

The profession of the internal auditor in organizations: what particularities

Le métier d'auditeur interne au sein des organisations : quelles particularités

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Abstract :

The world of public organizations is constantly changing with, from time to time, outbreaks of fever that accelerate change. And that's what we experienced with the Enron affair, which forced organizations to be more transparent and more independent in controls. Internal audit cannot remain indifferent to these developments and for more than sixty years, it has strived to be in tune with the concerns of its time and thus contribute to greater security for public organizations, while helping them to improve their performance. As such, the main job of the internal auditor is revealing and contributes perfectly to the good management of organizations. Indeed, the core of the business remains the insurance activity implemented thanks to a prior risk assessment, the added value of which is measured by the objectivity of the findings and the relevance of the recommendations issued. In our article, we present, through a theoretical reflection, the functions of the profession of the internal auditor within public organizations.

Key words: New Public Management ; Internal Audit ; Internal Auditor ; Good governance ; Organizations.

Résumé :

Le monde des organisations publiques est en constante mutation avec, de temps en temps, des poussées de fièvre qui accélèrent le changement. Et c'est bien cela qu'on a vécu avec l'affaire Enron qui a contraint les organisations à plus de transparence et à davantage d'indépendance dans les contrôles. L'audit interne ne peut rester indifférent à ces évolutions et depuis plus de soixante ans, il s'efforce d'être en phase avec les préoccupations de son temps et de contribuer ainsi à une plus grande sécurité des organisations, tout en les aidant à améliorer leurs performances. A ce titre, le métier de l'auditeur interne est révélateur et contribue parfaitement à la bonne gestion des organisations. En effet, le socle du métier reste l'activité d'assurance mise en œuvre grâce à une évaluation préalable des risques et dont la valeur ajoutée se mesure à l'objectivité des constats et à la pertinence des préconisations émises. Dans notre article, on présente à travers une réflexion théorique, les fonctions du métier de l'auditeur interne au sein des organismes publics.

Mots clés : Nouveau Management Public ; Audit Interne ; Auditeur Interne ; Bonne gouvernance ; Organisations.

Introduction

The contemporary professional practice of internal auditing was born in 1941, when the International Institute of Auditors (IIA) was founded, which since that date has worked hard for the recognition of the professional status of the internal auditor through research and the development of a common knowledge program, the establishment of continuous professional certification programs, the adoption of standards for the professional practice of internal auditing (norms) and the establishment of a code of ethics of the profession.

In addition, the emergence and adoption of internal audit in the Moroccan public sector were built from actions and theories centered around notions of control, audit, effectiveness, efficiency and relevance as well as reform and modernization (Fikri & Azzarradi, 2018). Thereby, the profession of internal auditor is therefore a standardized profession. Its development is linked to the rapid growth since the post-war period of large organizations in the public and private sector, which, by their size, have organizational problems of control and supervision by their leaders. It is to meet this need that internal and independent evaluations have developed, thus aiming to help leaders achieve objectives effectively and efficiently and also to protect the assets of the organization. Before the 1950s, traditional internal auditing initially focused on accounting reliability and financial performance. Then, little by little, its scope gradually extended to more operational aspects of the organization, the objective becoming the assistance of all members of management in the exercise of their function by providing analyzes, assessments and recommendations concerning the areas audited.

Any profession is based on a small number of fundamentals common to all those who practice it. This is the case with the profession of internal auditor. This profession is based on essential foundations, namely people who not only have a good knowledge of the trades they control and the tools and techniques used by the profession, but also essential human qualities.

In this context, the following question should be asked :

❖ What are the functions and particularities of internal auditors in public organizations ?

In order to bring elements of answer to our problematic, we have structured our article into three sections. The first part includes the role of the internal auditor in the risk management system. The second part reveals the working environment of the internal auditor profession. Then, the last part presents the day-to-day activity of the internal auditor.

