

## The Classification and Relationship between Audit and Auditors

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**Abstract:** The American Society of Accounting has defined "Audit" as an organized process that include the collection and evaluation of objective evidence of what was related to economic events, and to clarify to what extent the implementation for plans and objective criteria, then display the results in a report and includes recommendations to interested parties in them, such as groups from multiple community categories interested in audit in all economic units as capital owners and government bodies, as well as monitoring and control bodies, investors and others in addition to the people in charge of the economic unit and the circumstances surrounding them, and to achieve the need of each of the groups mentioned above, there were several divisions represent audit practicing, each division of them achieve a certain goal or specific targets, hence, this research papers shows the classifications of audit and auditors and the relationship between them with regards to execution, and discusses the compulsory and optional audit, the steps of internal audit and its objectives, also classification of audit with regards to tasks and the relationship between internal and external audit. The study showed the integration between the internal and external audit and the important role of internal auditor with respect to monitoring

**Key words:** Audit classification, compulsory and optional audit, steps of internal audit and its objectives, classification of audit according to tasks, relationship between internal and external audit, the level of integration between internal and external audit, the role of internal auditor in monitoring

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### INTRODUCTION

The diversity of audit divisions is a descriptive diversity, meaning that it affects the descriptive terms of audit and not its core, since the concept of audit and its meaning and its origin does not change the angle at which we look to audit work, for example, the internal audit may be carried out by an internal system for the economic units, the audit may be external done by the person or foreign entity independent from the economic unit Therefore the characteristic of the audit has been changed to declare the direction

#### *The Classification of Audit with Regard to Execution:*

According to (Abdulwahab, Ibrahim Taha 2005) Audit is classified with regard to execution of audit tasks usually applied according to different principles that depends on the side or perspective where looking to the audit, so what are these principles?, they are:

#### *A- The Complete Audit and Partial Audit:*

- *The Complete Audit:*

The complete audit is achieved when there are no limits or restrictions on the audit process with regard to the external auditor, it means that the auditor should have the right to review and inspection of all operations and accounting data and information within the organization or economic unit without exception, and without any condition by the samples, and the auditor has the right to expand the base of samples to ensure the safety of inspection.

- *The Partial Audit:*

If the limits or restrictions on the audit process were partial, therefore in this case auditor's work is determined by operations or certain accounting data for a particular purpose Thus, the auditor's report will not focus on the audit result of financial statements, but focus only on the outcome of audit operations, which called for and determined in auditor's letter and his responsibility is determined within the framework of assigned

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work, and this right is more clear for auditor in case compulsory audit that is required by law that oblid the organization on its procedures as in case of public sector entities, corporations, banks, and others.

Theoretically - as long as the audit was complete - that auditor review and inspection operations carried out by economic unit during the financial period that is commissioned to review with full audit, so that the auditor can express his/her opinion in the health and accuracy of accounting data, and the extent that the financial statements express the result of activity, and reality of this financial unit in the theoretical perspective.

But because many practical considerations, the auditor is unable to do the audit completely and comprehensively for all financial operations, therefore the auditor can do audit check by selecting samples of registered operations in the records that cover all types of financial transactions, as well as covering al economic events and activities that was achieved by the organization or the economic unit whatever its type, and specify the sample volume with all types, also doing the audit and reassuring on correct accounting data that indicated in the records and financial statements. And because process of selecting the samples is one of auditor's responsibilities, then the auditor must limit the size of sample and specify the agent or organization that reviewed by the client or organization under partial audit process and review of accounts with high accuracy and clearness Partial audit is not a complete audit or absolute audit, but it is a partial technical investigation process and determined for certain limited purpose. Therefore it is an investigation process for special purposes One of the examples of partial audit is assigning accounting audit to review and audit the constant assets or audit of financial transactions in order to detect any kind of manipulation or gaps in its documentary or internal control system belong to it.

***B- The Optional and Compulsory Audit:***

• ***The Compulsory Audit:***

The audit of the financial statements and records, which include accounting data and accounting information are not optional in all cases. As it may be mandatory must do. The reality of the obligation under audit legislation issued by the state because of its sovereign authority over society, and it is clear that in the legislations related to financial companies in most countries of the world. That each joint stock company should has an auditor or more than one auditor who meet the conditions set forth in the law of accounting occupation and audit, which is appointed by the general assembly and estimate auditor's fees accordingly.

