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## **BASIC ISSUES OF MANAGERIAL AUDIT IN BUSINESS**

**Abstract:** Traditionally, business auditing is related to the financial results of the economic activities of enterprises and is mainly carried out by external independent auditing organizations. However, management audit is currently actively developing in the business sector, the purpose of which is to identify efficiency reserves of enterprise management functions by independent experts and to present improvements in that direction to business executive bodies. The article interprets the managerial audit applied in business with this approach and makes recommendations for the improvement of the internal audit toolkit.

**Keywords:** management audit, business objectives, business organization, motivation, internal control

**JEL classification:** M41

**Research aim:** to present the features of managerial audit functions in business and based on this to make recommendations for improvement in the internal control system of enterprises

**Research novelty:** recommendations were made for improving the functions of managerial audit in business, which are applicable in the internal control of enterprises

## **Introduction**

Managerial audit is a type of internal audit, that is used relatively recently. It practically aims to identify the weak links of the business and improve the management functions. When examining the corporate goals, the managerial audit is aimed at analyzing and evaluating the competences and abilities of the business, considering the management results. Therefore, it can be said that the management audit evaluates how effectively the leadership team of the organization uses its strategic and tactical capabilities and resources.

On the other hand, the managerial audit is a method of independent and systematic assessment of the business of management, which aims to find out the effectiveness of management functions and the recorded achievements compared to the established standards, as well as to identify whether it is being implemented such management, which contributes to the construction of the most effective relations. Therefore, we can say that managerial audit is an investigation of business management, from the highest to the internal level, which needs continuous improvement.

## **Research results**

The scope of the study of managerial auditing is much wider, than that of finance, as it relates not only to the financial sphere, but also to various aspects of business.

Thus, one of the activities of the managerial audit is to find out, how much the management of the business follows the principles and policies formulated by itself, to analyze the ineffectiveness of the management and the fulfillment of the business goals. reasons

for action, to present proposals for the improvement of certain areas (for example, production, sales, purchases, finance, human resources, administration, etc.) [1].

Therefore, the managerial audit should assess the business organization processes and present appropriate recommendations for their improvement in order to achieve the following goals:

- ensuring effective management and accountability of the business activities,
- reporting information about risks and controls to the relevant departments of the organization,
- effective coordination of external and internal auditors and management of the organization and provision of information flows between them.

Managerial audit should also assess the effectiveness of the risk management system and contribute to its improvement. Effectively identifying risk management processes is a judgment based on the following conclusions made by internal auditors:

- a) the goals of the business development support and are consistent with the organization's mission,
- b) significant risks are identified and assessed,
- c) appropriate structures for responding to risks are selected,
- d) relevant risk-related information was collected and timely communicated to the organization's responsible staff, management and internal audit committee, so that the latter could fulfill their responsibilities [2].

Thus, management audit aims to assess the effectiveness of management at all levels. It is implemented by an audit advisory group independent of the executive departments. In fact, business owners hire management auditors, who make valuable

recommendations to improve business performance, study and evaluate the organization's management goals and strategic plans. politics and judging whether planning and policies are being implemented properly [3].

Managerial audit helps to increase the level of profitability by making recommendations on the efficient use of the organization's resources. It also contributes to the coordination of management activities, by revealing the interrelationships between activities, assessing authority and responsibility, presenting valuable opportunities for action among employees. In terms of the regulation of services. By identifying the weak points of different levels of business management, auditors give valuable advice to the top management regarding the policy and further actions.

A managerial audit is a process, that allows you to determine the effectiveness of the management team of a company [4]. It may include an analysis of current departmental activities, a review of management strategy by team members, and a review of performance and inventory reports. This can help the company understand, how its management teams use available resources and implement strategies to achieve organizational goals. A managerial audit focuses on the performance of the management team as a whole and does not audit the performance of individual members of the management team.

Organizations hire third-party consultants to perform managerial audits. This can help prevent bias and help the company get a better picture of its management teams. This audit works with the participation of one or more consultants who visit the organization and review the management procedure with the aim of improving practical management experience (see Figure 1). A

management audit is conducted by the company's independent consultants, focusing on a critical approach to the activities of the entire management team, rather than individuals.

A managerial audit is a systematic study of management decisions and actions to evaluate performance. Unlike an external audit, a management audit mainly looks at non-financial data to assess management effectiveness [5].