1. THE ROLE OF INTERNAL AUDIT IN THE RISK CONTROL SYSTEM

According to the definition of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard, risk management is "a process implemented by the board of directors, general management, management and all of the employees of the business. It is taken into account in the development of the strategy as well as in all the activities of the organization. It is designed to identify potential events that could affect the organization and to manage risks within the limits of its risk appetite. It aims to provide reasonable assurance that the objectives of the organization are being achieved (Maders, Masselin & Fratta, 2014)." Therefore, with an effective risk management process, the impact and frequency of the occurrence of a risk can be reduced. This is the role of risk managers who must, in order to fulfill their mission of ensuring the achievement of an organization's objectives, help put in place the right decisions in the face of risks. They rely for this on the four fundamental strategies of risk management:

- reduction of impacts or the probability of occurrence;
- acceptance, in the event that the implementation of the control system is more costly than the occurrence of the risk;
- avoidance, such as removing the activity in which the risk is located;
- the transfer of risk to a third party by appropriate insurance.

1.1. The risk control system

It is up to each organization to put in place a risk management system adapted to its specific characteristics. The risk management system provides first of all an organizational framework comprising:

- an organization which defines the roles and responsibilities of the actors, establishes the procedures and the clear and coherent standards of the device;

- a risk management policy which formalizes the objectives of the system in line with the culture of the company, the common language used, the process of identifying, analyzing and dealing with risks, and, where applicable, the limits that society determines (risk tolerance);
- an information system which allows the internal dissemination of information relating to risks.

The system must also provide for a risk management process comprising, within its internal and external context of the company, three stages:

- Risk identification: this step makes it possible to identify and centralize the main risks threatening the achievement of objectives. A risk represents a threat or a missed opportunity. It is characterized by a risk event, one or more sources and one or more consequences. The identification of each risk is part of an ongoing process.
- Risk analysis: this step consists of examining the potential consequences of the main risks (consequences which may be financial, human, legal, or reputational in particular) and assessing their possible occurrence. This process is also continuous.
- Risk treatment: this step makes it possible to choose the actions to be carried out, the most suitable actions. To keep the risks within acceptable limits, several measures can be considered: reducing, transferring, eliminating or accepting a risk. The choice of treatment is made in particular by arbitrating between the opportunities to be seized and the cost of risk treatment measures, taking into account their possible effects on the occurrence and / or consequences of the risk.

The risk management system requires continuous monitoring:

- It must be subject to monitoring and regular review, its monitoring allowing continuous improvement of the system.
- The objective is to identify and analyze the main risks, and to learn from them.

Year after year, thanks to the strong will of general management, the risk control system will become thicker, practices will become part of the management habits of the hierarchy and the behavior of employees. Each year, an assessment of the level of maturity of the system will make it possible to take stock and decide on future directions.

1.2. Organization of the risk control system

The risk management system (DMR) mobilizes several categories of actors classified into three lines of control. The general management of an organization, as the guarantor of the sustainability of the organization, must be at the heart of the overall risk control system. In order to optimize the system for controlling activities, a new global risk management model has appeared: the "three lines of defense" (The Three Lines of Defense in Effective Risk Management and Control, Institute of Internal Auditors, 2013). This model helps to clarify the role and responsibilities of each person. It is structured around three risk management poles.

1.2.1 First line of expertise : professions

The first line of activity control is made up of operational managers, responsible for assessing and reducing risks in the processes for which they are responsible. These actions consist of:

- operational controls carried out on an ongoing basis by employees as part of the processing of transactions as well as the multiple business decisions made by the hierarchy and specialized committees;
- called "first level" controls made up of tests carried out by line managers on the work carried out by their employees. As such, a profession cannot be in charge of second level controls because in this case it would be judge and party.

1.2.2 Second line of defense: permanent controllers

The second line, made up of the company's functional (or support) services, aims to structure and coordinate the organization's activity control system. These actions include:

- assistance to operational staff in the identification and assessment of the main risks falling within their area of expertise;
- the development of group policies and procedures by area of activity;
- contribution to the design of the most relevant controls;
- the development of best practices;
- the report on the actual functioning of the processes.

As such, the second-level permanent controllers cannot be attached hierarchically to the business they control. The second line of defense actors do not serve customers, do not complete transactions, and do not record transactions.

1.2.3 Third line of defense : internal auditors

The third line of defense concerns the overall and independent assessment of the risk control system, carried out by internal audit. Its role is to give the governance organizations, president and supervisory board, depending on the legal form of the company, the assurance that risk management is effective and efficient.

