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"STUDY OF INTERNAL AND EXTERNAL AUDITORS IN SAFEGUARDING FINANCIAL INTEGRITY"

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***Abstract**:* This study explores the complex relationships that exist between internal and external auditors while attempting to protect financial integrity in businesses. To establish a climate of confidence and accountability in financial reporting, it compares the unique roles and constraints of the two categories of auditors in identifying and discouraging financial irregularities. This study examines the roles, competencies, independence, and methods used by internal and external auditors through a thorough assessment of the body of literature and empirical research that includes surveys and interviews with seasoned audit professionals. Moreover, it delves into the obstacles faced and chances taken to facilitate cooperation among these auditors, thereby enhancing their efficiency in maintaining financial integrity. This study investigates how internal and external auditors work together to ensure financial integrity. It examines their individual contributions, obstacles, and relationships throughout the auditing process. The study evaluates the efficiency of audit methods in discovering and preventing financial malfeasance. Understanding these processes is critical for optimizing audit operations and increasing financial governance in both the public and private sectors. This research also makes the readers understand the importance, history of auditors, roles and responsibilities of auditors, difference between internal and external auditors, why collaboration between both internal and external auditors are necessary and much more.

KEYWORDS: auditors, internal, external, integrity, safeguarding

I. INTRODUCTION

In today's dynamic and complicated business environment, financial integrity is critical for organizations to preserve trust, credibility, and risk mitigation. Internal and external auditors play critical roles in this endeavor, analyzing financial procedures, detecting possible risks, and assuring regulatory compliance. Internal auditors are the frontline defense mechanism within organizations, providing independent audits of internal controls, risk management policies, and operational procedures. External auditors, on the other hand, offer stakeholders independent assurance that financial statements are accurate and reliable.

In addition, the research will examine how the audit profession is being shaped by new developments in technology, regulations, and emerging trends. In addition, it will discuss the drawbacks and difficulties of researching the functions of internal and external auditors, providing a comprehensive grasp of the nuances involved in financial integrity management. Through the illumination of these crucial facets, the research endeavors to provide policymakers, regulators, practitioners, and scholars with valuable perspectives that will promote an ethical, transparent, and accountable culture in organizations. The purpose of this study is to better understand the functions, duties, and efficacy of internal and external auditors in maintaining an organization's financial integrity. This study intends to offer insights into how firms might optimize their auditing procedures to guarantee accountability, transparency, and confidence in financial reporting practices by examining their contributions, difficulties, and interactions. In today's complicated business environment, sustaining stakeholder confidence and improving corporate governance need an understanding of the interplay between internal and external audit activities.

1.1 NEED OF THE STUDY

The study of internal and external auditors in safeguarding financial integrity is paramount in ensuring the reliability, accuracy, and transparency of financial information within organizations.
Internal auditors play a vital role in assessing and improving internal controls, identifying operational inefficiencies, and mitigating risks. Their close alignment with management provides them with unique insights into the organization's operations, allowing them to proactively address potential issues and strengthen financial integrity. On the other hand, external auditors provide independent assurance to stakeholders by objectively evaluating the accuracy and fairness of financial statements.

Their impartial assessments help instil trust among investors, creditors, and the public, thereby fostering confidence in the organization's financial health. Additionally, auditors are instrumental in detecting and preventing fraud, thereby safeguarding assets, and preserving the reputation of the organization. By studying the roles and effectiveness of internal and external auditors, researchers can identify best practices, address emerging challenges, and contribute to the continuous improvement of auditing processes. Ultimately, this research is essential for promoting accountability, transparency, and trust in financial reporting, which are fundamental for the stability and sustainability of organizations and the broader economy.

1.2 SCOPE OF THE STUDY

The study on internal and external auditors in safeguarding financial integrity will examine the roles, practices, and challenges faced by both types of auditors. The study will investigate the roles, challenges, and effectiveness of internal and external auditors in ensuring accurate financial reporting, regulatory compliance, and stakeholder confidence. It will assess audit practices, controls, and emerging trends to provide insights for enhancing financial integrity in organizations.

1.3 BACKGROUND OF THE STUDY

The role of internal and external auditors in maintaining financial integrity is founded on the core concepts of corporate governance, accountability, and openness. Effective auditing methods are critical for maintaining the dependability and integrity of financial information within organizations, fostering investor trust and safeguarding stakeholders' interests.
This topic's context derives from the rising complexity of company processes, more regulatory requirements, and a greater emphasis on risk management and compliance. Internal auditors, as internal stakeholders, are responsible for assessing and improving the organization's internal controls, risk management procedures, and governance frameworks. Their responsibilities extend beyond financial monitoring to include operational efficiency, ethical practices, and regulatory compliance.

On the other hand, external auditors offer an impartial evaluation of an organization's internal controls and financial statements from the outside. They are essential in ensuring that financial reporting is accurate and fair, which is necessary to uphold public confidence and comply with legal requirements. Because of how these audit activities interact and affect risk management and organizational governance, research on internal and external auditors is necessary to protect financial integrity. Concerns like corporate fraud, financial misrepresentations, and insufficient internal controls highlight how crucial efficient auditing procedures are for detecting and reducing risks. This research aims to provide significant insights into improving auditing procedures, improving corporate governance frameworks, and increasing accountability mechanisms to maintain the integrity and dependability of financial information in today's business climate.

1.4 HISTORY OF AUDITING AND AUDITORS

Auditors have been around for thousands of years, they have developed alongside governance, trade, and commerce. To ensure accuracy, accountability, and openness in corporate interactions, the practice of auditing arose to validate and verify financial transactions.

Ancient Origins: Scribes were engaged to keep records of transactions and account for assets in ancient civilizations including Mesopotamia, Egypt, and Rome. This is how the practice of auditing originated. To combat fraud and resource theft, people were assigned to examine and confirm the documents in these prehistoric communities.

Mediaeval Era: With the emergence of trade groups and commercial guilds throughout this time, auditing became more significant. To verify adherence to contractual obligations and trade restrictions, merchants depended on auditors to examine their financial records. For business transactions to remain credible and trustworthy, auditors were essential.

Industrial Revolution: During the 18th and 19th centuries, there was a significant increase in commerce, which necessitated the development of more advanced auditing procedures. Auditors are now crucial for confirming the correctness of accounting records and validating financial statements because of the rise of organizations and complicated financial activities.

Professionalization: The 20th century saw the development of auditing standards, professional associations, and official training programs for auditors, all of which contributed to the profession's professionalization
The "father of accounting," Luca Pacioli, was one of the trailblazers who helped shape current auditing procedures.

Regulatory Changes: Following financial crises and corporate scandals, regulators began to pay more attention to the work of auditors. To improve openness and accountability, governments all over the world imposed strict laws mandating independent external audits of financial accounts.

Modern Auditing: Internal, external, forensic, and IT audits are just a few of the many forms of auditing that are being practiced in this specialized sector. Auditors are specialists with training in risk assessment, financial analysis, and compliance review.

Therefore, the progress of auditing has been constant throughout history, propelled by the demands of accountability, transparency, and public confidence in financial reporting. To maintain corporate governance, regulatory compliance, and the accuracy of financial data, auditors are essential.

1.5 OBJECTIVES OF THE STUDY

- To study and analyse the role of internal and external auditors and their importance.
- Identify and address challenges faced by auditors in safeguarding financial integrity.
- Investigate the methods used by auditors to prevent and detect fraud.
- Examine how regulatory frameworks affect auditors and suggest ways to make financial integrity monitoring more efficient.

1.6 RESEARCH GAP

- Limited studies on involvement/role of technology in ensuring effectiveness of audit.

- Less studies in Indian context pertaining to characteristics of internal auditors.

II. LITERATURE REVIEW

we can learn that not only in the current study but also in prior studies many researchers and academics led attention on internal and external auditors play a crucial role in maintaining financial integrity and therefore, researching or working on this element may give birth to numerous aspects which might enable an entity to assess and form some crucial conclusions before making a decision that can lead to an influence on a future date.

