

LAW REGULATIONS OF INTERNAL AUDIT IN 2010

Summary

The paper presents the evolution of the definition of internal audit and requirements for carrying out internal auditor duties. It also explains new terms introduced on 1 January 2010 by the Act on the Public Finance, among which there are management control, audit committees and commissioned audit. The paper also lists entities obliged to creating internal audit units.

Translated by Magdalena Janowicz

THE INTERNAL AUDIT IN POLAND IN 2002–2010

Summary

The article is on internal audit in Poland in 2002–2010, especially changes in internal audit made in public finance reform from 2009. In Poland internal audit has been still looking for it's own area of activity, in which it could prove sense of its own existing.

Translated by Mirosław Starzyński

THE ROLE OF THE INTERNAL AUDITING IN THE CORPORATE GOVERNANCE

Summary

The increasing number of the corporate fraud is the result of the ineffective corporate governance. The article shows how the internal auditing can support corporate governance, especially board of directors, to be more effective. In the author's opinion internal auditing can help board of directors to perform its duties by assessing: the information board gets from managers, risk management, internal control processes.

Translated by Olga Martyniuk

INTERNAL AUDIT IN LOCAL GOVERNMENTS – NEW LEGAL REGULATIONS

Summary

The article presents characteristic of new legal regulations concerning internal audit in Polish communes as well as result of researches, which were carried out in range of internal audit in 525 local governments of four voivodeships: kujawsko-pomorskie, lubuskie, małopolskie and warmińsko-mazurskie.

Translated by Anna Bartoszewicz, Henryk Lelusz

**PERSONALITY AND ETHICAL QUALITIES OF AUDITOR VERSUS
THE QUALITY OF AUDIT ACCORDING
TO SURVEY RESEARCH CARRIED OUT IN BANKS**

Summary

The occupation of internal auditor requires the person carrying out audit to possess specific ethical qualities, traits and competences. Every day auditors meet other people – the audited ones, by whom they are observed and assessed. The research carried out among bank employees indicates which traits and ethical qualities are most desired for high quality audit and what the strength of their influence on audit quality is.

Translated by Magdalena Janowicz

THE MANAGEMENT CONTROL AS THE ELEMENT OF THE INTERNAL CONTROL ACCORDING TO THE PUBLIC FINANCE ACT

Summary

From 2010 onward an administrative control system should be initiated in all units of The Public Finances Sector. The notion of administrative control was introduced by virtue of The Public Finances Act, 2009. The article has in view explaining the concept of administrative control and showing its range and standards, which are the basis for creating a control system in units of The Public Finances Sector. The article refers to valid legal acts relating to the sphere of Public Finances as well as references.

Translated by Beata Zaleska

**THE ROLE OF INTERNAL AUDIT IN THE PROCESS
OF IMPLEMENTATION OF MANAGEMENT CONTROL
IN TAX CHAMBER**

Summary

The paper refers to the provisions governing the issue of management control and internal audit. Actions undertaken by an internal audit unit and manager of public sector body, (i.e. Tax Chamber) in the process of implementation of management control were specially analysed.

Translated by Magdalena Wodyńska

THE ESSENCE AND FUNCTIONING OF MANAGEMENT CONTROL IN ECONOMIC AND BUDGET ENTITIES

Summary

The paper presents the essence, tasks and functioning of management control. According to the terms of reference and the remit, management control should include all the resources and activities of the entity. The way in which audit is appointed as well as the goals of internal audit and the audit committee determine their classification to the elements of management control carried out by a minister. In large entities, internal audit, especially the audit committee, through monitoring and the assessment of internal control, supports the supervising bodies more than it supports the board of directors.

Translated by Kazimierz Sawicki

**INFLUENCE OF WORLD STANDARDS ON FORM
OF THE MANAGEMENT CONTROL STANDARDS
FOR THE POLISH PUBLIC FINANCE SECTOR**

Summary

The State performs its duties through units of the public sector. The public sector should fulfill its duties effectively and stably. The paper presents changes in the domain of internal control between in of the public finance sector.

Translated by Elżbieta Szczepankiewicz

IMPROVEMENT OF COST CONTROL IN THE BUDGETING PROCESS IN TRANSPORT COMMUNICATION ENTERPRISES

Summary

Budgeting of indirect costs is an important instrument of management. The paper presents possibilities of introducing budgeting which will improve the cost control in transport communication enterprises.

Translated by Krzysztof Konstantyn

**THE AUDIT AND THE INTERNAL CONTROL OF ECONOMIC RATIOS
IN THE MANAGEMENT SYSTEM ACCORDING
TO INTERNATIONAL FOOD STANDARD**

Summary

Companies operating in the market are subject to an increasing extent of various types of audits. Examination of financial accounts is no longer the primary form of auditing business. More and more companies use internal control forms in their management systems. This is often the need to adapt to market requirements. It should be emphasized that control system gives the possibility of monitoring the current activity and to prevent problems at the time of emergence of the first signals.