As such, the third level control is the ultimate guarantor of the system. Through his audits, he does "what the president of the company would do himself if he had the time and the skills (Maders, Masselin & Fratta, 2014)." According to some users, this model makes it possible to optimize the time spent by operational management, on the one hand, and to make the organization understandable for the leaders and the governance of the company, on the other hand. Depending on the activity and the characteristics of the entity, several schemes are possible to apply this method.

1.3. Risk mapping

Mapping is a relatively simple, explicit and visual management tool that allows you to locate risks, set objectives and control their development. Likewise, it is a valuable tool which is not exclusively limited to the risk management department, but also to all those who contribute in one way or another to the risk management process: the committee of 'audit, general management, internal auditors and permanent controllers and of course the risk managers.

A risk map distinguishes between gross risks and net (residual) risks, namely the risks inherent in the company and its activity, on the one hand, and the same risks once the risk control system is in place, on the other hand. This DMR will be all the more effective if it is able to reduce the gross risks to the lowest possible residual risk.

Risk mapping first and foremost concerns the normal activities of the organization. However, it would be risky to think that the risks are limited to these. Indeed, in the case of project management, the company is faced with many risks also requiring identification and control.

This is the reason why the projects fall within the control scope of the internal audit and permanent control functions.

Any project encounters risks. These can have consequences in terms of achieving the objective and respecting the deadlines and means implemented. Controlling these risks requires mapping the risks and the factors that can generate them. Mapping allows the project manager to synthesize his thinking on the risk factors of the project and to take preventive measures to avoid the appearance of these risks as well as curative measures to limit their effects.

2. THE INTERNAL AUDITOR'S BUSINESS ENVIRONMENT

The second section presents the environment of the internal auditor profession. To develop this section, we relied on the Institute of Internal Audit and Control (IFACI).

2.1. Missions

The missions of internal auditors respond to what was developed earlier in the article, and more specifically to the roles of the three lines of defense. Remember that the professions constitute the first line of control, permanent control the second and internal audit the third.

According to IFACI, internal auditing is "an independent and objective activity that gives an organization assurance on the degree of control of its operations, provides advice on how to improve them and helps to create added value. It helps this organization to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management, control and corporate governance processes and by making proposals to strengthen their effectiveness (IFACI, 2015)." In line with the missions set by regulations and general management and in addition to the other functions concerned with risk management (intervening within the framework of permanent control) - compliance and ethics department, operational risks department, security department, etc. -, the management of internal audit, as part of periodic control:

- assesses and advances the internal control system (first degree and second degree controls, etc.);
- carries out audits of areas and systems, of subsidiaries, etc.;
- carries out ad hoc missions;

An annual program is defined to respond as closely as possible to the risks of the business. This program represents 50% to 75% of the forecast workload of the auditors.

2.1.1 The director of internal audit

Reporting directly to the president or the CEO of the organization, the director of internal audit:

- proposes the control policy;
- write the audit program and engagement letters;
- affects missions;
- monitors the implementation of the audit program;
- appreciates its employees;
- develop competence;
- defines the working methods;
- validates the missions carried out in its direction;
- presents reports to the general management;
- intervene personally on strategic audit missions or on "hot" issues.

He is appointed for a period of 5 to 7 years, sometimes more.

2.1.2 The head of mission

Reporting to the director of internal audit, the heads of mission:

- manage the missions entrusted to them;
- assign the work to the auditors (inspectors or controllers);
- monitor the progress of the work;
- play an important role in the preparation phases of missions and the drafting of mission reports;
- validate the work carried out by the auditors;
- intervene directly on one-off missions.

They are appointed for a period of 3 to 5 years. .

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2.1.3 Internal auditors and assistants

Internal auditors report to a head of mission for the duration of a mission. The auditors (inspectors or controllers) carry out the work entrusted to them and are appointed for a period of 3 to 5 years. They can become head of mission; they are sometimes specialized by profession or technique (IT, accounting, etc.).

Assistants :

- report to the audit director;
- keep permanent files up to date;
- carry out certain remote controls;
- take care of the administrative work of the management;
- are appointed for a period of 5 to 7 years.