- According to **(Kabuye et al., 2017)** Internal financial auditors play a crucial role in ensuring an organization's efficiency, legality, and effectiveness. They utilize rigorous examination procedures to ensure the accuracy of internal financial records. Improving control can reduce irregularities that harm a company's reputation and attract investors.
- According to **(Asiedu & Deffor, 2017)** The internal financial auditor ensures compliance with internal regulations and protects the entity's assets while adhering to current legislation. This reduces irregularities and financial losses. Providing advice for improving internal financial control systems and promoting effective management.
- According to **(Kazingizi, 2020)** The auditor is responsible for informing the administration of any anomalies in the corporation and recommending corrective actions to management. If deviations from internal rules are discovered, the applicant should be informed of the impact on their report if corrective measures are not taken. The entity's departments should also be verified for compliance with laws and internal rules.
- According to **(SILVA and GODOY 2016)** The two audit functions are comparable inside the organization yet have significant distinctions. They certify the efficiency and effectiveness of internal controls, accounting records, data veracity, and use of verification techniques to ensure the credibility of information from audited departments.
- According to **(Masood and Afzal 2016),** External auditors work independently inside companies, having no employment tie with the inspected institution. Their roles are outlined in a contract and governed by legislation. The company's duties are significantly wider than those of its internal financial auditor, who is an employee. The internal financial auditors are assigned tasks based on management scope and work on a periodic basis.
- According to **(Othman et al., 2015)** The internal financial auditor's role was not only to detect irregularities and errors, but also to ensure that each member of the company's team fulfils their responsibilities in accordance with organizational rules. Market incentives have led to a shift in auditors' roles, with a focus on preventing anomalies and providing credibility to investors.
- According to **(Alina, Cerasela & Raluca-Andreea, 2018)** The objectives of an internal financial auditor include evaluating internal control data for efficiency and effectiveness, ensuring compliance with laws and rules, safeguarding assets, reducing irregularities and financial loss, and forming an opinion on the company's situation. This reduces the risk of anomalies that might harm the company's reputation with potential investors.

- According to **(Alarbeed, Alothman, & Assee, 2014)** Auditors have been responsible for discovering fraud at various levels. Initially, auditors focused on discovering fraud throughout the review process. Auditors now only provide reasonable assurance that financial statements are free of fraud and accurately reflect the company's financial position.
- According to (**Lotfii, 2005)** External auditors are independent professionals who conduct audits for parties other than the entity being audited. External auditors are qualified, independent, and follow worldwide auditing standards.
- According to **(Vandervelde 2006),** Audit plans should be adapted based on the associated risk, and auditors should respond to any changes in the risk factor while creating a plan.

III.RESEARCH METHODOLOGY

The research method used in this research consists of both primary and secondary sources in a dual approach. A structured questionnaire was the main tool used in primary data collection to elicit information from respondents. Scholarly journal articles, magazines, and newsletters were examples of secondary data sources. Technologies will be used to do statistical analysis on quantitative data to find significant linkages. To provide a statistical basis for study findings, questionnaire data will be analyzed using SPSS software during hypothesis testing. To generate strong study outputs, this integrated technique guarantees thorough data gathering and rigorous analysis.

3.1 POPULATION AND SAMPLE

The survey population was gathered entirely from primary data sources. The sampling period spans 22/02/2024 to 16 /02/2024. The data obtained is based on the respondents' personal thoughts, and all information about the respondents is kept private and confidential. The Survey's population is limited to those living in Bangalore, Karnataka, India. As a result, the outcomes may differ depending on the individual and the location. The total number of respondents being studied is 94.

3.2 DATA COLLECTION PLAN AND SOURCE

The core data for this study was collected through a standardized questionnaire issued to working professionals. Secondary data was gathered from academic journals, editorials, and periodicals. This thorough approach resulted in a wide set of ideas for examination. The questionnaire allowed for targeted data collection from the chosen population, providing opinions and experiences. Meanwhile, secondary data supplied greater contextual information and theoretical support for the investigation. This combination technique enhanced the research process by enabling both depth and breadth in data collecting and analysis.

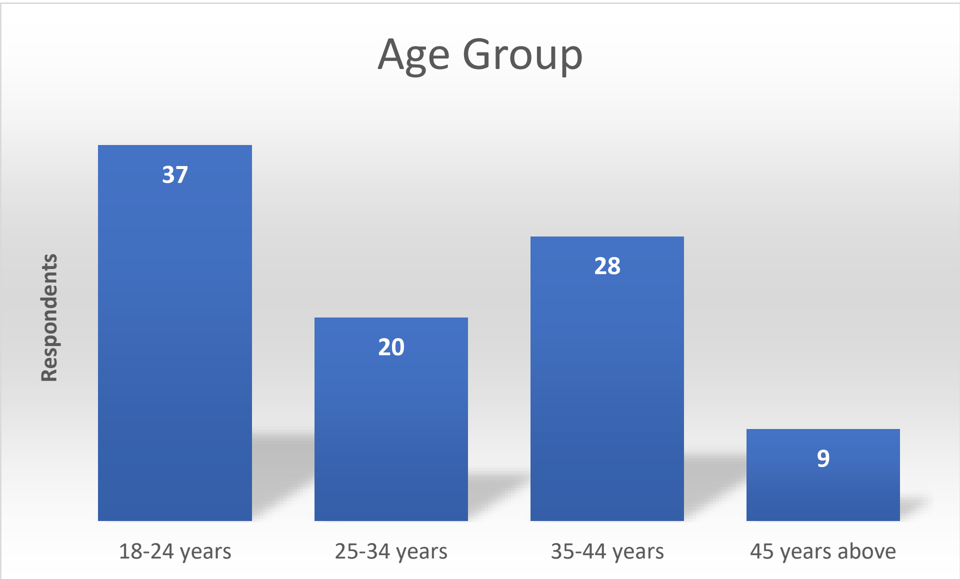
IV. DATA ANALYSIS AND INTERPRETATION

4.1 DEMOGRAPHIC ANALYSIS

Table 4.1. A- DATA REPRESENTING THE RESPONDENT'S GENDER

Age group	Respondents	Percentage (%)
18-24 years	37	39%
25-34 years	20	21.3%
35-44 years	28	29.8%
45 years above	9	9.6%
Total	**94**	**100%**

CHART 4.1.A- GRAPH REPRESENTING RESPONDENTS AGE



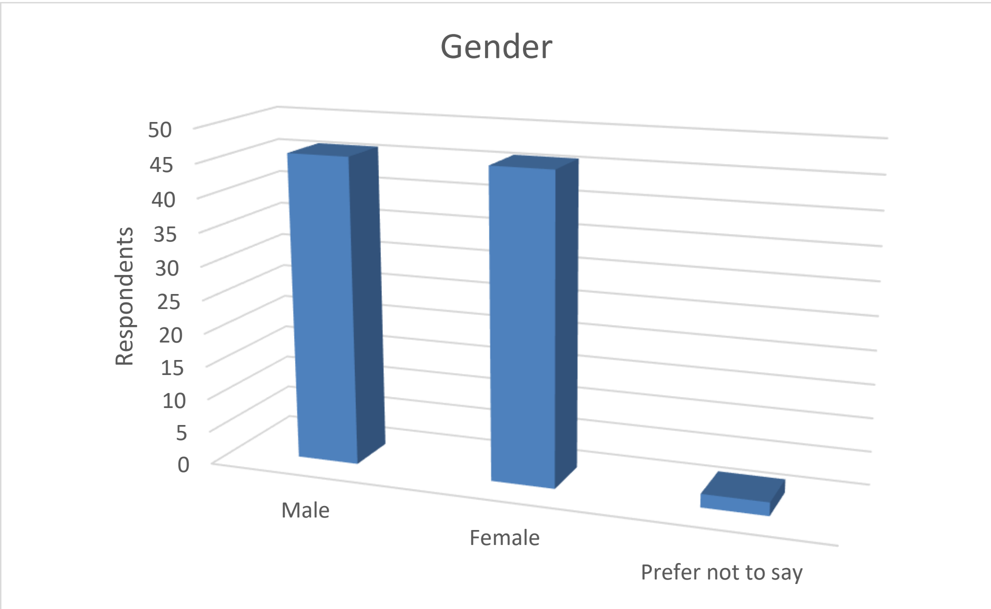
Interpretation For the above chart (4.1) A

The given data indicates that out of a total of 94 respondents, 37 are between the ages of 18 and 24 years, 20 are between 25 and 34 years, 28 are between 35 and 44 years and 9 are above 45 years.

