decipher changes.

## 2. CONCLUSION :

The region of inner reviewing is likely one of the most unique but then significant subjects to become obvious. Inner review is as of now at an essential stage in its advancement as there is a developing interest for review administrations. What presently can't seem to be framed is an agreement among hypothesis and practice. It is relied upon to be one greater component to help the development of sentiments and to diffuse different conversations regarding the matter. Acknowledgment of the significant significance of interior review in productive administration will set inside review as an extremely valuable help in the business the board exertion. All the progressions are inciting interior review gatherings to consider how they can grow their hazard checking obligations and in this way help their associations make just as safeguard esteem.

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