From time to time, internal auditors can, apart from their audit assignments, support operational staff in the implementation of new procedures. In particular, they can conduct training in new management tools, ensure the transfer of skills in the culture of internal control or carry out an assessment mission of internal organizations to optimize their operation. Internal auditors can also conduct legal audits. These missions consist of reviewing all of the company's contracts signed and in progress with suppliers and service providers, evaluating the corresponding financial commitment and evaluating the possible legal risks for non-compliance of obligations.

2.2. The talkers

Like any employee of the organization, the internal auditor follows a hierarchy ... Moreover, the successful performance of his missions implies the maintenance of close relations with certain functions.

2.2.1 The hierarchy

The functional link for internal audit is usually:

- the presidency of the organization;
- the general direction ;
- the financial department.

The nature of the assignments varies depending on the reporting line: when internal audit reports to general management, the assignments are more varied, less focused on the analysis of accounts and financial flows. When the reporting line is the financial department, the missions are focused on the security audit of the financial flows of the subsidiaries or on profitability analyzes.

2.2.2 Partner functions

Within the organization, the internal auditor maintains relationships with specialized functions: management control, accounting control, risk managers, quality, IT organization, etc., and also with the business lines. responsible for operational and first level controls. Outside the company, the internal auditor maintains relations with the supervisory authorities and the auditor.

- The "management control" function

Management control synthesizes, analyzes and monitors the management reporting of an activity and formulates recommendations. The function therefore provides internal audit with figures, alerts, analyzes, etc.

- Accounting control

The accounting controller is in charge of:

- produce, analyze, ensure any corrections and validate the accounting results within the framework of the monthly and quarterly closings;
 - ✓ to make the reconciliations between the economic results and the accounting results.
 - ✓ identify and justify in detail the method deviations;
 - ✓ to reconcile inventory reports and book outstanding;
 - ✓ identify and justify in detail the discrepancies and carry out the adjustments;
 - ✓ participate in the cluster's projects and be a source of proposals to develop tools and processes.

The function provides assurance to internal audit that the accounts are being kept.

- Risk managers

They are in charge of the second level control of certain risks such as security risks, risks relating to the environment, etc.

- The "quality" function

The function provides internal audit with data on incidents, anomalies, customer complaints, etc.

- The "organization - IT" function

The function provides internal audit with data on the structure, processes, information system, etc.

- The business departments of the organization

They are the internal audit correspondents for the implementation of first level control plans.

- External contacts

They correspond to the supervisory authorities to whom the internal audit reports and to the auditors.

2.3. Performance evaluation

Evaluating the performance of an internal audit department or auditor is not easy. Should their performance be judged "good" because:

- the company did not have a financial penalty following an audit mission;
- the company has a good reputation over the long term and is not the victim of any visible incidents from its customers;
- internal audit assignments do not detect errors, anomalies, misappropriations, etc.

Usually, it is customary to assess the following topics:

- the audit plan and planning;
- management and monitoring of missions;
- archiving of files;
- training of auditors;
- the acculturation of the company to internal control.

2.3.1 Assessment of the audit plan and planning

Table n° 1: Indicators for evaluating the performance of the audit plan and planning

To measure the adequacy of the missions carried out with regard to the entity's risk mapping :	- Perimeters of sensitive areas audited = Number of sensitive areas audited / Total number of areas audited $\times 100$ (annual frequency).
To measure the proportion of internal audit activities carried out compared to those provided for in the initial planning approved by general management :	- Compliance with the initial planning (in number of missions) = Number of missions carried out / Number of missions in the audit plan $\times 100$ (quarterly frequency). - Compliance with the initial planning (in number of field weeks) = Number of man-weeks carried out / Number of man-weeks of the audit plan $\times 100$ (quarterly frequency).
To measure the time spent on internal audit activities against all unit activities :	- Time spent on internal audit work = Number of man-days completed / Total number of man-days worked net (Gross number of days - Leave, training, sickness and public holidays) $\times 100$ (annual frequency).
To have visibility on the number of insurance assignments out of the total audit assignments :	- Insurance mission rate = Number of man-days of insurance missions carried out / Number of audit-man days carried out $\times 100$ (annual frequency).
To ensure the rotation of audit teams :	- Auditor utilization rate by branch = Number of weeks / man in the field in a sector / Total number of weeks / man in the field by the auditor $\times 100$ (quarterly frequency).