4.2.A- TABLE OF DATA REPRESENTING RESPONDENTS GENDER

Gender	Respondents	Percentage (%)
Male	46	48.9%
Female	46	48.9%
Prefer not to say	2	2.1%
Total	**94**	**100%**

CHART 4.2 B- GRAPH REPRESENTING RESPONDENTS GENDER



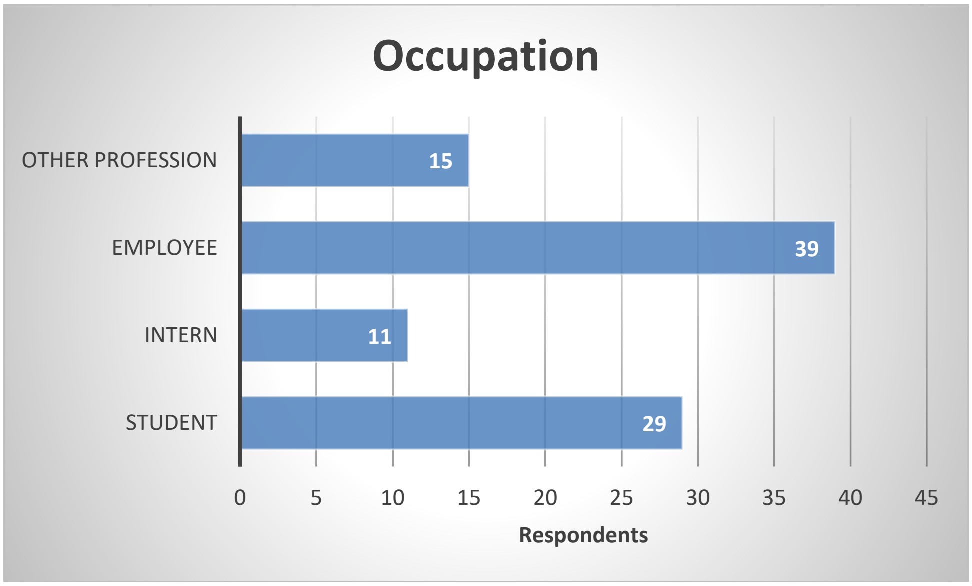
Interpretation for the above chart (4.2) B

The given data indicates that out of a total of 94 respondents, 46 are Male respondents, 46 are female respondents and 2 prefer not to say.

4.3 A- DATA REPRESENTING RESPONDENTS OCCUPATION

Occupation	Respondents	Percentage (%)
Student	29	30.9%
Intern	11	11.7%
Employee	39	41.5%
Other Profession	15	16%
Total	**94**	**100%**

CHART 4.3.B- GRAPH REPRESENTING RESPONDENTS OCCUPATION



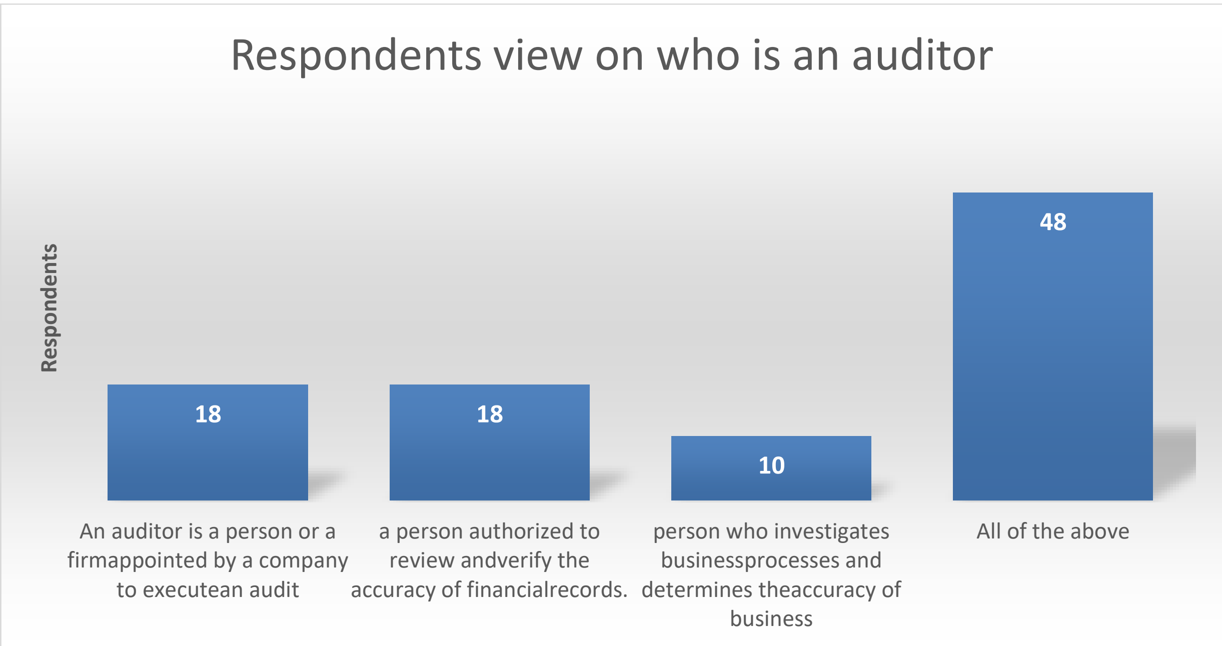
Interpretation for the above chart (4.3) B

The given data indicates that out of a total of 94 respondents, 29 are Students, 11 are Interns, 39 are Employees and 15 are other professionals.

4.4 A- DATA REPRESENTING WHO IS AN AUDITOR

Auditor	Respondents	Percentage (%)
An auditor is a person, or a firm appointed by a company to execute an audit	18	19.1%
a person authorized to review and verify the accuracy of financial records.	18	19.1%
a person who investigates business processes and determines the accuracy of business	10	10.6%
All the above	48	51.1%
Total	**94**	**100%**

CHART 4.4 B- GRAPH REPRESENTING RESPONDENTS VIEW ON WHO IS AN AUDITOR



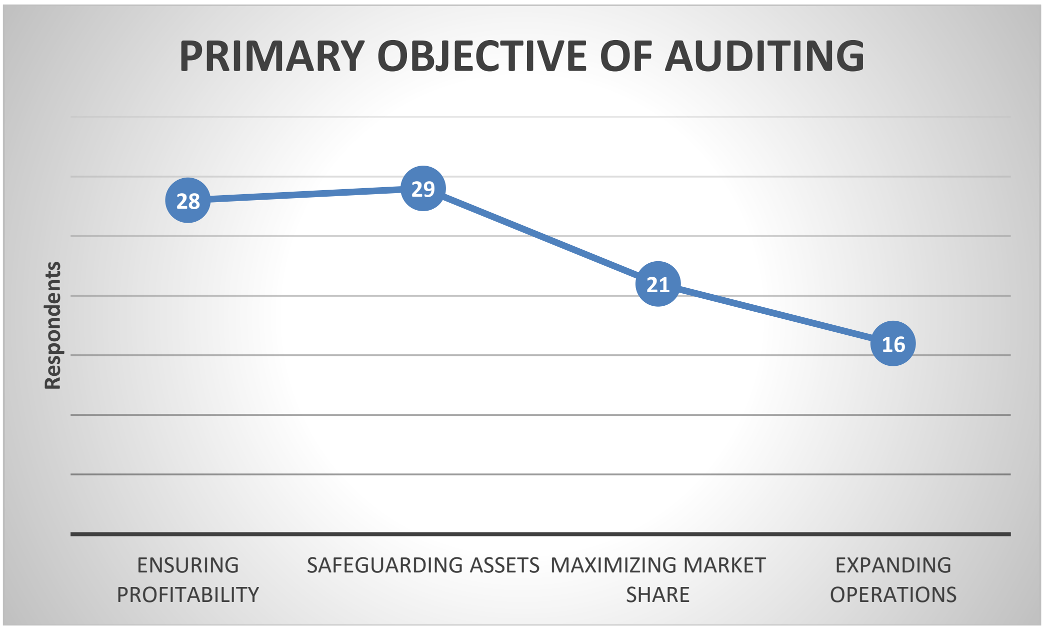
Interpretation for the above chart (4.4) B

The given data indicates that out of a total of 94 respondents, 18 voted for an auditor as a person or a firm appointed by a company to execute an audit, 18 voted for a person authorized to review and verify the accuracy of financial records,10 voted for a person who investigates business processes and determines the accuracy of business and 48 voted for all of the above.

