The Role of Management and Teamwork in Helping the Internal Auditor to Cope with IT Environment

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Abstract:

Purpose: This paper’s aim is to identify the role of forming teamwork and managing the spirit of one work among the internal audit auditor’s team through the use of modern electronic communication tools.

Design/Methodology/Approach: The study relied on primary sources represented by reference books, relationship to internal auditing and research and reports, relationship to teamwork and the role of management in assisting the internal auditor to keep pace with IT requirements.

Findings: The need for employees from several disciplines has clear importance in information security and appropriate training and planning for employees in the field of information technology. The need for employees from several disciplines has clear importance in information security, and when there are appropriate training and planning for employees in the field of information technology.

Practical Implications: The study was based on proposing a role for management and teamwork in helping the internal auditor to cope with information technology requirements and define their role in how to deal with new technology.

Originality/Value: There are no previous studies - based on the researcher’s knowledge - based on defining the role of management and determining the importance of teamwork in helping the internal auditor to keep pace with the information technology requirements related to the work of internal auditing.

Keywords: Information technology, internal auditor, management, teamwork.

JEL codes: M14, M15, M31.

Paper Type: Research study.

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1. Introduction

Internal audit is considered one of the most important units in every organization. It requires the use of information technology because of its importance in providing the management with the information it needs in making decisions promptly, which requires technical development at a higher level than the development in the accounting and economic environment since an internal audit is an information base for internal bodies in companies and management. This study attempts to answer the following question: "What are the ingredients that may help internal auditing to adapt to the IT environment?" Based on the above, the elements of the study problem can be formulated by trying to answer the following questions:

- What is the role of management in helping the internal audit staff to adapt the IT environment?
- What is the role of the teamwork of internal audit staff to adapt the IT environment?

1.1 Blockchain Strengths and Constraints

The existence of the epidemiological situation represented by the corona delinquency led to the difficulty of conducting a practical application of what is proposed. If the epidemiological situation improves, we will conduct an application study of the extent of applying the proposed framework. The study was limited to books and references to determine the role of management and teamwork in helping the internal auditor to keep pace with information technology requirements. It is also one of the first studies to link management with teamwork and internal auditing to keep pace with information technology requirements.

1.2 The Objectives of the Study

This study attempts to achieve the following objectives:

1. Identify the role of forming teamwork and the spirit of one work among the internal auditor's team through modern electronic communication tools.
2. Knowing the nature of the department's work in a way that helps to achieve the objectives of internal auditing and may assist the administration in achieving its goals.

1.3 The Importance of the Study

This study's importance stems from the management's need to obtain much information that helps to make timely decisions before the information loses its validity. Internal audit is the most interactive aspect with the parties within the company and their changing needs. In order to meet these needs, it forms an information base for multiple parties. The rapid changes in the world of technology
have cast a shadow over all aspects of life, including public shareholding companies in Jordan. The concepts of protection and reliability of information have changed with the significant advancement in information technology. The traditional control tools are no longer sufficient, and the necessity of creating internal audit components in line with the developments of the times has arisen. The internal control system tasks increased so that the internal auditor must evaluate new matters that did not exist in the first place, such as assessing the reliability of the computer network, computer operations, data storage mechanism, and the possibility of making decisions based on this information. In order for internal auditing to cope with these changes, it became necessary to qualify the internal auditor to master technological processes.

1.4 Research Methodology

When conducting this study, the researcher adopts an induction and deduction approach, as it relies on the inductive approach in order to analyze and present audit information technology tools and the role of auditors in that, and also relies on the deductive approach in order to derive the components of internal audit from adapting the information technology environment. For that, the researcher has adopted the theoretical study method relied on a group of Arab and foreign sources that included books and periodicals related to the topic.

2. Literature Review

According to Haislip (2016), physical weaknesses in internal controls related to information technology (IT) represent unique threats to organizations. Using the external auditor as an example of an externally observable governance mechanism, we investigate whether companies with exposed internal IT control deficiencies use a de-linking strategy with their current auditor. Our tests show that preliminary evidence for disintegration strategies is found in both IT and non-IT contexts. Focusing specifically on our study, we document a positive association between firms reporting material IT weaknesses and the subsequent dismissals or switches of auditors. We then investigate the potential benefits of internal control of becoming auditors with more significant experience in environments that emphasize information technology's importance. We argue that a more significant IT audit firm's expertise fosters improved internal controls for its clients, especially those that rely on information technology. We found that clients who convert to auditors with more information technology experience than their previous reviewer have a higher likelihood of remedying a physical vulnerability within one year of reporting control vulnerabilities.