Source : Maders, Masselin & Fratta (2014)

These indicators make it possible to measure the performance of the audit plan carried out for the various audit missions carried out by the organization as well as to assess the quality of the planning strategy adopted by the organization. . .

2.3.2 Assessment of the management and monitoring of missions

Table n ° 2: Indicators for evaluating the good management and monitoring of audit missions

To ensure that the people audited are notified within the deadlines of the audit assignment :	- Engagement letter compliance rate = Number of compliant engagement letters / Total number of engagement letters × 100 (quarterly frequency)
To ensure the quality of the preparation of the mission:	- Preparation compliance rate = Number of weeks / man of preparation in line with forecasts / Total number of weeks / man of preparation × 100 (quarterly frequency).
To ensure the correct documentation of work files:	- Test documentation rate = Number of documented work cases / Total number of work cases × 100 (quarterly frequency).
To ensure that the deadline for distributing the draft report mentioned to the auditees at the end of the closing meeting is respected:	- Compliance rate for the deadline for dissemination of the draft report = Number of draft reports sent on time / Total number of draft reports sent × 100 (quarterly frequency).
To ensure that the deadline for dissemination of the final report mentioned to the auditees at the end of the closing meeting is respected	- Compliance rate for the deadline for dissemination of final reports = Number of final reports sent on time / Total number of final reports sent × 100 (quarterly frequency).
To measure the added value of the audit:	- Rate of recommendations accepted by the people audited = Number of recommendations accepted / Total number of recommendations issued × 100 (quarterly frequency).
To determine the level of implementation of recommendations contained in mission reports:	- Rate of recommendations fully or partially implemented = Number of recommendations fully or partially implemented / Total number of recommendations issued × 100 (quarterly frequency).
To measure the monetary savings made,	- Potential monetary benefits relating to the

recurring or not, linked to a gain in productivity, a reduction or abandonment of an activity :	$\text{recommendations} = \frac{\text{Sum of savings identified during the reallocation of the resources necessary to carry out the activity concerned}}{\text{Total budget of the internal audit unit}} \times 100 \text{ (annual frequency).}$
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Source : Maders, Masselin & Fratta (2014)

These ratios make it possible to reveal the quality of the management of the audit missions carried out by the organization as well as the mission monitoring strategy adopted by the internal auditors.

2.3.3 Assessment of the archiving of files

Table n° 3: Indicators for evaluating the file archiving strategy

To ensure the correct filing of documents at the end of the assignment	- Work file archiving rate: $\frac{\text{number of correctly archived files}}{\text{total number of files}} \times 100$ (quarterly frequency).
To ensure the destruction of the working, paper or electronic documents of the mission:	- Rate of destruction of working files: $\frac{\text{number of working files destroyed}}{\text{total number of working files}} \times 100$ (quarterly frequency).
To ensure continuous training for auditors:	- Total number of training hours = $\frac{\text{Number of training hours}}{\text{man followed by auditors}}$ (quarterly frequency). - Rate of participation in requested training = $\frac{\text{Number of training attended}}{\text{Number of training requested}} \times 100$ (quarterly frequency).

Source : Maders, Masselin & Fratta (2014)

These indicators show whether the organization has a records archiving strategy, which helps to establish a culture of transparency and traceability within the organization.

2.3.4 Assessment of auditor training

Table n° 4: Indicators for assessing the quality of auditor training

To ensure continuous training for auditors:	- Total number of training hours = $\frac{\text{Number of training hours}}{\text{man followed by auditors}}$ (quarterly frequency)
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	frequency). - Rate of participation in requested training = $\frac{\text{Number of training attended}}{\text{Number of training requested}} \times 100 \text{ (quarterly frequency).}$
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Source : Maders, Masselin & Fratta (2014)

These ratios reveal the degree of consolidation of the skills and reinforcement of the knowledge of internal auditors as well as the support for the evolution of approaches at the national and international level in terms of new techniques and management methods, in addition to capitalization on feedback.

