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IMPROVEMENT THE EFFECTIVENESS OF INTERNAL AUDITING OF THE QUALITY MANAGEMENT SYSTEM

POPRAWA SKUTECZNOŚCI AUDYTU WEWNĘTRZNEGO SYSTEMU ZARZĄDZANIA JAKOŚCIĄ

Abstract. To maintain the quality management system (QMS) of the company in working condition and continuously improvement its efficiency, auditors must continually improve and enhance all processes of the organization. In identifying priorities, optimization is consider an effective advantage of the internal audit. Internal audit - the main tool for evaluating the effectiveness of the quality management system. Standard ISO 9011 defines audit as a systematic, independent and documented process to obtain audit evidence and evaluating it objectively to determine the extent to which audit criteria. The requirement to conduct internal audits of quality management system contained in p. 8.2.2 ISO 9001: 2011.

Streszczenie. Aby utrzymać system zarządzania jakością (QMS) spółki w dobrej kondycji i ciągłym doskonaleniu jego efektywności, audytorzy muszą stale doskonalić i wzmacniać wszystkie procesy organizacji. W określaniu priorytetów, optymalizacja jest korzyścią z efektywnego audytu wewnętrznego. Audyt wewnętrzny – główne narzędzie do oceny skuteczności systemu zarządzania jakością. Norma ISO 9011 określa audyt, jako systematyczny, niezależny i udokumentowany proces uzyskania dowodów i przeprowadzania ich obiektywnej oceny w celu określenia stopnia kryteriów kontroli. Wymóg przeprowadzania audytów wewnętrznych systemu zarządzania jakością zawarto w pkt. 8.2.2 ISO 9001: 2011

Analysis of recent publications. In economic literature, the concept of Internal Audit is treat differently. For example, Bychkov

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S.N. believes that «internal audit is part of internal control, organized by management for the purposes of analyzing accounting and other control data. ». On the opinion of Burtsev V.V «internal audit – is regulated by internal documents of the organization activity to control levels of management and various aspects of the organization, carried out by the special control body within the aid agencies of the organization ...». In terms of Bogomolov A.M. and Goloshchapov M.O. «internal audit is the part of the overall audit organized by the economic entity for its owners and regulated its internal documents concerning compliance with established accounting procedures, protection of property and the reliability of internal control. »

The famous English scientist Dodge R., the author of works related to international audit, gives his understanding of internal audit. «Internal audit is part of internal control; controlled by a decision of the management for the purposes of monitoring and business analysis.»¹

According to prominent American scientists Arens E.A. and Lobbeka J.K., «internal audit – a household's control, which provides administration valuable information for decision-making regarding the effective functioning of their business. »²

Analysis of these definitions of internal audit and basic elements of the system of internal control determined internal audit as effective, multifunctional (integrated) means of control, guidance organized economic entity, to ensure the effectiveness of the internal

¹ Phillips, A. W. 2009. ISO 9001: 2008 Internal Audits Made Easy: Tools, Techniques, and Step-By-Step Guidelines for Successful Internal Audits, 3rd Edition. ASQ Quality Press.

² Kopp, L. S. and E. O'Donnell. 2005. The influence of a business-process focus on category knowledge and internal control evaluation. Accounting, Organizations, and Society 30 (5): 423-434.

control and optimization of management decisions on industrial enterprises.³

The purpose of the article. During research to explore the results of analysis of the internal audit of the quality management system, to investigate discrepancies and the reasons for their occurrence and develop measures and improve quality management process through the use of modern instruments of internal audit and quality management.

The main material. The article based on an analysis of the system of quality management in company LLC «BC». Internal audits of quality management system are usually carry out by the organization or on its behalf for internal purposes and can serve as the basis for the declaration of firm's quality management system with international standards. In this regard, the development of internal audit is an integral part of the internal control due primarily to the need of continuous monitoring of operational activities for effective management.

Internal audit management system allows the following tasks:

- Analysis and eliminate the causes of disparities identified;
- Confirmation of compliance of the organization and its results in management system;
- Evaluation of functioning management system;
- Preventing the appearance of quality problems;
- Installation Personnel degree of goal's understanding, objectives and requirements described by document management system;
- Evidence of corrective and preventive actions;

³ Methodology and organization of accounting and analytical management holding companies: / Hushko S.V., Shaykan A.V., - Krivoy Rog: KEI SU "KNU", 2012.