• ***The Optional Audit:***

Originally, audit is optional, which is a decision belong to the owners of capital and to other stakeholders, and if the company is owned by other the people. As in the case of capital companies, especially corporate, then appointing an observer or auditor is imperative legislator intended to regulate the management of the company or economic unit in order to maintain the rights of the owners of capital, In addition that to be sure about the social role played by these units to meet the economic needs of the community on the national level.

Although the optional audit is not comprehensive to all operations and transactions but it is considered a complete audit, and this mainly because there are not restrictions on auditor work when inspecting the accounting records, and also there are no limits on request for all data and explanations that deemed necessary by the auditor. Therefore the optional audit is classified as complete audit even though it is achieved optionally. No doubt the auditor is responsible on the validity of all information indicated in his/her report, and auditor become free from any liability since he/she was successful in selecting the samples and specifies the size of the selected samples, and doing the job perfectly and completely

***C- Final Audit and Regular Review:***

Audit is defined in the United States as budget review of balance sheet, also audit is described as final because it begins after the end of the end of the financial year of the economic unit, and after that the economic unit should has finished recording and tabulating the financial transactions and verification to all of them, and the preparation lists that indicate the result of activities and financial position.

The audit is done by sampling, due to the large volume of financial operations and the diversity of activity and the large number and complexity of the relations between financial transactions. In addition to that the fiscal year for most economic units that audited by the auditor should be finish at one time. Moreover, the legislation and laws often define a relatively short period of time that the economic units to disclose as a result of activities and financial position and published in newspapers, which obliges the auditor to finish audit during that period and submit a report to the general assembly or regulatory bodies of the economic unity. It is worth mentioning that the final audit does not uncover faults and fraud in the money of economic unit as soon as they occur. But if they've been detected, then only after the end of the fiscal year, i.e after accumulations of all faults and finishing frauds and achieving losses, therefore the benefit of final audit is limited in this regard.

- **Regular Audit:**

In regular audit the first thing to do is audit process on regular bases during the financial period, and in this case the audit process takes the regular feature and continues during the financial period. the auditor visit the economic unit from time to time or at regular intervals or non-periodically to conduct a business review calculations which were recorded in accounting records and records.

This type of audit needs of large economic units such as corporations because they include a large number of economic and financial processes that need revision on a large extent and long period of time. This type of audit has also advantages and disadvantages and achieving these benefits or defects depends on the auditor himself/herself, and it depends on his or her qualifications and auditor's abilities, intelligence, and wisdom, and auditor's way in doing the audit process.

***The Features of Regular Audit:***

The operations of audit are characterized by the following features:

1. Extending the scope of the audit and covering most of accounting processes that if not all of them, which could achieve the desired objectives of the audit process.
2. Detecting the faults whether faults occurred in good faith or intentionally in the event of occurring of faults, and to identify responsibility and doing the necessary measures and procedures by the department of economic unit to take treat these faults and ensuring not to repeat them again in the future in order to maintain the funds and raise the level of productivity and achieve the desired goals.
3. The possibility of reviewing and audit the information indicated in the result statements for the financial year and the statement of financial position, and to report the outcome of the audit and the whole achieved work after the end of the fiscal year of the organization relatively in short period.
4. Continuous audit of transactions that were recorded on regular basis, and doing that will let workers to avoid doing mistakes or laziness or lax in the performance of their accounting job and record transactions on a regular basis in the accounting records. (Mohamed,H,Adnan., 1999).

***The Disadvantage of Regular Audit:***

1. One of the most important disadvantage of this type of audit is that its continuous feature make it an auto mechanism and therefore auditors become careless or his/her assistance pay less attention because of repeated processes and high regularity, then may not be able to detect faults or fraud in the financial statements
2. One of the results of regular meeting due to repeated occurrence is establishing friendship between the auditor and the accountants of the economic unit which lead to negligence to many misstatements and frauds in the financial statements.