2.3.5 The assessment of the acculturation of the organization to internal control

Table n° 5: Indicators for assessing the organization's familiarity with internal control

To measure the proximity of internal audit to its stakeholders:	<ul style="list-style-type: none"> - Number of information meetings with general management (quarterly frequency). - Number of information meetings with company management (quarterly frequency). - Number of information meetings with supervisors in charge of performing first-level controls (quarterly frequency).
To measure the training carried out by internal audit for the benefit of stakeholders:	<ul style="list-style-type: none"> - Number of man-days of training in general management (quarterly frequency). - Number of man-days of company management training (quarterly frequency). - Number of man-days of training for supervisors in charge of carrying out first-level controls (quarterly frequency).

Source : Maders, Masselin & Fratta (2014)

These indicators make it possible to know the degree of establishment of control within the organization. .

3. THE PRACTICE OF THE BUSINESS OF INTERNAL AUDITOR ON A DAILY BASIS

The third section presents the activity of the profession of the internal auditor on a daily basis. To develop this theme, we first relied on the approach and tools that we use in our daily practice, tools also used by many internal audit teams. Most of these tools are anonymous; others, on the other hand, have an identified origin: the Pareto diagram, situational management, the FMEA method, the pyramid of needs or the map of forces (Renard, 2017).

3.1 The annual control cycle

Internal audit takes place in several cycles. The annual cycle is presented in this part. It starts with the determination of the checks that will be carried out in the coming year in the form of an audit program. The annual cycle ends with the drafting of a report of the audit missions carried out during the year in the form of a document providing a sort of inventory of controls in the face of identified risks. We can speak of a "cycle" in the activities of the internal auditor business for the following reasons: its mission is to "cover the entire audit scope in the smallest number of exercises possible" (banking regulations). For a given activity and organization, an organization thus has a finite number of "audit objects" (operational units, information systems; themes, service providers, etc.). Each of these audit objects has a priority, depending on its importance for the organization and the risks it carries. Based on the prioritized inventory of audit objects, internal audit prepares a multi-year audit plan submitted to governance. It remains to implement and report on this plan. The governance thus has a professional diagnosis periodically (at the rate of the audit plan cycle) updated.

3.1.1 The audit program :

Prepared in the fourth quarter of year n-1 from the risk mapping, events observed during the year, changes to the organization or services and products marketed by the organization, recommendations issued by internal and external control organizations, validated by the general management of the organization, the audit program presents the controls that will be carried out during the year. The audit program presents the so-called "periodic" third level controls which will be carried out in the form of audit assignments by internal audit during the year. It includes: the list of audit assignments that will be carried out during the year, their

objective, their period of completion. Each assignment included in the audit program will be repeated and detailed in an engagement letter.

3.1.2 The annual report on the state of the internal control system :

Prepared once a year at the start of year for year $n - 1$, the report on the state of the internal control system presents the situation of the internal control system with regard to the organization's risk mapping, including changes in the system. The report presents:

- ✓ risk mapping (changes in risks, inventory of new risks, etc.);
- ✓ first degree, second degree and third degree controls: change of actors, tools, frequency, etc.);
- ✓ the documentary system (modifications of procedures, management rules, accounting schemes);
- ✓ the resources made available to the function (reminder of operating budgets, staff and tools);
- ✓ the audit missions that were carried out during the year (main weaknesses identified and recommendations made);
- ✓ actions to strengthen the internal control system in progress; this report on the state of the control system is sent to the chairman of the company's board of directors, to the supervisory authorities and to the auditors.

3.2 Technical tools

The practice of the profession of internal auditor requires the implementation of a certain number of tools, namely:

3.2.1 Risk mapping

Risk mapping is the list of risks impacting a business, activity, process, service ... The objectives of risk mapping allow the internal auditor to direct his energy to the challenges of the organization. Risk mapping identifies the raw risks inherent in the business as well as other types of risks: operational, regulatory, image risks, etc. and also presents the residual risks. . .