4.5 A- DATA REPRESENTING PRIMARY OBJECTIVE OF AUDITING

Objective	Respondents	Percentage (%)
Ensuring profitability	28	29.7%
Safeguarding assets	29	30.8%
Maximizing market share	21	22.3%
Expanding operations	16	17.2%
Total	**94**	**100%**

CHART 4.5 B- GRAPH REPRESENTING THE PRIMARY OBJECTIVE OF AUDITING



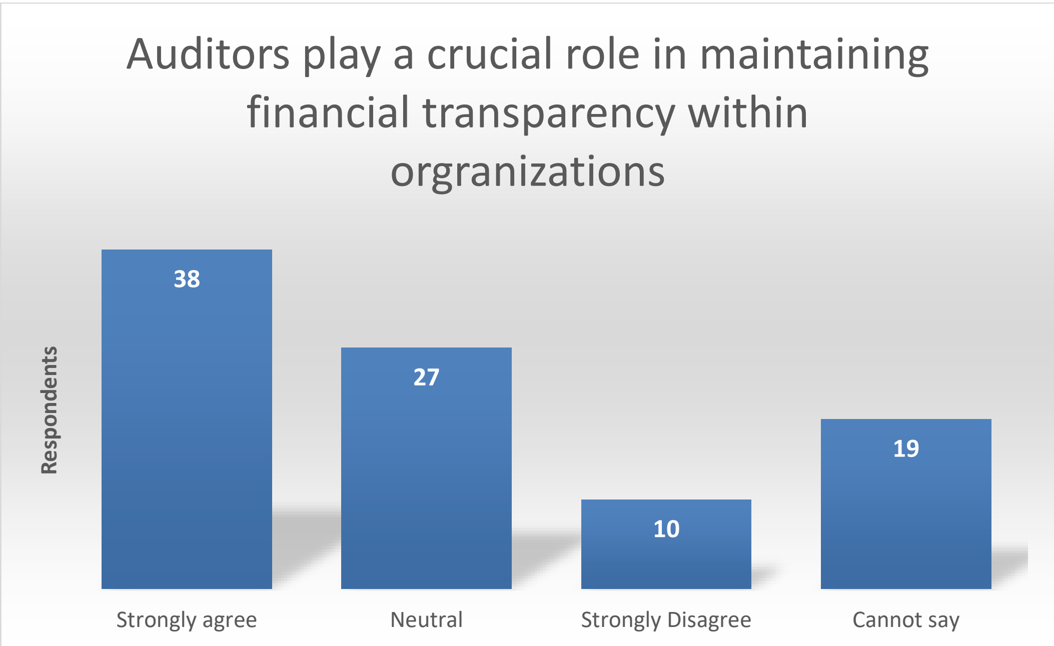
Interpretation for the above chart (4.5) B

The given data indicates that out of a total of 94 respondents, 28 voted for Ensuring Profitability, 29 voted for Safeguarding assets, 21 voted for minimizing market share and 16 voted for expanding operations.

4.6 A-DATA REPRESENTING WHETHER AUDITORS PLAY A CRUCIAL ROLE IN MAINTAINING FINANCIAL TRANSPARENCY WITHIN ORGANIZATIONS.

Crucial role	Respondents	Percentage (%)
Strongly agree	38	40.4%
Neutral	27	28.77
Strongly Disagree	10	10.6%
Cannot say	19	20.2%
Total	**94**	**100%**

CHART 4.6 B- GRAPH REPRESENTING WHETHER AUDITORS PLAY A CRUCIAL ROLE IN MAINTAINING FINANCIAL TRANSPARENCY WITHIN ORGANIZATIONS



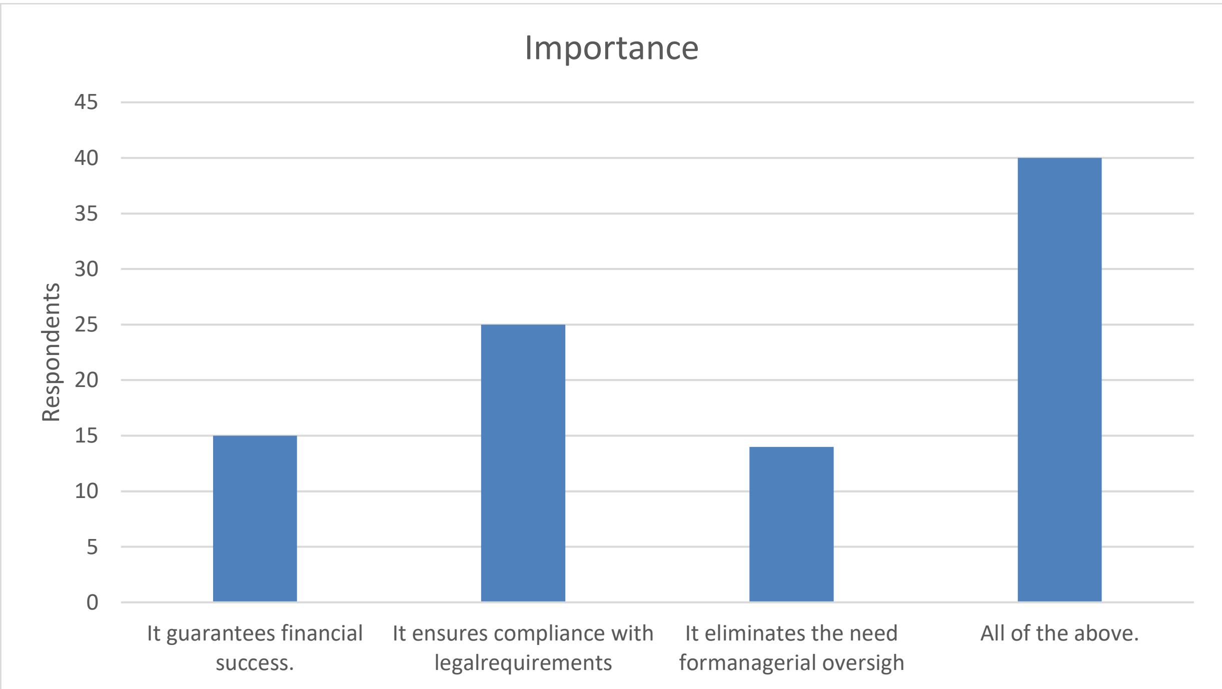
Interpretation for the above chart (4.6) B

The given data indicates that out of a total of 94 respondents, 28 voted strongly agree, 27 voted for neutral, 10 voted for strongly disagree and 19 voted for cannot say.