The study of Alharbi (2017) aimed to identify the effectiveness of implementing internal control in its branches (administrative, accounting, and internal auditing) and in the study Kuwaiti shareholding companies. A descriptive-analytical approach was followed, and a questionnaire was used to collect primary data of 295 internal
auditors represented the study sample. The study found that implementation from internal control procedures with administrative, accounting, and internal auditing types of medium degree, in addition to the effective implementation of internal audit, it was the largest and of high degree, followed by the implementation of administrative control. The study recommended that top management gives more attention to administrative and accounting control and take the necessary measures for that enabling internal auditors to implement it to raise the level of its effectiveness.

The study of Alhosban (2015) aims to provide assurances to senior management on the adequacy of controls to ensure information technology infrastructure to be planned, managed, and maintained to support effective operations and risk assessment analysis. It supports the role of auditors in dealing with risks that threaten to achieve strategic goals. Study population consists of internal auditors in Jordanian commercial banks. Audits can focus on major IT assets such as ERP systems to help management make rational decisions in investing in attractive new IT assets, customers, and making core competencies of the company. The technological infrastructure continued to grow in size and complexity, servers, SANs, NAS, and auditing risks. The assessment assesses the risks related to the organization's value drivers, covering strategic and financial, operational and compliance objectives, audit risk assessment, and risk assessment of value drivers organization, covering strategic, financial, operational, and compliance objectives, moreover, more recommendations are an audit to verify that the IT department has developed an organizational structure. Procedures to ensure a controlled and effective environment for the information process and risk assessment is identification and analysis of risks related to achieving the organization's goals, which are essential to care. Risk assessment is the identification and analysis of risks relevant to the organization's investigation objectives.

The study of Harb (2020) aims to determine the effect of internal audits on generic drugs technological industries sector. This study found a statistically significant internal audit of information technology for pharmaceutical industries' in the public share section. There is also a statistically significant internal audit effect on efficiency reliance on public shareholding pharmaceutical sector information. One of the most important recommendations of the researcher was obligating all sectors to activate their role.

According to Msjeed (2017), in terms of the means, methods, and mechanisms, information technology indirectly plays into the auditing profession through the accounting profession and directly through the same auditing profession as supplementing the accounting profession. Perhaps, the effect of these sounds here and through this field of research on the auditing and auditors positively contributes to reducing some of the problems surrounding the auditing profession and reducing its impact. Although the contribution of information technology in the development of the audit profession keep up with the developments of the era enables it to face
the challenges that the profession faces and reduce the expectation gaps of audit and processing the adverse effects by reducing the risk of audit and make it more effective and efficient.

3. Theoretical Framework

3.1 The Role of Management in Assisting the Internal Auditor to Adapt Information Technology

The management role is to assess the degree of submission to accept standards, and standards mean guiding rules during work and applicable standards in general, such as applying accounting principles and appropriate selection to correct standards if the process is sensitive. Information technology activity is continually changing, so the information technology department must practice the best methods that affect the changes in the electronic work environment that affect companies' business and activities (Majid, 2011).

The management is responsible for information security in the company, which is one of its essential functions, in order to provide useful information that helps in taking the necessary decisions, in addition to the clarity of the management's responsibility for duties and responsibilities and determining the extent of change in the information that the company owns as information technology (Almtairi, 2011).

When the management takes any decision, it first looks at an attempt to mitigate risks, especially in information technology, by looking at the cost and return. The management must monitor the company's work and activities and realize the changes that occur to it by identifying the employees' nature and recognizing that the work that has been done is required, and get to know the people who authorize employees to do so. The benefit that can be achieved is to define the roles and responsibilities of the employees and the extent of their knowledge of the work nature entrusted to them and thus identify the shortcomings in work and how to solve those problems using modern technological means if possible (Roitech, 2015).

The internal control system is part of the administrative process. The management uses it to plan, organize, and perform to provide reasonable assurance that the company will achieve its goals, manage the information technology in the company, ensure the company's protection and integrity, and keep abreast of the changes that occur in addition to compliance with laws and regulations. Also, it reviews changes in the information technology environment as an essential objective of the internal control system (IAE, 2018).