3.2.2 The risk sheet

The risk sheet constitutes the identity card of a risk. It summarizes its main characteristics, namely:

- Home family: the risk must be part of one of the families selected for the risk mapping. For example: strategic risk, commercial risk, HR risk, financial risk, tax risk, ethical risk, operational risk, etc.
- Reference number: it makes it possible to connect the risk in question, in particular with:
 - ✓ Risk mapping;
 - ✓ The process repository;
 - ✓ Incident reports and corresponding action plans;
 - ✓ Risk indicators and reports.
- Title: it must be precise enough to be “meaningful” as such.
- Description: characteristic situations.
- Owner: person in charge of defining and implementing controls and actions allowing its control.
- Documentation manager: person in charge of documenting the risk, and in particular the operating mode for carrying out the corresponding controls.
- Types of risk impacts: financial, legal, reputation, social, regulatory, business continuity.
- Explanatory reasons for the occurrence of the risk.
- Risk position: decision of the owner of the risk with regard to it.
- Assessment of exposure for year N-1: frequency of occurrence of the risk and observed financial impact.
- Action plan: description of actions, managers and deadlines to better control the risk in question.

3.2.3 The fundamentals of control

The fundamentals of control correspond to possible avenues of investigation for the internal auditor. Their objective is to constitute for internal auditors a cross-cutting investigation checklist in all areas. The fundamentals of control consist in reviewing the fundamentals that are found in most missions:

- ✓ general policy and performance standards;
- ✓ separation of incompatible functions (authorization, execution, validation);
- ✓ the reality of the information;
- ✓ completeness of processing;
- ✓ audit trails;
- ✓ the limits (authorizations, delegations, authorizations, IT profiles);
- ✓ recording of information entering and leaving the system;
- ✓ memorization of the parts used in the system;
- ✓ procedure manuals specifying the risks relating to the procedure, the processing of operations, management rules, accounting recording rules, operational and first-degree controls, etc.

3.2.4 The procedures

The procedures are part of the organization's documentary repository. The objective of the procedures is to constitute the repository for carrying out the work: operating methods, first-degree controls to be carried out by the hierarchy, accounting schemes, management rules ... They constitute for the internal auditor an important source of information on " how the treatments should be carried out ". The procedures have the following characteristics:

- ✓ They must present the way of handling the operations (usual and atypical cases) by returning in appendices the tables of parameters, the elements of regulation and the printed matter.
- ✓ They must be understandable and memorable. To do this, they must have the following characteristics: logical referencing; date of update; title "speaking"; text and diagrams; vocabulary known to users; short sentences, only one instruction per sentence.
- ✓ The classification of procedures can be: chronological, alphabetical, numerical, thematic or geographical.

3.2.5 Functional analysis

Functional analysis is a tool used in the process of value analysis. This tool is useful for the internal auditor to understand the functions of a domain, a system, a procedure, a product ... The objectives of the functional analysis are to understand the functions (what is the entity, process, function, etc. audited) and thus identify, imagine, understand the risks associated with each of these functions.

3.2.6 The risk table

The risk analysis phase is carried out at headquarters or in the field, mainly through interviews allowing the internal auditor to understand the organization and functioning of the audited entity. The final risk table concludes the risk analysis phase and aims to make an estimated inventory of the actual or potential strengths and weaknesses of the audited entity or area in order to guide the detailed work. Conditionning the rest of the intervention, this phase of understanding and analyzing the risks, on which the nature and proportion of the controls carried out subsequently will depend, is the subject of in-depth reflection by all members of the team and the risks are materialized in the “risk table”.

3.2.7 Quintilian hexameter

The Quintilian hexameter is a tool made up of a checklist of standard questions allowing the internal auditor to guide the exhaustive analysis of a situation with which he is aware or at least with which he is not familiar.

It allows to :

- ✓ describe a situation using questions starting with: who? what ? or ? when ? How? 'Or' What ?
- ✓ quantify using questions starting with: how much? (volumes, durations, euros...).
- ✓ take a step back from this situation using questions starting with: why? (search for explanatory causes) and for what? (research of purposes).

3.2.8 Written questions

Written questions should be concise and precise. They allow the internal auditor to prepare for the interview and also to have time for reflection which could help improve the quality of responses.

3.2.9 Checks

The verifications are extremely diverse: the internal auditor must verify all the information made available to them and any observations made. The most important are arithmetic checks, checking the existence of documents, looking for clues ...

3.2.10 Reconciliations

Reconciliations are a technique that allows the internal auditor to validate information from two different sources.