- Identify ways of further improving the quality management system.⁴
- The disadvantages of internal audits include the following:
- Less high than the external auditing, the level of objectivity except the possible bias because of internal auditors in relation to certain employees of the company;
- Criticism of the internal auditors perceived painful;
- Less high than the external audit, the intensity of the internal audit, due to less stringent time frame;
- The results of the internal audit may be seen as less objective information on the effectiveness and efficiency of enterprise management system compared with the external audit;
- The level of training internal auditors are generally below the level of training of external auditors.

Suggestions and recommendations regarding the organization and internal audit enhance the effectiveness of the internal audit and internal control system as a whole. Improved internal audit largely depends on the proper organization of its work. It is important that the certificate are objective, since they can affect decisions regarding the goals and challenges facing the enterprise as a whole and its divisions. Also during the internal audit found errors and inconsistencies that could affect customer satisfaction. According to the results of external audits of QMS audits and the other party in the company «Sun» found comments and inconsistency of many points of ISO 9001: 2011. histogram distribution number of comments on the results of the external audit is shown in Fig. 1.

⁴ Curtis, M. B. 2012. Discussion of 'The antecedents of the use of continuous auditing in the internal auditing context'. *International Journal of Accounting Information Systems* 13 (3): 263-266.

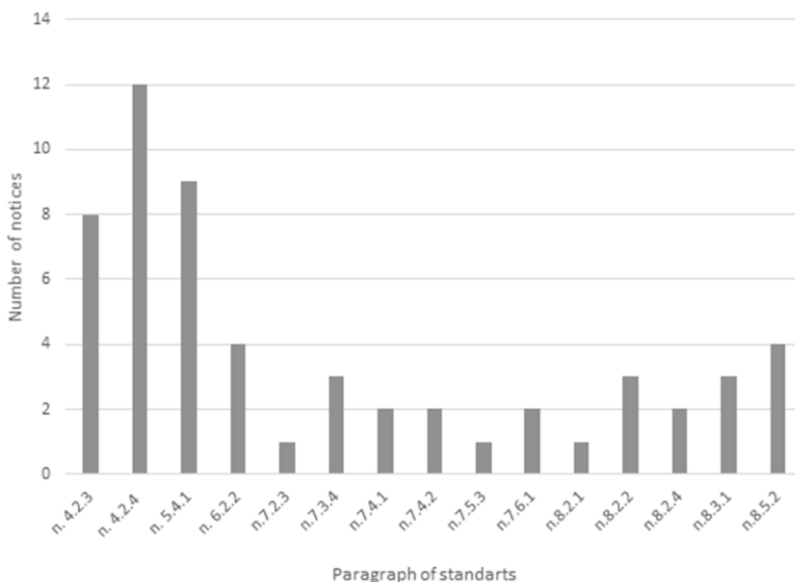


Figure. 1. Number of comments on the results of the external audit

As you can see from the histogram, comments relate paragraph 8.2.2 «Internal Audit». In respect of the internal audit revealed the following discrepancies:

1. Audit department of technical control is not conduct in program audits. Division highlighted the organizational structure of the enterprise, but the current procedure of internal audits of each department provides audit at least once a year.
2. Qualification of Internal Auditors is not confirm. There was presented certificate of training course «Internal audit» (listened theoretical course) without any positive learning outcomes. In addition, analysis of internal audits in LLC «BC» showed that in 2013 and 2014 the number of planned internal audits to the number of internal audits conducted.

The analysis of QMS by senior management noted that more than half selected areas of improvement, scheduled for 2014, were not implemented with subjective reasons.⁵

In addition, the auditors made in the register of auditors of the company, quite often waive the audit, referring to its employment. In this regard, the audit team is not formed, and audit conducted another person, usually experts on QMS. Currently the company begins implementing of automated production management system to assess the effectiveness and efficiency of the implementation which require to obtain objective evidence. Collecting these data can be provided by the internal audit, but today they are ineffective and inefficient. Thus, padding and other identified inconsistencies indicate the need to intervene in the process to optimization. Improvement of the internal audit should start with an analysis of existing problems and identify the causes of their appearance using modern tools of quality.

The detailed analysis of reasons that influence on quality of process of internal audit (not presented in the article) was conducted. Due to this analysis it was succeeded to sift from improbable reasons and distinguish most possible reasons for making a comparison (table 1).