***D- The Internal and External Audit:***

- **Internal Audit:**

The size of organization and economic unit, and the diversity of its activity and extent of operations volume, and the gradual absent of senior management of economic units from the details of policy execution, all these factors made it very important to search for preventive and control management that secure achieving the verification of financial operations and how serious they are immediately after occurrence.( Mubarak, Zaki, M,2005) After that the need for qualified persons belong to the economic unit was important, and the need to people having scientific qualification, experience, wisdom, and background on doing financial operations in the economic unit in order to verify the correction of financial statements and detecting of faults and misstatements after detection and the accumulated effects of these fraud and misstatements, and no doubt intentional and good faith faults are equal, in addition to that personnel inside the organization are doing the job in the control system, and knowing what has been executed of plans and financial and economical policies, and the extent of achieving the desired targets as planned.

According to the importance of internal audit in the economical organization led by banks, the internal audit institute has been established in New York in the United States in 1974, and following that open may branches in US states, therefore the internal audit become an integral part of the internal audit inside organization, and having their special standards.

It is worth mentioned to refer to the goals and steps of internal audit.

***The Steps and Target of Internal Audit:***

- 1- Criticism and assessment of plans and policies and procedures planned by the management in order to protect the assets and properties and raising sufficiency in the production and distribution so that develop the organization through increasing the production and satisfy community needs for services and achieve the internal audit by audit and analyzing accounting data and therefore detecting frauds and misstatements

- or any kind of illegal manipulations that may occur in the accounting records, and then working on correcting them immediately through reports submitted to the senior management
- 2- Suggesting the possible development in the management systems to reach the desired performance in work inside the activity.
  - 3- Taking care the commitment of executive systems inside the organization for the subjective procedures and showing the detected defects, and submitting reports of results to the senior management, and assessing the policy of economic unit and its performance
- However, in order for the internal audit to achieve its goals perfectly then it must achieve the work on two stages:( Rafat, Ali, R., 1983)

***The Preventing Audit:***

It means to achieve all financial operations of the economic unit that are possible to be measured quantitatively to ensure its correction through verifications of documents supporting them and finding any data or explanations supporting them and affirm its seriousness, and this should be done before approving them in the accounting records, and therefore preventing to record any financial operations has been done improperly from the two perspectives (documentary and accounting). It is natural that preventing audit is focusing on these two aspects only

***The Corrector Audit:***

It represents the audit and verification of all accounting records of the organization or economic unit, to verify the validity and accuracy of indicated data and information, and also correcting any detected faults or errors in the recording processes and archiving, and extracting results and showing them with good interpretation. It is obvious that this kind of audit is focusing on various accounting aspects such as recording and archiving and summarizing results. The internal audit produces many benefits and features, and also bears many defects that will be demonstrated in this study

***The Characteristics of Internal Audit:***

In this section (Rafat, Ali, R., 1983) suggested some points:

1. One of the advantages of internal audit is to ensure the validity of the data indicated in accounting records and accounting documents in order to achieve reassuring for the economic entity or organization on the financial information and facts which is important to make the appropriate decisions with regard to problems facing the organization
2. Maintaining the funds and property of the economic unit from loss, where internal audit reveals fault and illegal manipulation first, and then working to avoid them to a minimum limit and to correct them immediately rather than accumulation of faults and misstatements.
3. Immediate detection on everything happening in the internal control system and detection of gaps that might be used to manipulate the financial data and embezzlement, and suggesting the necessary modifications to correct mistakes and spots of manipulation and filling security gaps in the financial system.

***The Disadvantage of Internal Audit:***

1. Undergo the employees working in the audit system to material and moral pressure and having limited freedom to express their views in their reports to the management due to job dependence.
2. The reluctance of internal auditors to express a neutral opinion about detected frauds and illegal manipulation of financial data because of fear of any damages or because of personal relationships between them and the staff responsible for illegal manipulation or fraud.
3. In addition to the above, the internal audit has the same defects of regular audit, as it is periodic and continuous. It also represents a complete review and comprehensive. (Rafat, Ali, R., 1983).