3.2.11 The internal control questionnaire

The internal control questionnaire (QCI) is an analysis grid that allows the internal auditor to make a diagnosis of the internal control system of an audited or controlled entity and to assess its actual level. It comprises a set of questions which essentially admit only "yes" or "no" answers which serve to identify the means in place to achieve the objectives of internal control. In principle, negative responses designate weaknesses in the internal control system while positive responses designate theoretical strengths; the internal auditor then assesses the impact of the "no" and verifies the reality of the "yes". Used during the preparation phase, the QCI is a means of risk analysis and serves as the basis for the development of the profession.

3.2.12 Physical observation

Physical observation, before being a tool, is a quality of the internal auditor: a good internal auditor observes constantly, everywhere and at all times, thus exercising his vigilance and his critical sense. He can thus learn, detect signs of contradiction, identify shortcomings, etc. It then remains for him to exploit this wealth of information collected. Observation as a tool is a test. It is an essential complement to operational descriptive analysis. It is used, for example, to verify compliance with certain instructions and the conditions for carrying out certain checks beyond their materialization. The observation should be recorded on working paper.

An observation made by two has more force than that of a single person, but it is not essential. In general (apart from fraud), it is recommended to immediately inform those involved in the malfunction - or one of their manager present - of the observation made and obtain confirmation thereof. Observation should be used whenever possible. Indeed, it does not consume time and often helps to contribute to the principle of double checking.

3.2.13 The functional organization chart

The functional organization chart is constructed by the internal auditor whenever he or she deems it necessary, to better understand the hierarchical organization chart. It enriches the knowledge obtained from the addition of the hierarchical organization chart and profession descriptions. The internal auditor builds it from information gathered by observation, interview, narration ... in principle at the very start of the assignment or at the start of the implementation phase. This organization chart has as a characteristic that the words appearing in the boxes are not names of people (hierarchical organization charts) but verbs designating the functions.

3.2.14 The revelation and problem analysis sheet

The Disclosure and Problem Analysis Sheet (FRAP) is the synthetic working paper that the internal auditor uses to present and document each "disclosure". A "revelation" most often corresponds to a dysfunction or anomaly observed and deserving of the implementation of an improvement action. FRAP allows:

- ✓ to structure the thinking of the internal auditor or the permanent controller in order to formulate the observation, weigh the impact and propose an improvement;
- ✓ to promote communication with the audited or controlled person (acceptance, joint reflection, sustainability of the formulation, etc.);
- ✓ professionalize the materialization of findings (homogeneous form, harmonized content);
- ✓ contribute to the preparation and holding of the closing meeting;
- ✓ speed up and harmonize the production of reports;
- ✓ facilitate the validation meeting;
- ✓ improve performance;
- ✓ deal with dysfunctions, anomalies, problems;

- ✓ promote group work with employees affected by the situation;
- ✓ to direct the reflection towards a search for improvements rather than a search for the culprits.

Conclusion

In recent years, an unstable economic environment, punctuated by a few scandals and resounding bankruptcies (Enron, Worldcom, Xerox, Parmalat), has more than ever emphasized the essential role played by the internal auditor within the organization. The scale and brutality of the current crises therefore lead shareholders and other stakeholders in the organization to demand of leaders to make sure that their organization is well under control and to demonstrate it.

Thus, they inevitably push the internal audit function to the fore, as the governing body of the organization. This, hitherto little asserted in many public organizations, is now gaining ground. In addition, they induce an evolution in the organization of the profession of the internal auditor, in its positioning within the organization, in its relations with the other actors, as well as in the methodology of the internal audit, its field application and its geography. But internal audit has not completed its transformation. It should further strengthen its role in the governance of organizations, provide assurance that the structures and related processes are properly designed and function effectively, and make all recommendations to improve them; finally appear as an activity in the service of the entire organization and not as a mere instrument of general management or the audit committee. To do this, internal auditors must demonstrate, in all circumstances, alongside technical skills affirmed, talented, but above all discouraged, to say what must be said, to write what must be written, in the forms, of course, which are appropriate, but without hiding anything from the observed reality. In this context, the listeners internal, risk management professionals, must assert their role in relation to other players such as internal controllers, risk managers and compliance officers. .

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