***Figure 1. Managerial audit implementation fields in business [6]***

Managerial audit tries to somehow find answers to the following questions: how does the management of the company manage the business, does the chosen management style correspond to the purpose of the given operation, etc.? It focuses on results, assessing

the effectiveness and compliance of controls, challenging the underlying rules, procedures and methods.

Auditors analyze the organization's structure from various competitive perspectives. This helps them to determine how much it enables them to increase their competitiveness. In the case of an audit, the communication system operating within the management framework becomes a matter of discussion. The more confusing or complex the organizational structure is, the more likely it is that the consultant will suggest revising it, simplifying the design and follow-up of management information flows. conversion systems. A simple organizational structure allows to improve communication flows and to solve the problems faced by the organization more quickly.

The existence of positive relations between employees can help to improve labor supply and increase the degree of individual satisfaction of the employee. Consultants can conduct employee surveys or conduct individual interviews to better understand the organization's culture and environment. They also often collaborate with managers, supervisors, and human resources professionals to get a good picture of how employees feel about a given workplace. to work there. They can come up with effective suggestions aimed at improving relations between employees.

Risk management is also essential to ensure business sustainability. Consultants often analyze current risk management practices to determine their effectiveness. They compare actual business results with previous reports in order to better understand how well the organization is implementing appropriate procedures. After conducting policy reviews, incident reports, and comparisons with industry best practices, consultants are able to make recommendations to reduce the organization's risks.

In the managerial audit process, the consultants do not bypass the financial sphere of the organization either. In this way, they are able to identify opportunities for improvement in how the organization manages its assets, inventories and costs. When consultants identify these opportunities, they are able to develop special proposals, that contribute to increasing the company's revenues or profits by reducing costs and allocating resources more efficiently. or by improving current manufacturing procedures.

After the managerial audit is completed, the consultants prepare a detailed report on what they observed in the process. When management teams receive the report from the third-party consultants, they typically begin developing a joint action plan for the audit's identified action items.

### **Conclusion**

Managerial audit plays an important role in organizing an efficient business. It does not duplicate, but complements the operational audit. Managerial audit functions are currently in need of review, as they are more focused on identifying business management efficiency reserves. Therefore, the conclusions of management auditors should be mostly related to business orhanizational functions, and not to the improvement of business financial results.

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**Նունե Սահակյան**

տ.գ.թ., ԵՊՀ

## **ԿԱՌԱՎԱՐՉԱԿԱՆ ԱՌԻԴԻՏԻ ՀԻՄՆԱԽՆԴԻՐՆԵՐԸ ԲԻԶՆԵՍՈՒՄ**

**Բանալի բառեր** - կառավարչական աուդիտ, բիզնեսի նպատակադրումներ, բիզնեսի կազմակերպում, մոտիվացիա, ներքին վերահսկողություն

Ավանդաբար բիզնեսի աուդիտը առնչվում է ձեռնարկությունների տնտեսական գործունեության ֆինանսական արդյունքների հետ և հիմնականում իրագործվում արտաքին անկախ աուդիտորական կազմակերպությունների կողմից: Սակայն, ներկայումս, բիզնեսի ոլորտում ակտիվորեն զարգանում է

կառավարչական աուդիտը, որի նպատակը անկախ փորձագետների կողմից ձեռնարկատիրության կառավարման գործառույթների արդյունավետության ռեզերվների բացահայտումն է և այդ ուղղությամբ բարելավումների ներկայացումը բիզնեսի գործադիր մարմիններին: Հոդվածում հենց այս մոտեցմամբ է մեկնաբանվում բիզնեսում կիրառվող կառավարչական աուդիտը և առաջարկություններ են արվում ներքին աուդիտի գործիքակազմի բարելավման ուղղությամբ:

Մասնավորապես, ընդգծվում է, որ կառավարչական աուդիտը կարևոր դերակատարում ունի արդյունավետ բիզնես կազմակերպելիս: Այն չի կրկնօրինակում, այլ լրացնում է գործառնական աուդիտը: Կառավարչական աուդիտի գործառույթները ներկայումս վերանայման կարիք ունեն, քանի որ դրանք առավելապես ուղղվում են բիզնեսի կառավարման արդյունավետության ռեզերվների բացահայտմանը: Ուստի, կառավարչական աուդիտորների եզրակացությունները առավելապես պետք է առնչվեն ձեռնարկատիրական գործառույթներին և ոչ թե գործարարության ֆինանսական արդյունքների բարելավմանը:

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