

Exploration of the Relationship between Internal Audit and Management Control

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Received: 28 July 2023; **Accepted:** 15 August 2023; **Published:** 13 September 2023

Abstract:

Internal audit and management control are crucial components of modern corporate governance. They are interrelated and work together to help enterprises achieve effective operations, reduce risks, and provide reliable basis for decision-making. This article will explore the close relationship between internal audit and management control, and elaborate on their important role in enterprises.

Keywords:

Internal Audit, Management Control, Corporate Governance

1. Introduction

Internal Audit and Management Control, as important management tools in organizations, play a crucial role in improving risk management and operational efficiency of enterprises. This article will explore the close connection and mutually reinforcing relationship between internal audit and management control.

2. Internal Audit: A Sharp Tool for Improving Efficiency and Risk Management

Internal audit is an independent and objective evaluation process aimed at evaluating the effectiveness of internal control, risk management system, and operational efficiency of a company. By conducting a comprehensive review of a company's business processes, financial reporting, compliance, and risk management, internal audit helps identify potential risks, identify operational weaknesses, and propose improvement suggestions. This helps to improve the overall efficiency of the enterprise and ensure that it operates better in a complex and ever-changing market environment [1]. Internal audit is an important activity conducted independently within an organization, aimed at evaluating and improving the organization's risk management, control, and governance processes. It is an effective management tool that can help organizations improve efficiency, prevent risks, and ensure that they achieve their goals.

By conducting a comprehensive review of the organization's operational process, internal audit can identify existing problems and weaknesses, and provide

improvement suggestions and suggestions. It can help organizations identify inefficient processes and procedures, improve key business processes, optimize resource allocation, and thus improve overall operational efficiency. In the constantly changing business environment, organizations are facing various risks, such as market risk, operational risk, compliance risk, etc. By conducting internal audits, risks can be identified and evaluated in a timely manner, and corresponding measures can be taken to reduce and control risks. Internal audit can help organizations identify potential risk points, promote strengthened risk management, and improve overall risk resilience. In addition, internal auditing can also support the organization's governance process. Good governance is one of the important factors for organizational success. Internal audit assesses the organization's governance structure and processes to ensure appropriate prudence and transparency, helps the organization make effective decisions and policies, improves governance levels, and ensures that the organization operates in a compliant and ethical manner [2].

However, to maximize the effectiveness of internal auditing, it is necessary to pay attention to some key issues. Firstly, internal audit needs to have independence and objectivity to ensure the reliability and impartiality of its audit results. Secondly, internal audit needs to establish a good communication mechanism with other departments and management to timely obtain relevant information and provide feedback on audit results. Thirdly, internal audit should continuously update and enhance its professional knowledge and skills to adapt to the constantly changing business environment and audit needs. In short, internal audit is an indispensable tool for an organization, which can improve efficiency, prevent risks, and improve governance. Only under the supervision of internal audit can organizations better respond to market competition and risk challenges, and achieve sustainable development. Therefore, organizations should attach great importance to internal auditing and ensure its effective operation to achieve maximum efficiency.

Internal audit refers to an independent evaluation activity within an organization, aimed at helping the organization achieve its goals, improve operational efficiency, and provide risk management and compliance assurance. In today's rapidly developing and rapidly changing business environment, internal audit has become an indispensable part of organizational management. It can not only improve work efficiency, but also effectively manage risks and ensure the sustainable development of the organization. By evaluating various aspects within the organization, internal auditing helps identify problems and deficiencies in the business process. For example, auditors can evaluate financial processes, identify potential waste and unnecessary expenses, and propose improvement suggestions. In addition, internal audit can also evaluate human resources and operational processes to determine whether there is overlap and inefficiency in work. Only by promptly identifying problems and proposing improvement plans can enterprises better utilize resources, improve efficiency, and enhance competitiveness.

In the current uncertain and risky business environment, organizations need to pay more attention to risk management. Internal audit can assess the level of risk exposure of an organization, identify potential risk points, and propose corresponding risk management measures. For example, in terms of finance, internal audit can evaluate the compliance with accounting standards and ensure the accuracy and reliability of financial statements. In addition, internal auditing can also evaluate information system security and data protection measures to prevent potential network attacks and data leakage risks. By timely identifying and managing risks, organizations can

reduce losses and improve business continuity. In different industries and regions, there are various regulations, laws, and ethical standards that organizations must comply with and fulfill their responsibilities. Internal audit can assess whether an organization is compliant and provide improvement suggestions to meet regulatory requirements. For example, in the financial industry, internal audit can assess the compliance of loan and credit risk management procedures to ensure that the organization meets regulatory requirements. In addition, internal audit can also evaluate the corporate governance structure and internal control system to improve the transparency and compliance of decision-making.