• ***The External Audit:***

External audit are usually done by independent unit from the economic unit, and doing the audit process in many organizations in the private sector and business sector as well. The central body for accounting is responsible on audit the units and government organizations, whereas the external auditor always has an independent opinion, whereas the auditor verify the records and accounting documents of the economic unit accurately and neutrally in order to completely to fully make sure of the health and safety of economic processes during a period specified by two dates which are the date of beginning and the date of end to the financial period, and to be sure that audit was achieved correctly and effectively, and accounting operations were directed correctly, and all that intend to express opinion about the content of financial statements such as data, financial facts, and verification of accounting information validity in the financial statements during the audit period, and disclosure of financial position at the end of same financial period, and reporting the adequacy of unit's work

and its activity, and not only that, but the internal auditor may work on obtaining an advanced target, especially if the auditor has taken the social responsibility of audit and did audit and inspection using the method of target audit and making reports about achieving the goals as well as giving his/her personal opinion with regard to the results of executing these goals.

Audit may be achieved for any other purpose such as giving opinion in the internal monitoring of the economic unit and the level of achieving the monitoring for the purpose of control the various operations or assessment of performance, or doing partial audit to obtain a certain purpose like: audit of stock operations or currency operations for any purpose that fall under the classification of audit services.

The external audit is at the end of the fiscal year and are complete, the auditor has the right to review all financial operations, and he/she has the right to request any data or clarifications without any condition, and is compulsory in case of whether committed to the legislation in force by the state. But in major organizations such as joint-stock companies are optional through choosing different samples from the overall financial operations which are recorded so that the auditor is convinced about validity and accuracy of data and financial statements, otherwise he may need to review all accounting operations.

No doubt the external auditor should take in consideration when selecting the sample some of the following essential points:

1. Organization systems or economic unity that define the powers and responsibilities of the different bodies as well as its employees
2. Regulations for determining operational procedures for financial operations and its relations to the administrative decisions
3. The accuracy and efficiency of the internal audit system in the verification of the financial operations of the economic unit with a full technical inspection on a regular basis
4. No doubt that external auditor's report about the results of audit is under full confidence due auditor's independency and neutral opinion as well as experience and full awareness and knowledge. The auditor is responsible about all data and financial facts indicated in his/her report, and his responsibility about that is determined by job ethics and state legislations.(Naim Dahmash, 1998)

#### ***The Classification of Audit with Regard to Tasks:***

##### **1) *Financial Statement Audit:***

The financial statements include the procedure for obtaining approving evidence related to financial statements of the economic unit under audit and make the proper assessment, and this is a goal for making about the extent equality of the financial statements and there agreement with the required standards and criteria that was accepted generally. The declaration of financial statements audit for many beneficiaries such as shareholders, creditors, organizing bodies, stock market, investment, and others, and the assessment of financial statements is essential for the stock markets. (Cynthia Harrington,2004).

##### **2) *Responsive Audit:***

This type of audit includes the subjective evidence and assessment to specify whether there are regular financial activities and operations inside the economic unit under audit or not. The standard of this type of audit may come from different sources; management for example may issue rules and policies for extra jobs and also regulations for retirement contribution, and the responsive audit depends on standards that were set by creditors may require a special contract to acquire the fixed assets of system of credit facilities or leasing system, depreciation calculations based on current average. It is possible that the responsive audit to depend on organizing rules set by the state, whereas business owners should agree in may works associated with laws, and one of them fair labor standards, list of equal employment opportunities, list of clean work.

##### **3) *Processing Audit:***

This type of audit is needed to obtain evidence about the adequacy and effectiveness of operating activities within the unit being audited for specific objectives. This type of audit is called processing audit or administrative review, and this kind of reports includes revisions of assessments to the efficiency and effectiveness along with the recommendations.

#### ***Classification Of Auditors:***

Auditors may be classified into three groups:

- 1) **Independent Auditor:** The independent auditor may be an individual or a member of the Bank for audit services to clients, this auditor can do many types of internal and government audit and because of his/her scientific qualification, training and experience that enable him/her to do independent audit that involves technical considerations and other conceptual thoughts. The independent auditor must not be confused in front of the client when doing the audit task, and the independent auditor should also be objective in front of

all parties who depend on the results of the audit process to make certain decisions, and should also get a CPA certificate in the sense to be restricted records auditors "legal auditors".