This article presents the importance of internal audit and internal control in the context of practical application of management audit in the company. There is also described the operating management system in the company as well as economic ratios used in internal control.

Translated by Katarzyna Polak

ROLE AND TASKS OF AUDIT COMMITTEES IN THE UNITS OF PUBLIC INTEREST IN POLAND

Summary

The efficient operation of audit committees is an opportunity to improve the quality of supervision by supervisory board (or board of directors). The paper presents the role and tasks of the audit committee in the context of existing regulations. The tasks were classified according to their areas of operation. It also identifies the requirements for persons of the committees and the principles of independence of their members.

Translated by Bożena Nadolna

TASKS AND ORGANIZATION OF THE AUDIT COMMITTEE IN PUBLIC SECTOR AND IN ENTITIES OF PUBLIC INTEREST

Summary

An audit committee, usually within a board of directors or a supervisory board, with a specific responsibility and authority, focuses on the quality of an enterprise's financial reporting, information dissemination and procedures for the internal and external auditors. An audit committee is an important corporate governance tool, which is required by law under many regimes. The paper also attempts to assess the new legal and organizational solutions and the new regulations in the public sector.

Translated by Elżbieta Szczepankiewicz, Mariusz Dudek

THE ROLE AND IMPORTANCE OF AUDIT COMMITTEE UNDER THE NEW PUBLIC FINANCE ACT

Summary

The paper presents specific rules concerning creating and organizing the audit committee and its tasks in the public finance sector in Poland according to the new public finance act. The problems were considered on the basis of the essence and activities of the audits committees generally used in the organizations.

Translated by Ewa Babuška

**DESIGNING OF AUDIT OF ECONOMICAL AND TECHNICAL USAGE
OF HUMAN AND EQUIPMENT RESOURCES
IN A CRIMINAL LABORATORY OF A POLICE UNIT**

Summary

A criminal laboratory supports the Police in revealing, securing and explaining the causes of events which solving falls within competences of prosecution service and judicature. The laboratory consists of a few teams. The paper presents the method of assessing the efficiency of usage of human and equipment resources in the laboratory, presenting a model questionnaire of internal control, which make it easier to carry out internal audit in this area.

Translated by Magdalena Janowicz

INTERNAL AUDIT AS A TOOL SUPPORTING HOSPITAL MANAGEMENT

Summary

A hospital is an entity characterized by a constant readiness to admitting patients as well as providing for them a versatile medical care. The paper presents the assessment of risk for a children hospital working as a public company. It identifies miscellaneous types of risk, determines their importance and probability and, using it as a basis, forms a map of risk. It also points out advisory functions of internal audit in a hospital.

Translated by Magdalena Janowicz

INTERNAL AUDIT OF PUBLIC PROCUREMENT

Summary

Despite the fact that public regulations related to public procurement went in effect on 1 January 1995, entities of the public finance sector still violates regulations of the Act on Responsibility for Violating the Discipline of Public Finances and the Criminal Code while granting public procurement. In this connection the area of public procurement is particularly exposed to risk. Assuring effective and purposeful spending of public resources is a priority task within the duties of directors of budget entities, thus effectiveness of audit in this area has a crucial importance for entities of the public finance sector. Rules of public procurement are the foundation of the assessment of the organizational system of the entity in the area of public procurement by auditors.

The purpose of the paper is to present a sample control list making it easier to carry out audit of public procurement.

Translated by Magdalena Janowicz

INTERNAL AUDIT OF TAX RETURN SYSTEM FOR INDIVIDUALS

Summary

Every year during the tax return period repayments of the overpaid sums play an extremely important role. Following the statistical analysis of the particular years in the past it can be noticed that the deductions are rising although the tax relieves have been reduced. Many tax deductions from the income in order to reduce the tax are very risky and they lead to obtaining money under false pretences by some dishonest tax payers. The inventiveness and various ideas created by tax payers become more and more refined every year and that requires, from the management on each level, the creation of a very smooth, precise and tight tax repayment process for each tax return situation.

To large extends a well planned audit for this range of problems seems to be to a very effective tool for eliminating the existing threat and risk of obtaining [undue] money under false pretences. Moreover, advisory procedures connected with the discussed subject have been described in this paper as well.

In the changing world, the auditor is becoming an advisor, a consultant who is performing an improving role for the work of a particular department. He should cooperate closely with the management and support it in making decisions concerning the risk both on operational and strategic level.