4.7 A- DATA REPRESENTING WHICH BEST DESCRIBES THE IMPORTANCE OF AUDITING

Importance	Respondents	Percentage (%)
It guarantees financial success.	15	16%
It ensures compliance with legal requirements	25	26.6%
It eliminates the need for managerial oversight	14	14.9%
All of the above.	40	42.6%
Total	**94**	**100%**

CHART 4.7.B- GRAPH REPRESENTING THE IMPORTANCE OF AUDITING



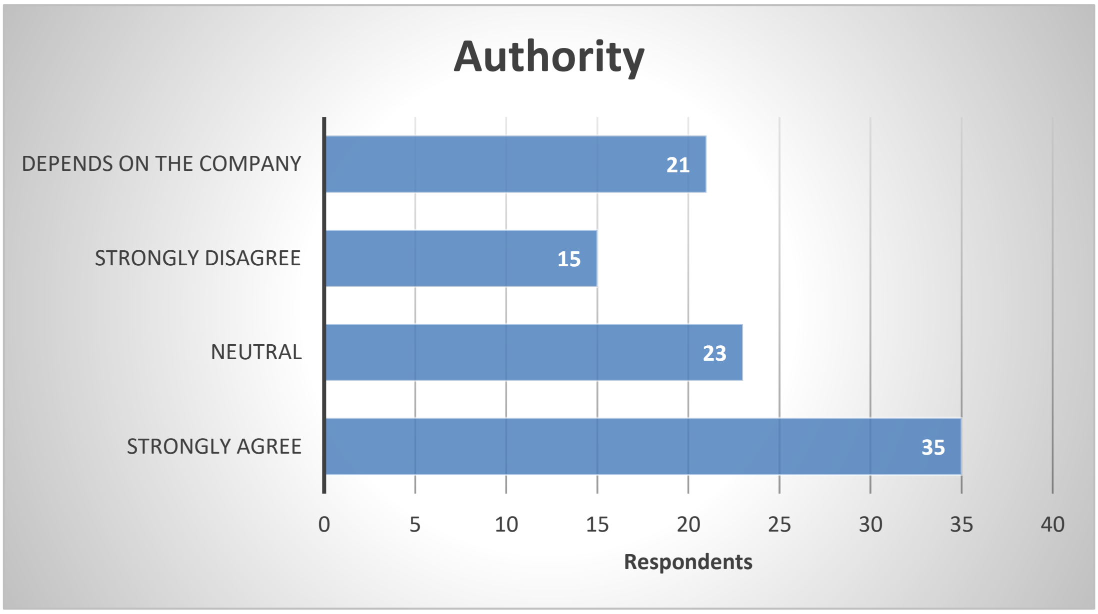
Interpretation for the above chart (4.7) B

The given data indicates that out of a total of 94 respondents, 15 voted for It guarantees financial success, 25 voted for It ensures compliance with legal requirements, 14 voted for It eliminates the need for managerial oversight and 40 voted for all of the above.

4.8 A- DATA REPRESENTING WHETHER AUDITORS SHOULD HAVE THE AUTHORITY TO ACCESS ALL NECESSARY INFORMATION AND RECORDS DURING AN AUDIT.

Authority	Respondents	Percentage (%)
Strongly agree	35	37.2%
Neutral	23	24.5%
Strongly Disagree	15	16%
Depends on the company	21	22.3%
Total	**94**	**100%**

CHART 4.8 B- GRAPH REPRESENTING WHETHER AUDITORS SHOULD HAVE THE AUTHORITY TO ACCESS ALL NECESSARY INFORMATION AND RECORDS DURING AN AUDIT.



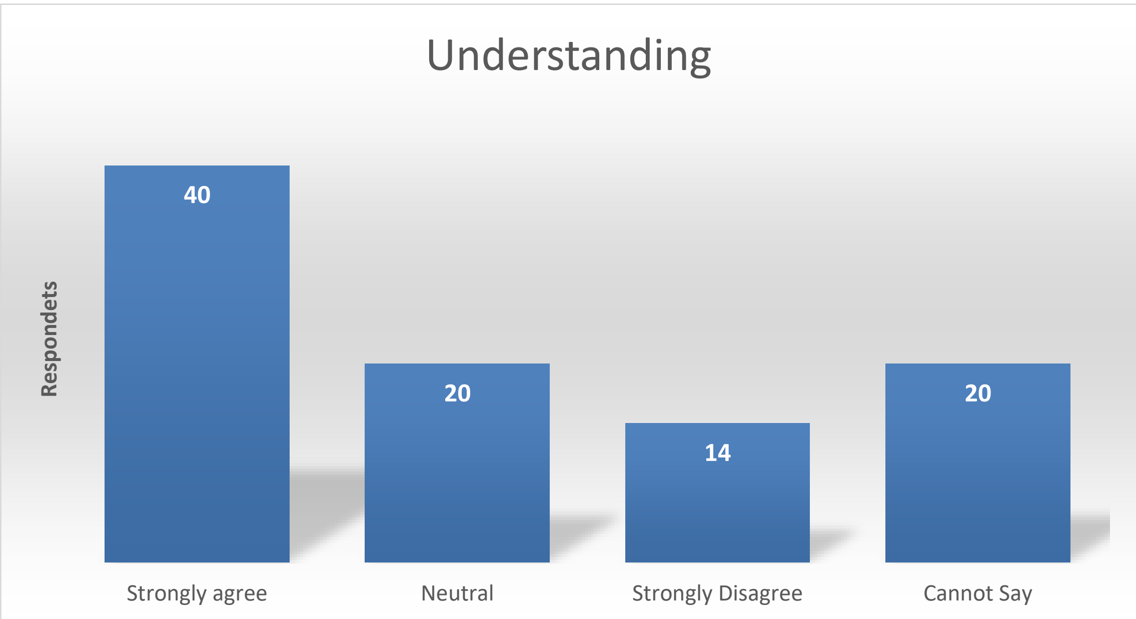
<u>Interpretation for the above chart (4.8) B</u>

The given data indicates that out of a total of 94 respondents, 35 voted strongly agree, 23 voted for neutral, 15 voted for strongly disagree and 21 voted for depends on the company.

4.9 A- DATA REPRESENTING WHETHER AUDITORS SHOULD POSSESS A DEEP UNDERSTANDING OF ACCOUNTING PRINCIPLES AND STANDARDS.

Understanding	Respondents	Percentage (%)
Strongly agree	40	42.6%
Neutral	20	21.3%
Strongly Disagree	14	14.9%
Cannot Say	20	21.3%
Total	**94**	**100%**

CHART 4.9 B- GRAPH REPRESENTING WHETHER AUDITORS SHOULD POSSESS A DEEP UNDERSTANDING OF ACCOUNTING PRINCIPLES AND STANDARDS.



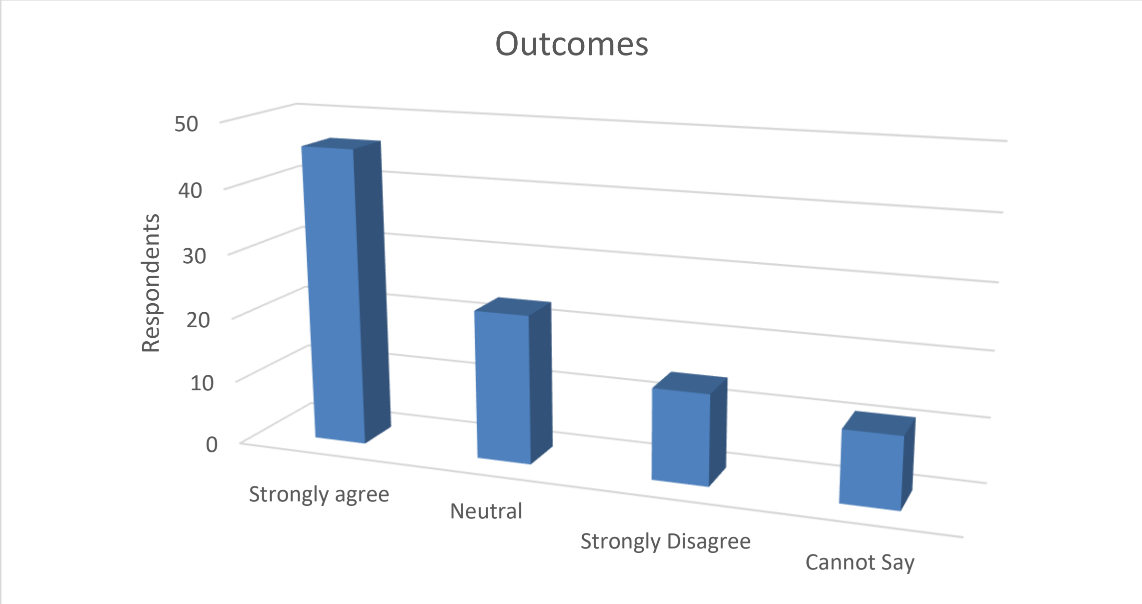
<u>Interpretation for the above chart (4.9) B</u>

The given data indicates that out of a total of 94 respondents, 40 voted strongly agree, 20 voted for neutral, 14 voted for strongly disagree and 20 voted for cannot say.