- 2) **Internal Auditor:** is one of the workers in economic unity or bank, which is audit its activities. The main aim of the internal auditor is to assist management in carrying out its responsibilities effectively and efficiently, and expands the concept of the internal audit function to include all roles within the organization's activities, and accused on responsive audit or acquiescence or compliance, as well as operational audit, and helps the independent auditor when audit the financial statements
  - 3) **Government Auditor:** He/she is one of government employees, and this auditor is responsible for doing audit task at the level of bodies, interests and government departments which often follows the central body of accounting, which is responsible for the audit processes at the state level and submitting the results of the audit by reports to the legislation authority, or the congress or the parliament. The audit system in government units differs from audit in economic organizations and units, below are an explanation that describes the aim of the government audit: (Ahmed, Nour.,1992)
    - a. Knowing if there are financial reliance for spending, and whether such reliance is licensed by the state authorities, and verifying whether spending was authorized correctly according to the law and regulation.
    - b. Verifying that payment was paid to the person owed the amount, and having the receipt showing the payment, and the payment process was registered in the right way in the accounting records, therefore there was no probability to demand the amount by the government.
    - c. To evaluate that the paid amount was recorded correctly and the amount is credited in the personal account of the contractor, employee, or any other person.
    - d. To evaluate that all collected payments is recovered regularly and inspected with regard to the paid amounts before, then make him a creditor in the special account in time.
    - e. To verify, when audit the stock, that the assessment was in the correct and accurate way, and to verify also from the prices of the goods and specified products first from time to time based on market price.
    - f. To verify the withdrawal from the stock was periodic and such stock must be evaluated with the balance which was indicated in the stock record.
    - g. To evaluate that spending is consistent with the general principles, it means that: (Ahmed, Nour.,1992)
- Spending is only for necessary things, and the government employee has spend all efforts to care about money spending
  - There are no authority that may accept spending that produce benefit for the authority that certify this spending
  - Public funds was not used for the benefit of any person or group of people in the community unless the used amount was very small, or the spending is consistent with a policy recognized by the government
  - To evaluate that alternative amounts such as transport allowance is legalized by the law, and this regular alternative could not be a source of non-obtained profit. ECIIA. (International Control and Internal Auditing)

#### ***Relationship Between Internal and External Audit:***

Since the main objective of accounting in general is providing information for the decision-makers, therefore information needs for evaluation and inspection in order to verify the results of economic unit and the financial position of it, and the audit become important and essential whenever the probability of faults increased in the stage of preparing these information. Therefore audit process may be done either through internal audit or external audit, where the external auditor express his/her opinion about the validity of financial statements and its equality, whereas the internal auditor is responsible for verification of accounting data and the extent of commitment towards the policies, procedures, plans, and reliable programs, in addition to that audit of activities to verify its adequacy and regularity and setting recommendations for the management, and if one of internal auditor's duties is to audit and verify the current information system in the organization, and in particular in the electronic running of accounting data, therefore the relationship between the internal and external audit could be analyzed according to the following: (ECIIA. International Control and Internal Auditing)

#### ***The Differences:***

The main objective of the internal audit is to make sure the power of the internal control systems and the effectiveness of such systems and the resulting accounting data. But the main objective for the external audit is to express a technical and neutral opinion about the ability of financial statements to represent the desired results of the performance and the position of the economic unit, Based on the main goal difference to both, the applied method differs in achieving this goal, as internal auditor depends on the method of examination of accounting

records, documents, analytical statements, and the financial statements in a comprehensive manner, whereas the external auditor in addition to this examination and generally through the samples, will request clarifications to work for collecting more evidence to prove his/her ability to judge on the validity of transactions and balances of the economic unity as well as differences over the independence of the external auditor. However, the internal auditor subject to internal instructions and orders from the management, and the internal auditor is hired and assigned for the audit job by the management, and he/she continuously receives daily orders from it. (Journal of Accountancy Vol 198,2004)

