

Summary

Ethics

- Accountability – taking responsibility for your actions
- Transparency – openness and objective in the way things are approached
- Sustainability – business to continue in future without harming the environment
- Trust – others believe that the business is acting in the best interest of everybody

Internal control

- Undertaken on a continuous basis by an independent person (internal auditor) to ensure that the accounting principles and procedures carried out by the business are completed correctly.
- The process undertaken by the internal auditor should ensure:
 - » effectiveness and efficiency of operations
 - » reliability of financial recordings and reporting
 - » deterring and investigating fraud and other unethical issues
 - » investigating the safeguarding of the business assets
 - » that the business is compliant with laws and regulations governing the business activities
- The activities that the internal auditor undertakes are:
 - » Inspection (investigation of documents, records and reconciliations to test whether a control measure operated efficiently)
 - » Observation (monitoring process or procedure)
 - » Enquiry (involves questioning of stakeholders to determine which controls were followed)
 - » Re-processing (performing a task again and achieving the same results as the first time)
 - » Combination (any combination of any of the above activities to test internal controls)
- Internal auditing is beneficial to the business in that it helps the business to evaluate and improve the effectiveness of risk management and control processes.
- It is conducted to ensure that ethical behaviour such as accountability, transparency, trust and integrity have been adhered to.