4.10 A- DATA REPRESENTING WHETHER ADEQUATE COMMUNICATION AND COORDINATION BETWEEN INTERNAL AND EXTERNAL AUDITORS LEAD TO BETTER OUTCOMES IN SAFEGUARDING THE FINANCIAL INTEGRITY OF A COMPANY.

Outcomes	Respondents	Percentage (%)
Strongly agree	46	48.9%
Neutral	23	24.5%
Strongly Disagree	14	14.9%
Cannot Say	11	11.9%
Total	94	100%

CHART 4.10 B- GRAPH WHETHER ADEQUATE COMMUNICATION AND COORDINATION BETWEEN INTERNAL AND EXTERNAL AUDITORS LEAD TO BETTER OUTCOMES IN SAFEGUARDING THE FINANCIAL INTEGRITY OF A COMPANY.



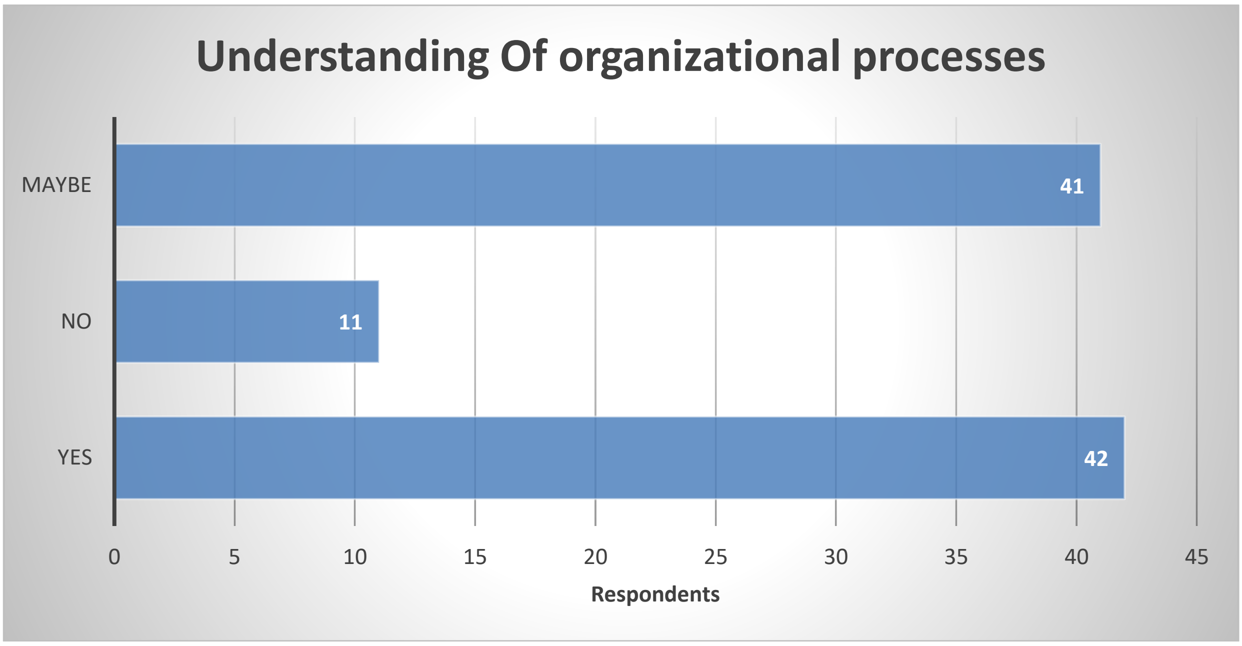
Interpretation for the above chart 4.10 B

The given data indicates that out of a total of 94 respondents, 46 voted strongly agree, 23 voted for neutral, 14 voted for strongly disagree and 11 voted for cannot say.

4.11 A- DATA REPRESENTING WHETHER DO YOU BELIEVE INTERNAL AUDITORS HAVE A BETTER UNDERSTANDING OF ORGANIZATIONAL PROCESSES COMPARED TO EXTERNAL AUDITORS?

Understanding	Respondents	Percentage (%)
Yes	42	44.7%
No	11	11.7%
Maybe	41	44.7%
Total	**94**	**100%**

CHART 4.11 B- GRAPH WHETHER DO YOU BELIEVE INTERNAL AUDITORS HAVE A BETTER UNDERSTANDING OF ORGANIZATIONAL PROCESSES COMPARED TO EXTERNAL AUDITORS?



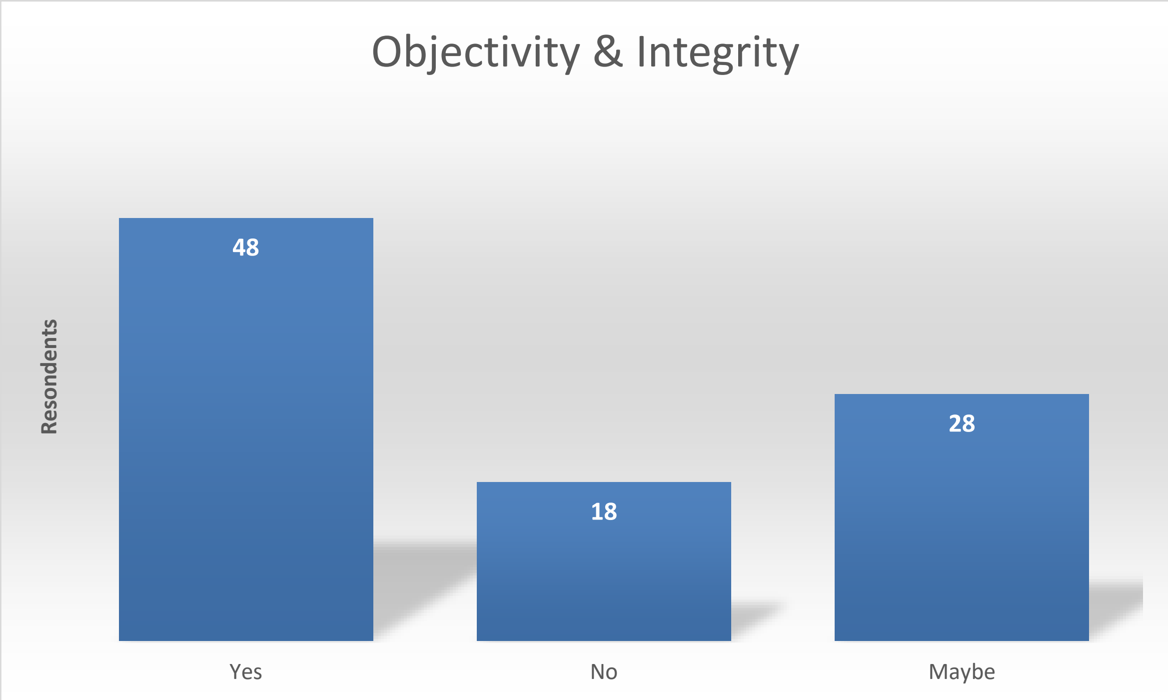
Interpretation for the above chart (4.11) B

The given data indicates that out of a total of 94 respondents, 42 voted for yes, 11 voted for no, and 41 voted for maybe.