The continuous development of management practices is significant for organizations to maintain themselves in light of global competition. One of the critical issues for managing organizations is to focus on suitable strategies and goals. Managers must also take risk management into account, especially in the
information technology environment, where there are new risks, which must be dealt with, as managing information technology risks is the basis for managing any company (Bumgarner, 2015).

3.2 The Role of the Internal Auditor's Teamwork to Adapt Information Technology

The auditor needs to consider and make sure from the outset that the computer workers have the necessary knowledge, that their capabilities are constantly developing, and that this was taken into account when choosing them. The bonds of cooperation must be increased between them, and the workers must be trained on the computer before they are appointed to the company and that they are available - the ability to absorb technical developments in the field of computers (Qudah, 2013).

Whatever method is used in the audit process, the auditor analyzes and assesses the risks and their consequences in conjunction with management, ensuring consensus on a single opinion from the auditor and management to ensure effective communication. Because management must be concerned with the benefits that a risk assessment for the company can achieve, the risk assessment process must be conducted periodically between management, internal audit, and external audit in order to obtain a complete picture of risk assessment, taking into account the change that occurs in information technology (Alhosban and Alsharairi, 2019).

Information technology auditors and non-specialists can currently accomplish a specific work if they have some concepts about the field in which they work and some technical issues. Hence, the auditor must cooperate with the specialized employees to obtain the information he/she requires to complete the audit process and participate in the Information Technology department or the Computer Networks department to acquire the knowledge necessary to complete the work, and with time, he/she may get some information that helps him/her solve the problems that may occur.

The information that the company possesses must be preserved by the management, taking the necessary means to protect it and its security, and this is done by specifying the responsibilities and duties of the employees on an integrative basis, determining the powers of each employee and the nature of the relationship among the employees, monitoring the changes resulting from information technology both about the management, the company, or the internal control system in general, taking into account the readiness and integration of information in the appropriate time and cost (Gupta, 2015).

Company information efficiency results when IT systems allow employees to complete their current tasks at a higher level, assuming expanding their roles in the company when they work to achieve the company's goals and policies. On the
information and interdependence between them, whether in terms of communication networks or databases, information technology assumes that the employee is not isolated from the rest of the employees because of their relationship (Albashtawi, 2013).

Identifying the changes that occurred in the company done by attending meetings, obtaining reports from the management is beneficial to internal control. By determining the meetings with the main departments in the company, in order to identify the risks resulting from changes at the level of departments, thus, for the company as a whole, this is done through coordination between managers, the subsidiaries, and the internal audit of the company to predict or identify information technology risks in order to bypass or mitigate them (Menna, 2017).

The use of computer auditing methods has become general. It is no longer limited to the planning department or the audit department of the company because every department in the company has an accounting system, and therefore, all of these systems are connected to one network, which means the presence of more than one person and the presence of multiple specialties working on the same network is beneficial to internal audit control. The company's auditors need data and information from other employees to do their work, so they share with the rest of the employees, which means they need to work with a team spirit.

4. Conclusion

The need for employees from several disciplines has clear importance in information security. When there are appropriate training and planning for employees in the field of information technology, there is room for cooperation among them and work as one team so that the information security policy is understandable and clear for each employee, and the possibility of identifying those responsible about information security breaches, and knowing whether employees, specialists, and managers know well what tasks have to perform, and when employees work well, the bonds of cooperation with the administrative authorities increase.

Technology has focused on the importance of specialization in a specific field and the need to train all employees, which means that technology contains several trends simultaneously, requiring teamwork to obtain unanimous views to help make decisions.

Technological developments always bring what is new, and that any modification in the company's business must be approved by the management first. If the management does not like keeping up with technology, then the employees cannot do anything, but if the management philosophy favors keeping up with information technology, it can keep pace with IT requirements through orders, instructions, and budgets.
4.1 Study Recommendations

Based on the results of the study, the researcher recommends the following:

- The necessity for the external auditor to have the ability to adapt the developments in the information technology, while the external auditor constantly confirms information security policies from time to time.
- The necessity for the company’s management to assist the internal auditors in dealing with audit information technology tools with the practice of that management to the methods that affect the adaptation to the IT environment.
- The necessity for the company’s management to direct the internal auditors to use audit technology tools and to cooperate with other employees from other departments with the internal audit department in dealing with the IT environment.
- The necessity for cooperation between the Internal Audit department and the Association of Auditors to review the country’s laws to ensure that they align with the IT environment.
- The necessity of relying on electronic evidence to prove or record operations is advantageous in mitigating information technology risks.

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