As mentioned above it does not mean that the internal auditor does not have any degree of independence, but he/she has a relative independence or less comparing to the external auditor, that the common trend in many situations is the dependency of the internal audit department directly to the senior management. The External Auditor is a neutral person and is completely independent from any kind of management influence inside the economic unit under the process of audit or inspection of accounting data, and that in many cases the appointing of auditor is the general board of shareholders in order to provide complete autonomous for the external auditor and express his opinion about the performance of management in particular, and it could be argued that the scope of work of the internal auditor is determined based on the needs of the management of the economic unit, While determining the scope of work of the external auditor in accordance with the law and custom according to accounting conventions, and subjecting the internal auditor to questioning is the decision of the management, while the questioning the external auditor is always represent the responsibility of general board that assign the auditor.

Other differences that many happen is related to many requirements that should be met by the external auditor in terms of the degree of efficiency and scientific qualification and time period due and tests in order to practice his/her profession, while there is no general agreement about the requirements of practicing internal audit. (Journal of Accountancy Vol 198,2004)

In addition to object differences and the degree of independence and practice requirements, it can be said that the first beneficiary of the internal audit is the management, while the main beneficiary of the external audit is shareholders and other external parties

#### ***The Similarities:***

In terms of common interest to both internal and external auditors it is important to provide an effective system of internal control in order to prevent faults and statement illegal manipulation or reduce both of them. (Ahmed, Nour.,1992) Adding to that both of them care about the financial operations carried out by the project or economic unit, so that it is a common interest of both of them is to have an accounting system adequately serves to provide information for the preparation of financial statements, and according to that both auditors should depend on an internal control system and to examine the accounting records and also inspection the elements and values of assets and liabilities and equity items. This means that there is a complementary relationship between internal and external references.

#### ***The Integration Level Between Internal and External Audit:***

Despite the differences referred to the internal and external audit in terms of targets or the degree of independency or requirements to practice audit job, and despite the similarities in practicing both of them for the in terms of relying on an effective system of internal control and doing financial audit as well as operational review, the integration between them is existed largely, and the internal auditor is not considered a competitor to the external auditor, and the economic units need the service of both of them.

The lack of full a independency for the internal auditor makes the external auditor an essential need because of his full independency in most situations, therefore the interest of the internal auditor is subjected on improvement of internal control process, also support this process and evaluate its tools, The external auditor needed to determine the scope of inspection and audit. The existence of the internal auditor as one of the employees in the economic unit throughout the year gives the internal auditor the opportunity to do a detailed analytical tests and verifications, while the external auditor usually do audit test and not comprehensive, which he/she can rely on the results of the evaluation done by the internal auditor throughout the year. (Journal of Accountancy Vol 198,2004)

#### ***The Role of Internal Auditor in The Monitoring Process*** (International Accounting Journal Vol 60 ISS jun 2003)

Internal auditor working inside the economic unit seeks to serve the management through the monitoring process, but it can limit the interest of the internal auditor in the monitoring process in the following points:

- 1- The administrative job consists of a set of subroutines such as; planning, organizing and directing, coordination and control. The monitoring function of the director, which effectively shared by the internal auditor to ensure the performance of other subroutines.
- 2- The activity of internal audit includes financial audit and reviewing the extent of compliance with policies, regulations and impartial laws, furthermore operational audit of the activities and all the procedures and

processes to verify the adequacy and the regularity. Finally audit and verification of information systems in terms of completeness and degree of safety associated with them. Therefore, the internal auditor achieves management objectives by doing all that.

The independency of the internal auditor for operational activities within the economic unit supports what is called "Numerical Ability" and work internally to direct the management towards absolute monitoring as long as the workability of the monitoring process is tracking the performance facing planned performance, this emphasizes the adoption of management's internal audit in achieving good monitoring process.

- 3- Since the internal auditor is one of the employees in the economic unit, then his/her proximity to the financial records makes him/her relatively fully aware of the problems following the economic unit, which compels him/her to identify the operational activities associated with these records to increase knowledge and to complete the monitoring processes.

The management is considered a major client to the internal audit, as long as the management's needs evolve and rapidly growing, whether as a result of the radical changes in the external or internal environment, therefore all these aspects may double management's reliance on internal audit efforts.