4.12 A- DATA REPRESENTING WHETHER INTERNAL AUDITORS SHOULD MAINTAIN A HIGH LEVEL OF OBJECTIVITY AND INTEGRITY IN THEIR WORK.

Objectivity & Integrity	Respondents	Percentage (%)
Yes	48	51.1%
No	18	19.1%
Maybe	28	29.8%
Total	**94**	**100%**

CHART 4.12 B- GRAPH REPRESENTING WHETHER INTERNAL AUDITORS SHOULD MAINTAIN A HIGH LEVEL OF OBJECTIVITY AND INTEGRITY IN THEIR WORK.



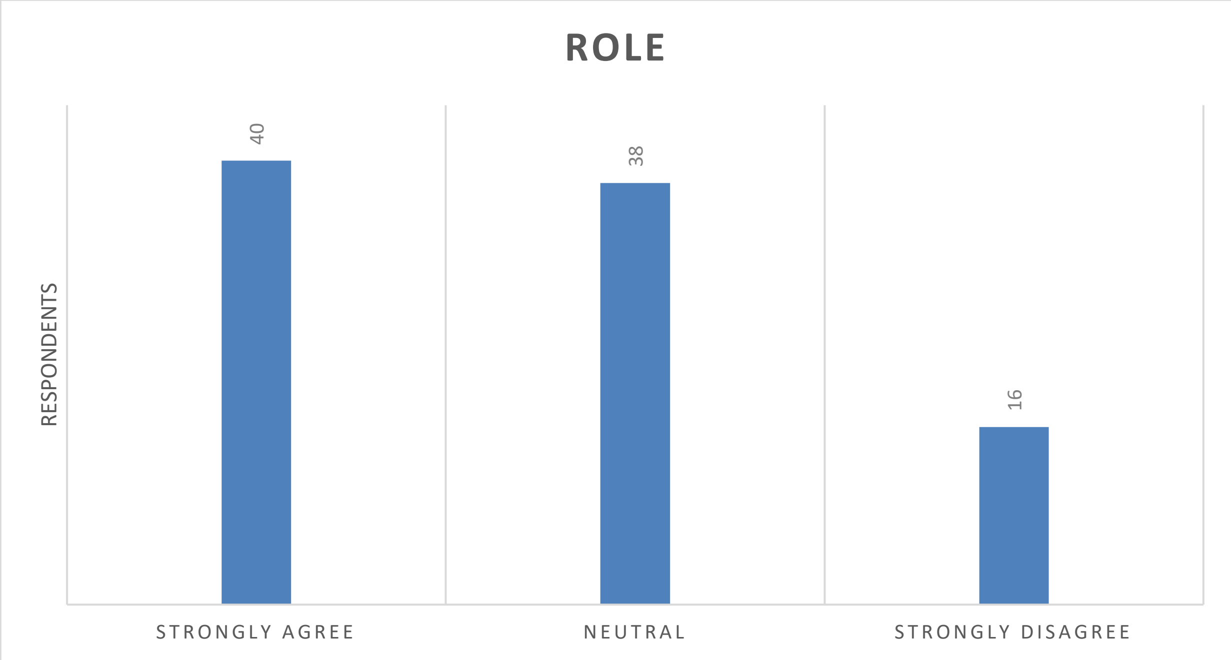
Interpretation for the above chart 4.12 B

The given data indicates that out of a total of 94 respondents, 48 voted for yes, 18 voted for no, and 28 voted for maybe.

4.13 A- DATA REPRESENTING WHETHER EXTERNAL AUDITORS PLAY A CRITICAL ROLE IN DETECTING FRAUDULENT ACTIVITIES WITHIN ORGANIZATIONS.

Role	Respondents	Percentage (%)
Strongly agree	40	42.6%
Neutral	38	40.4%
Strongly disagree	16	17%
Total	**94**	**100%**

CHART 4.13 B- GRAPH DATA REPRESENTING WHETHER EXTERNAL AUDITORS PLAY A CRITICAL ROLE IN DETECTING FRAUDULENT ACTIVITIES WITHIN ORGANIZATIONS.



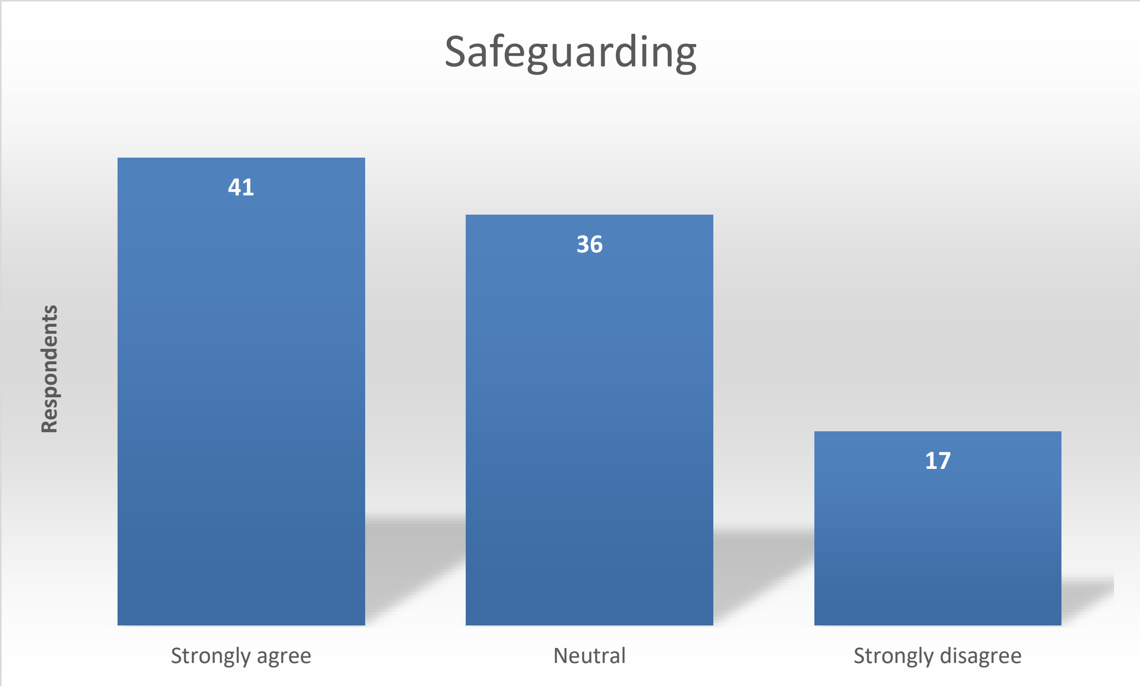
Interpretation for the above chart 4.13 B

The given data indicates that out of a total of 94 respondents, 40 voted strongly agree, 38 voted for neutral, and 16 voted for strongly disagree.

4.14 A- DATA REPRESENTING WHETHER THE ROLE OF AUDITORS IN SAFEGUARDING FINANCIAL INTEGRITY IS BECOMING INCREASINGLY COMPLEX DUE TO EVOLVING BUSINESS PRACTICES AND TECHNOLOGICAL ADVANCEMENT.

Safeguarding	Respondents	Percentage (%)
Strongly agree	41	43.6%
Neutral	36	38.3%
Strongly disagree	17	18.1%
Total	**94**	**100%**

CHART 4.14 B- GRAPH WHETHER THE ROLE OF AUDITORS IN SAFEGUARDING FINANCIAL INTEGRITY IS BECOMING INCREASINGLY COMPLEX DUE TO EVOLVING BUSINESS PRACTICES AND TECHNOLOGICAL ADVANCEMENT.



Interpretation for the above chart 4.14 B

The given data indicates that out of a total of 94 respondents, 41 voted strongly agree, 36 voted for neutral, and 17 voted for strongly disagree.