3. Management Control: Ensuring The Achievement of Enterprise Goals

Management control is a set of norms and control measures developed within an enterprise, aimed at ensuring the achievement of enterprise goals. It covers aspects such as planning, organization, command, coordination, and control. By setting clear strategies, goals, and indicators, and establishing corresponding monitoring mechanisms, it helps enterprise managers to timely understand business conditions, track actual execution, and make adjustments and decisions based on feedback information. Effective management control can improve the competitiveness of enterprises and ensure that they move steadily towards their expected goals. Management control is the process of supervising and regulating various links and stages in the management of an enterprise to ensure the achievement of enterprise goals. It is an important means for managers to grasp and intervene in the operation of enterprises, as well as to warn and correct abnormal situations [3].

By formulating the enterprise strategy and goals, clarify the direction and goals that the enterprise wants to achieve, and decompose them into specific and actionable sub goals and action plans. This helps employees clarify their responsibilities and tasks, and stimulates their enthusiasm and creativity. At the same time, managers can monitor and track goals through control measures, promptly identify deviations and take corresponding measures to adjust, ensuring the stability and smoothness of enterprise operations. Management control can comprehensively evaluate and analyze various resources to ensure their full utilization and maximum value realization. Managers can monitor the use of resources through control measures, identify issues of idle, wasted, or unreasonable allocation of resources, and make timely adjustments and optimizations to improve resource utilization efficiency and economic benefits. Only with effective management control can enterprises better adapt to market changes, respond to challenges, and win in competition.

Management control is an important part of enterprise management, and its main goal is to ensure the achievement of enterprise goals. Management control refers to the supervision, coordination, and guidance of various internal links and activities within an enterprise to ensure that all work in the organization is carried out smoothly according to predetermined goals and plans, and to make corrections and adjustments during the implementation process, in order to achieve the overall goals of the enterprise. Enterprises must have clear goals, whether they are long-term or short-term goals, which require specific planning and formulation. Management control provides clear direction for the entire organization by setting and clarifying goals, enabling all levels and departments to work around the same goal, avoiding situations of fragmentation or duplication of effort. At the same time, management control can

also motivate employees to work actively and promote the implementation of goals by setting reasonable performance indicators and evaluation mechanisms.

The resources of enterprises are limited, and how to allocate and utilize these resources reasonably is a major problem that enterprise managers need to face. Management control can avoid waste and unnecessary consumption of resources by supervising and motivating various links and activities of the enterprise, ensuring the maximum utilization of resources. At the same time, management control can also detect resource shortages and tensions in a timely manner, and ensure the normal operation of the enterprise by adjusting and reallocating resources. In the process of enterprise management, it is inevitable to encounter various problems and challenges. These issues may come from internal organizational structure, process design, or personnel allocation, as well as external market competition, changes in consumer demand, and other aspects. Management control can timely identify existing problems and propose corresponding solutions through the supervision of various internal links and activities of the enterprise. Be able to predict and prevent problems before they occur, or make timely corrections and adjustments after they occur, in order to avoid the problem spreading to a larger scale.

4. Complementary Relationship Between Internal Audit and Management Control

4.1. Internal Audit Assists Management and Control Optimization

Internal audit identifies operational issues and risks through the evaluation of internal processes and control measures, providing managers with a basis for improvement decision-making. The results can be used to repair or strengthen deficiencies in management control, improve the effectiveness of management control, and ensure the stability and sustainable development of enterprise operations. In recent years, with the expansion of enterprise scale and the intensification of global competition, management control has become an indispensable part of enterprise operations. As an independent and objective management tool, internal audit plays a crucial role in optimizing management control. Through effective internal auditing, enterprises can identify problems, make timely adjustments, and improve operational efficiency and efficiency. Internal audit helps to identify operational management issues and optimize management controls. Internal audit examines the operation of a company from an objective and professional perspective, helping the company identify potential risks and problems. For example, in financial management, internal audit can check the compliance and accuracy of various financial activities, identify potential financial loopholes and risks, and propose improvement suggestions. In terms of human resource management, internal audit can evaluate the effectiveness of employee training and performance management, and provide improvement suggestions. Through the findings and recommendations of internal audits, enterprises can timely optimize management controls and avoid potential risks and problems.

Internal audit can conduct a comprehensive evaluation of a company's processes and operations, identify existing problems and bottlenecks, and propose improvement suggestions. By optimizing processes and operations, enterprises can improve operational efficiency, reduce resource waste, and reduce costs. At the same time, internal audit can also help enterprises determine the control priorities in their business processes, ensure that their operational processes comply with regulatory and policy requirements, reduce the risk of violations, and improve business efficiency. At

the same time, management control also provides effective guarantees and support for internal audit. A sound internal control system can provide necessary data and information for internal audit, ensuring the objectivity and accuracy of audit work. Management control can standardize the operational behavior and decision-making process of enterprises, provide standardized operational processes and systems, and provide a basis for internal audit review and evaluation. Through mutual cooperation and complementarity, internal audit and management control can form a closed loop and jointly promote the sustainable development of the enterprise.