Translated by Danuta Bylińska

BANKING RISK MANAGEMENT FOR LOAN ACTIVITY PURPOSES

Summary

Loan activity of a bank carries a high risk. The paper marks out and describes phases of the risk management process and points risk reduction strategies. It also presents methods of a risk analysis used by banks.

Translated by Magdalena Janowicz

AUDIT OF PROJECTS CO-FINANCED BY EU FUNDS RESOURCES

Summary

Public funds in the form of EU grants create great development opportunities for national institutions, local governments and enterprises. It should be noted that this

form of aid requires a huge responsibility on the part of both the managers of the funds coming from EU funds and the recipients to whom such aid is directed (the beneficiaries). A tool that verifies the right use of funds from EU funds is an audit of EU projects.

The aim of this article is presentation of the role of audit projects co-financed by EU funds resources. The article shows also similarities and differences between audit EU projects and audit of financial statements.

Translated by Krzysztof Dziadek

THE EXPENSES AND COSTS AS SUBJECT OF PROJECTS FINANCED BY THE UE FUND

Summary

Using by local government units the UE financial resources require the use audit management systems. The essential element of audit method are the expenses and costs of projects realization. Those reasons are described in detail in this article.

Translated by Iwona Majchrzak

DOCUMENTING PROCEDURES FOR INTERNAL AUDIT

Summary

Internal audit is conducted on the basis of the annual audit plan. Auditing procedure requires the use of a variety of documents. The result of internal audit are working papers and audit report.

Translated by Teresa Sadowska

AUDIT OF EQUITY

Summary

Article discusses problems with audit of equity in capital companies. The recording of results changes of equity in accounting records and their presentation in company's financial statement is not an easy case. Therefore the auditor conducting an audit in this area must be essentially prepare and conscious of existing risks. Author – statutory auditor, conducting an financial statements audit finds errors committed by companies in changes of equity. Thus he presents selected issues which auditor must notice during its auditing.

Translated by Mirosław Adamczyk

RESULTS OF INTERNAL AUDITORS ACTIVITY IN STATE UNIVERSITIES IN POLAND

Summary

There are 94 state universities in Poland, which are obliged, according to terms of certain acts, to setting up units of internal auditors. Auditing works in universities cover system audit, activity audit, and financial audit. Evaluation of auditors' activity has shown its development, but there are some doubts of implementing of audit results.

Translated by Jolanta Bamberska, Krystyna Brzozowska

FINANCIAL AUDIT IN AUTHORITY OF SZCZECIN AND ŚWINOUJŚCIE SEAPORTS

Summary

In this article is described the essence of financial statements and audit of financial statements in of Szczecin and Świnoujście Seaports Authority. I point to the important meaning of using information about financial standing and relations to property of the business concern. This information includes financial statement verified by external auditor.

Translated by Aleksandra Habelman

THE PROGRAM OF AN AUDIT TASK OF A FINANCIAL STATEMENT

Summary

A financial statement is not an eagerly assumed area of internal audit. The paper points the procedures of examining a financial statement, showing a sample audit task and audit paths.

Translated by Magdalena Janowicz

**CHANGES IN THE IMPLEMENTATION OF INTERNAL AUDIT
OF SECURITY OF COMPUTERIZED INFORMATION SYSTEMS
ON EXAMPLE OF TAX OFFICES OF WEST POMERANIAN PROVINCE
DUE TO THE ENTRY INTO FORCE OF THE NEW PUBLIC FINANCE ACT**

Summary

This article describes the problems that have arisen as a result of the entry into force of the new public finance act. This act has introduced new rules for performing internal audit in tax offices. This article presents the ways to overcome those problems.

Translated by Mariusz Prawicki

THE INTERNAL AUDIT OUTSOURCING – THE EVALUATION OF THE SOLUTION

Summary

Internal audit has been introduced in Poland on January 1st 2002. Since then, the function of internal audit in entities of the public finance sector have continued to be transformed and enhanced, for instance by legal regulations of 2005 and 2009. New alterations of public finance laws have introduced changes in the organisation and functioning of internal audit and most of them have been positive. Nevertheless, some of the changes may raise doubts. One of them is the possibility of commissioning the conduct of internal audit to a service provider not employed in a given entity.

The aim of the article is to present the principles of conducting internal audit in entities of the public finance sector by external entities and the evaluation of this solution from the perspective of the quality of internal audit.

Translated by Joanna Przybylska

INTERNAL AUDIT CONDUCTED BY A SERVICE CONTRACTOR

Summary

Since January 2010, due to the bringing in of the Public Finance Act of 2009, there is a new possibility in the Polish internal auditing – audit conducted by a service contractor, also called the service contractor audit. The paper presents the grounds for the introduction of service contractor audit, terms of its use, as well as its advantages and problems connected with its operating.

Translated by Piotr Kiziukiewicz