4.15 SUMMARY OF THE QUESTIONAAIRE

Questions		Frequency	Percentage (%)
Age Group	18-24 years	37	39%
	25-34 years	20	21.3%
	35-44 years	28	29.8%
	45 years above	9	9.6%
Gender	Male	46	48.9%
	Female	46	48.9%
	Prefer not to say	2	2.1%
Student Intern Employee Other Profession	29	30.9%	Student
	11	11.7%	Intern
	39	41.5%	Employee
	15	16%	Other Profession
who is an AUDITOR?	An auditor is a person, or a firm appointed by a company to execute an audit	18	19.1%
	a person authorized to review and verify the accuracy of financial records.	18	19.1%
	a person who investigates business processes	10	10.6%

	and determines the accuracy of business		
	All the above	48	51.1%
What is the primary objective of auditing?	Ensuring profitability	28	29.7%
	Safeguarding assets	29	30.8%
	Maximizing market share	21	22.3%
	Expanding operations	16	17.2%
Auditors play a crucial role in maintaining financial transparency within organizations.	Strongly agree	38	40.4%
	Neutral	27	28.77
	Strongly Disagree	10	10.6%
	Cannot say	19	20.2%
Which statement best describes the importance of auditing?	It guarantees financial success.	15	16%
	It ensures compliance with legal requirements	25	26.6%
	It eliminates the need for managerial oversight	14	14.9%
	All the above.	40	42.6%
Auditors should have the authority to access all necessary information and records during an audit.	Strongly agree	35	37.2%
	Neutral	23	24.5%
	Strongly Disagree	15	16%
	Depends on the company	21	22.3%

4.16 HYPOTHESIS TESTING -1
Ho - There is no relationship between auditors' integrity & effectiveness of detecting frauds.
H1 - There is a relationship between auditors' integrity & effectiveness of detecting frauds.

CORRELATION:

SOURCE –SPSS	Value	Value	Value
Correlation	**0.4811**	**0.3068**	**0.6134**

Interpretation

From the Statistical analysis using SPSS, the correlation values **are 0.4811, 0.3068, and 0.6134**, which is equal to 0.5 i.e., moderately related, this implies null hypothesis is rejected and the alternative hypothesis is accepted, therefore There is a relationship between auditors' integrity & effectiveness in detecting frauds.

4.17 HYPOTHESIS TESTING-2

Ho - There is no relationship between adequacy of communication & effectiveness in detecting fraud.
H1- There is a relationship between adequacy of communication & effectiveness in detecting fraud.

CORRELATION:

SOURCE- SPSS	Value	Value	Value
Correlation	0.47031	0.261648	0.34573

Interpretation

From the Statistical analysis using SPSS, the correlation values **are 0.4703, 0.26165, 0.3457** which is less than 0.5, this implies null hypothesis is accepted and the alternative hypothesis is rejected, therefore There is no relationship between adequacy of communication & effectiveness in detecting fraud.

5. FINDINGS

DIFFERENCE BETWEEN INTERNAL AND EXTERNAL AUDIOTRS

ASPECT	INTERNAL AUDITOR	EXTERNAL AUDITOR
Employment Relationship	Employees of the organization being audited	Independent professionals hired by the organization

Objective	Evaluate and improve internal operations, controls, and risk management	Attest to the accuracy of financial statements and related disclosures
Scope	Broad, covering operations, compliance, efficiency	Narrow, focused on financial statements and accounting practices
Reporting Line	Report to management or board of directors	Report to shareholders or regulatory bodies
Independence	Part of the internal governance structure	Independent from the organization being audited
Frequency	Regular and ongoing	Typically annual, based on regulatory requirements or contracts

In summary, internal auditors focus on the organization's entire operations, risks, and governance, whereas external auditors generally provide an impartial examination of the financial records to external stakeholders such as shareholders and regulators. Both serve important roles in promoting openness, accountability, and compliance inside organizations, but they have different duties and reporting lines.

ROLES AND RESPONSIBILITES OF AN INTERNAL AUDITOR

- Conducting extensive audits on organizational processes and controls
- Assessing the efficacy of internal controls.
- Identifying hazards and proposing mitigation solutions.
- Ensuring policy, procedure, and regulatory compliance.
- Reporting audit results to management and stakeholders.
- Monitoring the execution of remedial actions.
- Providing guidance on risk management and process improvements.
- Promoting ethical practice and integrity.
- Contributing to the improvement of audit methods.
- Working with stakeholders to accomplish organizational goals.

ROLES AND RESPONSIBILITES OF AN EXTERNAL AUDITOR

- Conducting independent audits on financial statements and accounting records.
- Forming an opinion about the fairness and veracity of financial statements.
- Ensuring conformity with accounting standards and regulations.

- Providing assurance to shareholders and other stakeholders.
- Reporting audit results via issuing audit opinions.
- Inspecting financial transactions and disclosures for correctness and completeness.
- Evaluating internal controls for financial reporting.
- Maintaining independence from the organization under audit.
- Communicating with management and audit committees about audit issues.
- Maintaining professional standards and ethical requirements.

FINDINGS BASED ON THE TITLE

- Internal and external auditors both play important roles in ensuring the integrity of financial information.
- Collaboration between internal and external auditors can improve overall financial integrity by combining their unique viewpoints and experience.
- Continuous monitoring and enhancement of audit procedures and controls is critical for adjusting to changing risks and ensuring financial integrity.
- Ethical behaviour and commitment to professional standards are essential concepts that guide both internal and external auditors in ensuring financial integrity.
- Internal auditors play an important role in analysing and upgrading internal controls, which helps protect financial integrity inside organisations.
- .
  Internal auditors work closely with management to execute corrective measures and tighten financial controls, so improving financial integrity.
- External auditors' assessment of internal controls connected to financial reporting gives additional degree of confidence to ensure financial integrity.
- External auditors provide independent verification of financial statements, hence increasing the credibility and trustworthiness of financial information.

SUGGESTIONS

- Strengthen collaboration and communication between internal and external auditors to benefit from their combined ideas and skills.
- Provide auditors with ongoing education and training on new risks, regulatory changes, and best practices.
- Invest in modern audit technologies like data analytics and artificial intelligence (AI) to improve detection and audit efficiency.
- Internal controls should be assessed and strengthened on a regular basis to reduce financial risks and assure policy compliance.

- Encourage a culture of ethical behaviour and integrity in organisations and among auditors.

- Implement a proactive, risk-based auditing strategy aimed at detecting and mitigating important financial risks.

- Conduct frequent audits and reviews to uncover and rectify financial inconsistencies or control vulnerabilities as they arise.

- Ensure that audit results are communicated clearly and immediately to management and stakeholders so that remedial measures may be taken promptly.

- Maintain independence and objectivity in auditing procedures to maintain credibility and confidence.

- Implement effective monitoring tools to ensure compliance with audit recommendations and remedial measures.

CONCLUSION

The research on internal and external auditors in financial integrity emphasizes their vital responsibilities in guaranteeing openness, accountability, and dependability in financial reporting inside organizations. Both sorts of auditors make separate but complementary efforts towards this same aim. Collaboration between internal and external auditors is critical for increasing the efficacy of financial supervision. Auditors can better solve complicated financial difficulties by improving communication and collaboration. This partnership helps to guarantee that internal controls are strong and financial reporting is accurate and transparent, increasing overall trust in the organization's financial integrity.

To improve auditors' efficacy in protecting financial integrity, organizations should prioritize continual education and training, invest in modern audit technology, foster a strong ethical culture, and employ proactive risk-based auditing procedures. These initiatives will enable auditors to react to changing risks and regulatory requirements while maintaining the highest levels of professionalism and integrity.

Finally, the study emphasizes the critical role of both internal and external auditors in ensuring financial integrity. Their rigorous efforts help to preserve confidence and integrity in financial reporting, hence promoting the stability and sustainability of organizations and financial markets. By embracing cooperation and innovation, auditors can maintain the highest standards of financial integrity in today's changing corporate landscape.

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