

THE ROLE OF INTERNAL AUDIT IN RISK MANAGEMENT

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Abstract: Internal audit helps to identify potential risks related to operational activities, financial processes and compliance with legislation. This allows the organization to respond to threats in advance. Auditors conduct risk analysis, assessing their probability and possible consequences. This helps management make informed decisions about which risks require immediate attention.

Keywords: audit, control, risks, audit requirements and standards.

Internal audit provides recommendations for the development and implementation of effective internal control systems that help minimize risks and prevent fraud. Auditors regularly monitor existing risks and the effectiveness of controls, which allows for timely identification of deficiencies and adjustments.

Internal auditing helps achieve the organization's strategic goals by providing information on risks that may affect the implementation of the strategy. Internal auditors monitor compliance with regulatory requirements and standards, which reduces legal and financial risks for the organization.

Effective internal audit work increases the confidence of investors, customers and other stakeholders in the organization, as it indicates the existence of a risk management system.

Internal audit of a company is performed by internal auditors, who may be either full-time employees or external consultants. The main objective of internal audit is to evaluate the effectiveness of internal controls, risk management, and compliance with regulatory requirements.

The process includes several stages: planning, where the scope, objectives and timing of the audit are determined; collecting information about the company's processes and systems; analyzing and evaluating current processes to identify weaknesses; forming recommendations for improvement; preparing a report describing the problems and suggestions; and monitoring the implementation of recommendations.

Internal audit helps improve a company's efficiency, reduce risks and improve compliance with standards and regulatory requirements.

The procedure for conducting an internal audit includes several key stages. First, planning is carried out, during which the objectives of the audit, its scope and deadlines are determined.

At this stage, the audit team is also formed and an audit plan is developed that takes into account risks and priority areas. Then, information is collected, which includes studying documentation, interviewing employees and observing processes. After that, the analysis of the collected data begins, during which auditors evaluate the effectiveness of internal controls, identify deficiencies and risks.

Based on the analysis, recommendations are formed to improve processes and eliminate identified problems. A report is then prepared, which sets out the audit results, key findings and recommendations.

In conclusion, the implementation of recommendations is monitored, which allows us to assess their impact on the company's activities and continue working to improve internal processes. This systematic approach helps improve management efficiency and reduce risks in the organization.

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