

Top 10 Internal Audit Interview Questions & Answers

1) Explain what is internal audit?

An independent and objective evaluations or examination of the company's financial and operational business activities is referred as internal audit.

2) Mention what is the difference between internal and external audit?

External audit's main focus is on the accuracy of the financial statements and annual report, while the internal audit has a wide prospective and looks into anything that is important for the organization's success.

3) Explain the steps before an audit processes?

- Ensure the authority of the audit team is established- it will enhance the co-operation from the auditees
- Decide which areas of the company will be audited and the frequency of the audits. Prepare as yearly audit schedule and distribute
- Determine the purpose of the audit whether it complies with government regulations, quality standards, internal procedures and systems
- Organize a meeting with the auditors to discuss plan, scope and purpose of the audit
- Read the documents you are auditing against.

4) Mention what is meant by decommission liability?

De-commission liability is costs that a company expects to levied in the future when the plant is shut-down.

5) Explain what is required to perform an internal audit?

To perform an internal audit all of the financial records shall be given by the treasurer for the audit, including the check-book register, bank statement, deposit slip, cancelled checks, treasurer's reports, expense vouchers or warrants with bill receipts, the annual treasurer's report etc.



6) List out the check-list for the internal audit?

Check-list for the internal audit includes

- Warrants / Vouchers
- Bills / Receipts
- Disbursements / checks
- Bank Reconciliation
- Income
- Treasurer's Reports
- Taxes

7) Mention what all things have to be taken care for checks and vouchers in internal audit?

Internal audit Checks and Vouchers

- | | |
|-----------------|---|
| Checks | <ul style="list-style-type: none">• Make sure that there are no missing checks• Voided checks are saved• All checks recorded in check register |
| Vouchers | <ul style="list-style-type: none">• Written for all checks, including voided checks• Amount on check matches amount on voucher/warrant• Adequate explanation for all expenditures |

8) Explain how you should conduct an internal audit?

To conduct an internal audit you should

- Decide what you want to achieve
- Identify risks and review objectives
- Plan and audit activities
- Validate the facts and complete the work
- Develop a deliverable or report that will drive action
- Follow up

9) Explain what is the meaning of plan drawn up in internal audit?

Plan drawn up is the assessment of the risk that is mutually agreed between the internal audit, senior management and audit committee determines the frequency with which particular audits take place.

10) Why internal audit is necessary?

Internal Audit is necessary to

- Enhance the size and complexity of businesses
- Increase the compliance requirements
- Focus on risk management and internal controls to manage them
- Unconventional business models
- Stringent norms implemented by regulators to protect investors
- Intensive use of information technology
- Increasingly competitive environment

11) Explain what you should do after the internal audit?

After the internal audit,

- Hold an auditors meeting with auditees involved with the audit, discuss the non-conformances and what part is missed
- Issue the audit report in a timely manner
- Encourage auditees to take corrective actions again flaws
- Help and guide those responsible for completing the corrective actions with setting reasonable deadlines
- Take the feed-back of the auditees and how your audit team were perceived

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