

## THEORETICAL RESEARCHES REGARDING MANAGEMENT METHODS AND TECHNIQUES FOR CONDUCTING THE INTERNAL AUDIT

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**Abstract:** *Supreme goal for society is to have satisfied customers and a stable economic situation. To achieve these goals are necessary a lot of measures. One of these are cleanliness and order from production, a prerequisite of products quality. Systematic methodology for analysis of processes that take place in an enterprise, the procedures and activities in order to highlight the problems facing the company and to propose improvement solutions, involves conducting audits within productive enterprises. This paper aims to analyze, identify and implement necessary measures to standardize production processes and their continuous improvement.*

**Key words:** *internal audit, internal control, safety, order, cleanliness*

### 1. INTRODUCTION

As a profession, the audit has developed steadily in parallel with management science after the Second World War. Much of the theory of the internal audit, derived from management consulting and the accounting profession. With the implementation of Sarbanes-Oxley Act of 2002 in the United States, as a result of fraud known in America, the profession has experienced accelerated growth (Martinescu, 2006).

Development, implementation and continuous monitoring of the system of an internal control and procedures, are the responsibility of the management company and not the auditor. This evaluates the system of on internal control only at certain moments, that when a mission is planned audit.

For maximum effectiveness of internal audit should be good communication between auditors and management, the latter to be open to recommendations proposed. It is very important for the auditor to diagnose correct a situation, have complex knowledge about the activity and receive necessary explanations to understand correct the work.

To fulfill its role effectively, auditors should have assured an organizational independence with the company management, which allow an objective and unrestricted evaluation. Best subordination is by the Audit Committee or the Board (Thomas, 2003).

### 2. SOC. AUDIT

Concept of SOC Audit (security, order and cleanliness) is required for good ongoing of production activity in the industrial companies.

Safety at work must be accomplished permanently and this is provided by:

- free escape routes,
- free escape routes,
- free and handy fire fighting facilities,
- wearing labour protection equipment.

Order is provided by:

- quick and easy handling of parts and devices work,
- permanent improving on safety of production processes,
- loss of time reduction,
- cost reduction,
- growth staff satisfaction and responsibilities.

Cleanliness influences workplaces image, because it is:

- first impression which customer makes,
- it is strongly influenced by external image,
- responsibility of workers to ensure quality products.

In research conducted to the company X, I watched how is respect safety measures, order and cleanliness during manufacturing activity performance. By conducting internal audits, we followed the identification of measures for continuous improvement of production processes and creating functional, safe and pleasant work stations. For this I evaluated each area or workplace, and I have transposed the results in Tab. 1.

<b>SOC Audit (security – order – cleanliness)</b>		
<b>Verification features</b>	<b>Problem description</b>	<b>Measures</b>
<b>Security</b>		
Wearing personal protective equipment (PPE) according with approved list	Do not use safety equipment	Permanent control over compliance rules of wearing PPE
Fire protection plans are updated	The evacuation plans displayed in sector are no longer current	Updating evacuation plans
Providing access to the means of first aid and first intervention in case of fire	Two fire extinguishers are expired and locked by material	Replacement inappropriate extinguishers and ensuring access to hydrants
Maintaining free access roads and exhaust	Boxes with pieces storage in unmarked place and improper markings	Redrawn access roads and lanes for evacuation according to the layout
Workplaces use appropriate tools	In the area is using improvised tools	Removal and replacement improvised tools with corresponding tools
Exist the list with hazardous substances used in industry	The list of dangerous substances of closet are not complete	Updating list of dangerous substances and keeping records at day
Containers with hazardous substances are labelled according to original label	Cups of coffee are using as containers	Ensuring a stock of containers in the wardrobe with auxiliary materials
Medicines of first aid kits are still valid	In the first aid kit some medications are	Checking and replacing medications

	expired	
<b>Order</b>		
The pieces are marked according stamp matrix, are not mixtures	In the same box are stored several types of components/parts	Verification compliance instructions for storage of parts
Clear separation of scrap / fixes and good parts	Parts for fixes are stored with good parts	Tracking and checking for a clear separation of parts
Are doing notes which accompany the production	Production approval is not signed and attendance sheet isn't completed	Periodic check on the completion of documents according to the rules
Initiation and qualification plans are update and correspond	Initiation plan for new employee without evaluation and schooling list are not signed	Weekly checking of documents and completed them at required term
Display panels are tidy, updated and easy to understand	Information panels are dirty and old information are displayed in sector	Cleaning the panel and remove posters that are no longer current
Means of verification are intact and verification intervals are observed	Devices haven't verification term	Checking and replacing the devices with exceeded shelf life
There are storage areas for packaging	Display does not match what is stored	Checking and displaying proper in the sector
Lighting and environmental conditions are consistent	There are areas unnecessary lighting and lamp protection cover is damaged	Informed electrical workshop
<b>Cleaning</b>		
Cleaning interval is written and clearly defined	Not established a clear program for making cleaning	Setting and displaying proper of cleaning program
Work places and storage are clean	Cleanliness in the workplace is not appropriate	Continuous monitoring of cleanliness and order and sanctioning deviations
Cleaning of tools and equipment	Inadequate cleaning intervals and dirty equipment	Make a regular cleaning program, according to the set rules
Absorbent material to collect spilled substances accidentally	There isn't absorbent material in the sector	Issue the order to supply these materials
Cleaning materials are at hand	Brooms are stored inadequate in the sector	Purchase the necessary supportive and keeping control of cleaning
Waste collection containers are labelled	Parts box used as trash container	Endowment with boxes for accumulation the remaining debris
Dangerous waste are mixed with non-dangerous waste	There isn't a separation of garbage	Re-schooling on compliance the rules of waste separation
Keeping food and drinks in the cupboards / appropriate places	Coffee cups and foods are improperly and chaotic stored	Sanctioning non-compliance storage places stipulated as such

Tab.1. Results of the SOC Audit Report

Following this evaluation made by an internal audit, we can examine if the situation has improved or has worsened against previous auditing. After two weeks from achievement an SOC audit, is made another audit without preliminary announcement.

Safety is ensured by order. The working tools and auxiliary materials can be used effectively only when we know where are placed. In addition, the means of production stored properly are better cared and resist for a long time. To this is added and information of operators about possible dangers in the workplace (Darabont et al., 2002).

### 3. CONCLUSION

Objective examination of assembly activities developed in an organization, in order to offer an independent evaluation on control, production process and company management, is performed by an internal audit. This internal audit is necessary for my future research plans:

- analysis of methods and techniques of continuous improvement in manufacturing activity and for avoiding losses of any kind,
- identification of most effective methods and techniques of management activities in a production system;
- knowledge of means production optimization, risk assessment and delivery process of the finished product on the market;
- continuous improvement of the proposed measures and verification the performance which resulting by applied measures.

Research may be limited by controls arranged by company management about production activity, if they are implemented

and to what extent, in order to increase efficiency of organization activity.

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