In recent years, the importance of enterprise management control has become increasingly prominent. As the effective assistant of the management, internal audit plays an important role in optimizing management control. Internal audit helps enterprises establish a sound internal control system, improve management efficiency, reduce risks, and achieve sustainable development. Internal audit provides independent and objective feedback by evaluating and supervising the effectiveness of internal control in enterprises. Internal auditors can conduct comprehensive investigations and evaluations of various aspects of the enterprise, identifying existing problems and potential risks. Through timely reporting and solutions, help enterprises strengthen internal controls and prevent losses and risks from expanding. Internal audit can also help management improve and improve the operational process of the enterprise, improve the quality of decision-making, and reduce errors and errors.

Internal audit can promote enterprises to establish transparent and standardized operating mechanisms, review and test various rules and regulations, decision-making procedures, and behavioral standards of enterprises. Internal audit can identify and correct violations, and establish improvement mechanisms. At the same time, internal auditors can also provide training and guidance to enhance employees' compliance awareness and self-discipline. This helps the sustainable development of the enterprise and gains the trust of investors and external stakeholders. Internal audit provides independent risk management and control services for enterprises, auditing the operational processes, financial activities, and information systems of enterprises. Internal auditors can identify and evaluate various risk factors in a timely manner. They can also provide corresponding suggestions and measures to help enterprises reduce risks and optimize control. Through early warning and appropriate response measures, internal auditing effectively protects the property safety and interests of enterprises.

4.2. Management control provides a basis for internal audit

Management control generates a large amount of data and information in the process of regulating corporate behavior, guiding business activities, and setting goals. Internal audit uses this data and information to conduct specific audit work, verify the implementation of management controls, identify potential risks and issues, and provide more accurate audit conclusions for enterprises. Management control refers to a series of measures and methods taken to achieve organizational goals. For internal audit, management control is an important tool and means to provide a basis. This article will introduce the importance of management control for internal audit and how to use management control to provide a basis for internal audit. By analyzing and evaluating the organization's management control system, internal audit can identify potential risks and issues, and determine the focus and objectives of the audit work. Management control provides a framework to assist internal auditors in understanding the organization's operations and potential risks and challenges, in order to plan and

conduct audit work in a targeted manner. The core of management control is various control measures and methods, including internal control, risk management, performance evaluation, etc. These methods and techniques are also the basic tools and means of internal audit. By borrowing and applying management control methods and techniques, internal audit can conduct audit work more scientifically and effectively, improving the accuracy and reliability of the audit.

Management control is a set of norms and guidelines within an organization, used to guide and constrain various activities and decisions of the organization. These guidelines and standards also provide a basis for internal audit evaluation and judgment. Internal auditors can compare the actual situation of the organization with the requirements of management control, evaluate the operational status and management effectiveness of the organization, identify problems and improvement opportunities, and propose corresponding suggestions and improvement measures. Management control is the supervision and monitoring of organizational operations, ensuring that the organization achieves predetermined goals and requirements by supervising and inspecting its various activities and decisions. Internal audit, as an independent and objective supervision mechanism, can use the results and information of management control to evaluate and supervise the operational status of the organization, identify potential problems and risks, and ensure the operational safety and compliance of the organization.

Management control is the process of supervising and managing business processes and activities within an organization. It ensures that the organization's resources are appropriately allocated and utilized to achieve established goals. Under the framework of management control, internal audit plays an important role in providing organizations with key basis to evaluate and improve their internal control systems. According to the principles of management control, internal audit can determine the key control points of various business processes within the organization, and develop and execute corresponding audit plans for them. These control points include financial reporting, risk management, compliance, and operational efficiency, ensuring that the organization has effective management controls at all levels. Management control requires the organization to establish a comprehensive internal control system, including systems, policies, procedures, and processes, to ensure that the organization can carry out business activities in a standardized manner. Internal audit can check the effectiveness and feasibility of these internal controls through testing and evaluation, and provide improvement suggestions and guidance to further strengthen the organization's management control.

The goal of management control is to ensure the optimal utilization of organizational resources to achieve business objectives. Based on this goal, internal audit can evaluate and compare organizational management controls based on management control standards and guidelines. For example, internal audit can refer to standards such as the International Management Control Framework (COSO) and Enterprise Risk Management (ERM) to evaluate the internal control level of an organization and provide improvement suggestions and recommendations. Management control requires organizations to establish effective supervision mechanisms, including internal control self-assessment, risk management, internal auditing, etc. Internal audit can identify problems and deficiencies in these supervision mechanisms through audit and evaluation, and provide corresponding improvement suggestions. At the same time, internal audit can also communicate with

management and the board of directors, report audit results to them, and recommend appropriate actions to improve management controls.

5. Conclusions

In summary, internal audit and management control are two indispensable links in corporate governance. They complement and support each other, forming an effective governance system. Internal audit evaluates the internal control of the enterprise, provides improvement suggestions, and optimizes management controls; And management control provides data and information foundation for internal audit to verify its effectiveness. Only with close coordination between internal audit and management control can enterprises achieve sustainable development, full operation, and success in the fiercely competitive market. Therefore, enterprises should attach great importance to internal audit and management control, and pay attention to the coordination and integration between the two.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

Funding

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

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