A clear example which highlights the need for an internal audit is to prevent and reduce faults, as long as the administration need information on a high degree of trust and continuously, it is expected that internal auditors have sufficient knowledge and experience about monitoring procedures, and give advices to managers in order to prevent and minimize faults and fraud.

Other goals that internal audit aims to achieve is to help the management to exclude causes of waste and loss. Where operational audit working to achieve optimum utilization of available resources, so that applying monitoring means limits the extravagance and losses, and increases the efficiency and effectiveness of audit process, and thus increases final profits of the economic unit. The exclusion of causes of extravagance and loss can be achieved by eliminating any kind of weakness in the organization, as well as by increasing the quality of the decisions taken by management in the economic unit, as well as efficient usage of available resources in the economic unit, and stop overvaluation the capability of the economic unit to pay wages for the employees, also through more efficient procurement process, reducing consumption of unjust resources in the absence of pre-defined cost standards, moreover working to increase the effectiveness of policies of stock, and limit misuse of resources or assets, and also reducing thefts and irregularities resulting from failure or frustration administration in preventing faults and possible illegal manipulation.

#### ***Conclusion:***

Concept of audit and its definitions and origins is not changing with regard to perspective of auditor's work but between the occupational performance of the auditor and beneficiaries of auditor's service, and one of the main important services provided by the auditor is his/her ability to detect fraud, illegal actions and misstatements, in addition to that assessment of the consistent of financial institutes and economic unit under audit, and the type of tasks assigned for the auditor, according to that the researcher conclude that the audit process is classified according to the audit tasks and execution of audit job by the auditor, the researches emphasizes that the classification of auditors should be according to special rules based on qualification, training, experience, and performance quality, and commitment to quality standards, and monitoring performance quality of auditors, and periodic assessment to their work in order to ensure the minimum performance quality in audit work, and according to developed means applied in audit job based on their ability to do audit tasks, or providing consultancy service, or providing tax consultancy, and other classifications The main objective of audit is to ensure the strength and ability of internal monitoring systems and the effectiveness of these systems, and output of these systems such as accounting data and giving technical neutral opinion about the ability of financial statements to represent the results of economic units performance and its financial position through accounting inspection for account records, analytical documents, financial statements in a comprehensive way.

#### ***Recommendations:***

1. Classifying of auditors according to specific rules based on qualification, training, experience, and performance quality through following quality standards, and monitoring the performance of auditors
2. The importance of accuracy in selecting the auditors and the preference should be according to quality and efficiency, which reduce competitions between auditors which enforce auditor's independency
3. It is important that auditor follow the management of audit directly in order to ensure his/her independency and neutral job, assuring that relevant authorities to support auditor's independency
4. The need to develop clear criteria for the work and role of auditors to enable them to perform effectively
5. The Charter of audit must include audit functions and authorities so that it could be a source of power for the auditor to do the job effectively, in addition to that the audit process should not be just a review task to be carried out by the auditor

6. Setting correct criteria for selecting favorite auditors based on high qualifications and good morals and work experience.
7. The need that the internal audit activity to include audit and compliance policies, regulations and objective laws.
8. Allowing auditors to know financial records as one of the employees in the economic unit in order to be able to solve problems facing the economic unit and eliminate them
9. Working on reviewing, inspection, and evaluation of information that is provided for the decision-makers in order to verify expressing the results of economic unit and its financial position
10. The auditor must be responsible what is indicated in his report of the financial data and facts, opinions and recommendations
11. The audit process should take high priority by organizations and financial units, and to be ob regular bases during the fiscal year in order to avoid all kinds of risks
12. Providing legal protections for auditors through applying legal acts associated with the audit profession in the financial accounts and administrative evaluation
13. Monitoring and occupational following-up on auditors to treat their cases and problems with continuous improvement and job training and examining their qualification periodically during the year
14. The imposition of compliance with international accounting standards by the members in audit offices and commitment to ethics and professional behavior and supporting the independency of auditors and staying away from advisory services
15. The commitment of auditor to develop his theoretical and practical knowledge in all audit sides and updating his/her knowledge periodically until reaching the required performance that satisfy clients and the management of the economic unit.

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