

PROBLEMS OF INTERNAL AUDIT IN UKRAINE

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In the current financial and economic crisis large enterprises need to implement a set of measures on improvement of their activities to maintain market competitiveness and increase profitability. The main way to improve the situation of the company and maintain its competitive position is internal audit. Its main task is to identify variations in the enterprise and develop recommendations to eliminate them. That is why the matter of the company's audit is quite relevant.

Internal audit is an independent type of activity that is carried on a separate company in order to give a true and fair view of the entity's financial situation and find effective solutions to problems [1].

Governing bodies now use the services of internal auditors as additional resources that will enable them to carry out the functions of management. Therefore, it is possible to identify the main objectives of internal audit in modern conditions [2]:

- Assessment of the existing rules and procedures;
- Evaluating the effectiveness of elements of the internal control system;
- Assistance to company management in improvement of business processes;
- Management assistance in the implementation of acceptable business strategy.

Auditing is a fairly new area resulting in a number of drawbacks in its functioning. In particular, it is concerned with the lack of methodological basis. In Ukraine there is a total lack of special national literature, detailed exploration, manuals in conducting audit. These points become a gap in the formation of audit's methodology and require scientifically based theoretical researches in this area and their practical implementation.

Another rather serious problem of the national audit is the lack of clearly regulated and fixed state auditing standards. Development of standards of audit activities was based on international experience, ISAs in particular. But such developments have advisory nature, and that is inefficient nowadays.

The main criteria of the internal audit service in the enterprise are its economic activities, including specialization and size. Complete differentiation of accountants' and internal auditors' duties are more typical for large enterprises.

There are both advantages and disadvantages of introducing a permanent audit service in the business.

Benefits:

- Internal audit — an effective system of control of the economic activity of the business entity;
- It improves the quality of external audits;
- Internal auditors need to spend less time and effort to identify existing deviations;
- Internal audit usually better meets the demand of the company in the previous, current and next control, while the external audit is mainly based on checking the finished report data.

Disadvantages:

- The principle of independence of the auditor is not adequately implemented;
- There is a possibility of making a misconception of external auditors about financial situation on the basis of the review of internal auditors' reports;
- External auditors can easily point out the flaws not only of ordinary workers, but the company's manager. Tips of external auditors are based on multiple monitoring the activities of other enterprises;
- External one-time audit is cheaper than permanent control of the internal audit services.

Thus, the internal auditors perform the main task — they help the company's management to achieve certain goals, empower enterprises to improve their operational processes and reduce risks in the course of performing auditing tasks, and providing guarantees and advisory services.

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