In accordance with the appropriated grades the most credible meaningful reasons of subzero quality of internal audit are reduced: insufficient competence of public accountant group; absence of motivation of public accountant group; imperfection of standard. Coming from the results of analysis of process of internal audit by means of method of comparison, next priority directions of perfection

⁵ Andersen. B. Business Processes. Tools perfection / B. Andersen; | 3rd ed. | . - M.: RIA "Standards and quality". 2005. - 272 p.

of process are worked out: implant training and competence of internal public accountants, increase of motivation of public accountant group of enterprise etc.

№	Reasons	1	2	3	4	5	6	7	8	9	10	Σ	Rang
1	Competence of public accountant group		1	1	2	2	1	2	2	2	2	15	1
2	Responsibility of public accountant	1		1	1	2	1	1	0	1	1	9	4
3	Motivation of public accountant group	1	1		1	2	1	2	2	2	1	13	2
4	Estimation of public accountants	0	1	1		2	0	1	1	1	1	8	5
5	Prejudice of employees of enterprise about the processes of audit	0	0	0	0		0	0	1	0	0	1	7
6	Standards of QMS «Internal audit»	1	1	1	2	2		1	1	1	2	12	3
7	Preparation of working documents	0	1	0	1	2	1		1	1	1	8	5
8	Realization of control actions	0	2	0	1	1	1	1		1	2	9	4
9	Preparation of account	0	1	0	1	2	1	1	1		1	8	5
10	Realization of estimation of effectiveness and efficiency of process of internal audits	0	1	1	1	2	0	1	0	1		7	6

Table 1. Aggregate data

Taking into account the educed reasons and priority directions of development of enterprise correcting measures that allowed to perfect the process of internal audit and show out it on a new level were worked out. Within the framework of increase of competence of public accountant group the worked out methodology of estimation of competence of internal public accountants in that is presented ball estimation of competence (table 2).

№	Requirement	Evaluation criteria	Points
1	Education	High	3
		Special Medium	1
		Medium and below	0
2	Experience	> 5 years	3
		From 1 till 5 years	1
		Less 1 years	0
3	Special training basics and the principles of quality management	+	2
		-	0
4	Special training in internal audit of the QMS	+	5
		+	0
5	Experience QMS audits	> 5 audits	5
		From 1 till 5 audits	1
		-	0

Table 2: Points

This methodology allows to pick up public accountants most objectively, that, in turn, will affect sublimity of quality of internal audit. Necessary presence of document in that information will be fixed about to the competence of internal public accountants. In addition, expedient are a revision of register of internal public accountants and organization of every quarter round tables. For the increase of motivation of internal public accountants the entered system of remuneration of labour of public accountants

The important aspect of realization of audit is application of computer technologies of treatment and conduct of economic operations that notably influence on organization of the systems of record-keeping and internal control on an enterprise. The use of information technologies will allow to public accountant organizations to conduct the separate account of public accountant verifications and consultative projects. The process of organization of work after a project form can be divided into two groups: preparatorily-organizational character and question of management of works motion on a project.

Informatization of audit helps the leaders of enterprises to carry out complete control after her activity, activity of separate subdivisions and employees, to promote the operationability of actions, rationally to plan resources and other. Application of information technologies allows to the public accountant to conduct the following:

- 1) testing of transactions and balances in a computer database;
- 2) analytical procedures with detecting deviations from the basic parameters in a computer database;
- 3) testing economic database of the audited entity;
- 4) testing information, mathematical, software and hardware Economic audited entity.

There are some ways to achieve aims of computerization's tasks of public accountant verification of financially-economic activity; of industrial enterprises from possibility of preparation from stage of planning or audit to the stage of documenting results of verification. Most distribution at the market are ProjectMate5, AuditNet Professional and AuditNet Enterprise.⁶

Conclusions. After analyzing the procedure of internal audit, it was found violation of its construction: not registered inputs and outputs. Internal audit procedure contains information that it overloads and therefore difficult perceived. As part of improving the standard internal audit procedure was improved its regulation were also added forms of documents. Also developed measures to improve the internal audit process, allowing organizations to use resources efficiently for the verification of the quality management system, have a positive impact on the effectiveness of the organization, which in turn improves the quality of products and services.

⁶ Methodology and organization of accounting and analytical management holding companies: / Hushko S.V., Shaykan A.V., - Krivoy Rog: KEI SU "KNU", 2012.

Implementation of the above measures will minimize the impact of instability of the environment, change the focus on the analysis of audit perspectives; increase the flexibility of the company; introduce a system of continuous stalking changes occurring in the environments of the enterprise; a system of actions to avoid crises; upgrade enterprise management system under the coordination mechanism within the management system.

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