

Research Article

Perception of State Government Employees of Kerala about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

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Abstract

Internal audit is mandatory as per sec 138 of the companies Act 2013 and the Companies (Auditor's Report) Order, 2020 .As per the sec 138 of the companies Act 2013 and Rule 13 (1) of the Companies (Accounts) Rules, 2014, certain types of companies has to appoint an internal auditor to conduct internal audit and to submit report on the basis of it .As per the above mentioned acts and rules, a company can appoint a cost accountant as an internal auditor. There is a separate wing in the Institute of Cost Accountants of India, known as Internal Auditing and Assurance Standards Board (IAASB) to monitor and guide activities of the cost accountants with respect to internal audit .Cost audit and internal audit is very significant and relevant as far as government companies are concerned .In Kerala ,most of the employees of the PSUs are deputed from the Government sector .Therefore ,they have to attain basic knowledge about the regulations ,procedures ,rules and acts with respect to the PSUs. .Therefore, the researchers tries to understand the Perception of State Government Employees of Kerala about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Key Words: Perception, State Government Employees, Internal Audit, Assurance Standards ,Institute of Cost Accountants of India.

Introduction

The Institute of Cost Accountants of India and other regulators have to give directions to the members of the institute with respect to the internal audit function .The quality and efficiency of the internal audit is very significant as the final auditor depends largely on the results and efficacy of the internal audit .Therefore, the internal auditors has to follow minimum principles or standards in performing their

duties and activities. The Institute of Cost Accountants of India has understood their functions and duties with respect to the professional monitoring and development of their members.

Significance of the study

Updating knowledge is very important in all spheres. But it is very significant while it refers to the government employees as they have to function impartially to deliver the best to the society .It is a world of privatization ,Globalization and liberalization. Therefore, the government institutions and PSUs are not free from Management Principles and OECD principles. Therefore, this research is very significant in modern times.

Objectives

1. To understand the Perception of State Government Employees of Kerala about internal Audit and Assurance Standards of Institute of Cost Accountants of India
2. To understand about internal Audit and Assurance Standards of Institute of Cost Accountants of India

Hypothesis

1. H₀: There is no significant difference between the age of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India
2. H₀: There is no significant difference between the gender of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India.
3. H₀: There is no significant difference between the monthly salary of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Sample size of the Study

Researchers have collected both the primary data and secondary data for the research purposes. A structured questionnaire was developed to collect data from both Kerala State Government Employees. Sample Size is found at 385 as per Z-Score Analysis. And primary data is collected on the basis of Stratified Random Sampling method. Google forms are created and circulated to get the data.

Methodology of the Study

Primary Data were analyzed using statistical tools and testing of hypothesis like One-Way Analysis of Variance .Secondary data is collected from the website of the Institute of Cost Accountants of India. SPSS Software and online statistical calculators used for the data analysis.

Data Analysis.

Perception of State Government Employees of Kerala about internal Audit and Assurance Standards of Institute of Cost Accountants of India

The institute of Cost Accountants of India has issued Internal Audit and Assurance Standards on October 27, 2021 to carry out the internal audit. Those standards are applicable from April 1, 2022.

Table 1
Internal Audit and Assurance Standards issued in October 2021

Serial No	Internal Audit and Assurance Standards	Description of the Standard
	Category-I: Standards on General Principles of Internal Audit	
1	IAAS-1: Objectives, Authority and Charter	This standard defines the objectives, nature and other fundamentals of Internal Audit.
2	IAAS-2: Internal Audit Engagement	This standard more or less contains details about engagement letter and the
3	IAAS-3: Independence, Integrity and Objectivity	Internal Auditor should be objective and he should have to be exercise the highest degree of integrity and honesty in his/her duties.
4	IAAS-4: Proficiency and Due Professional Care	The internal auditor should use due professional are while carrying the internal audit functions.
5	IAAS-5: Using the work of an Expert	The internal auditor can hire the expertise of experts in the case of highly complicated issues.
6	IAAS-6: Quality Assurance and Continuous Improvement	The internal auditor should try to increase his/her skills through continuous professional development Programmes.
7	IAAS-7: Communication and Confidentiality	Regular communication with the client and the Audit committee of the institution is necessary to carry out the internal audit.
8	IAAS-8: Risk Based Internal Audit	This standard explains the role and responsibilities of the internal auditor during his engagement with the client

9	IAAS-9: Technology Driven Internal Audit	The internal auditor should the information technology and its environment.
10	IAAS-10: Enhancing Governance Through Internal Audit	The internal auditor can contribute to the corporate governance culture of the entity.
11	IAAS-11: Internal Audit of Cost Records	Internal audit of cost records is very significant.
	Category-II: Standards on Principles related to Internal Audit Process	
12	IAAS-21: Internal Audit Planning	This standard explains about detailed internal audit Plan.
13	IAAS-22: Internal Audit Sampling	This standard helps the internal auditor to frame Audit Sampling and to design Audit Procedures.

14	IAAS-23: Analysis and Evaluation	This standard deals with the application of specified procedures.
15	IAAS-24: Internal Audit Evidence	This standard answer to the following question. What is meant by internal audit evidence?
16	IAAS-25: Internal Audit Documentation	The internal auditor should document all activities relating the internal audit.
17	IAAS-26: Disclosure and Reporting	This standard deals with internal audit report.
18	IAAS-27: Monitoring Progress	The internal auditor should monitor the action taken by the entity on the basis of his/her recommendations.

(Source: <https://icmai.in/upload/IAASB/IAA-181021-Full-Book.pdf>)

Testing of Hypothesis

Null hypothesis are given in the Heading Hypothesis section .Those are tested using One-Way Analysis of Variance.

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Table No. 2

ANOVA for Age and Perception of State Government Employees of Kerala towards Significance of Compliance of Forensic Accounting and Investigation standards issued in August 2021.

ANOVA					
		Sum of Squares	Df	Mean Square	F
IAAS-1: Objectives, Authority and Charter	Between Groups	195.021	3	65.007	632.621 Sig 0.000
	Within Groups	39.151	381	0.103	
	Total	234.171	384		
IAAS-2: Internal Audit Engagement	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-3: Independence, Integrity and Objectivity	Between groups	195.021	3	65.007	632.621 Sig 0.000
	Within Groups	39.151	381	0.103	
	Total	234.171	384		
IAAS-4: Proficiency and Due Professional Care	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-5: Using the work of an Expert	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-6: Quality Assurance and Continuous Improvement	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-7: Communication and Confidentiality	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		

IAAS-8: Risk Based Internal Audit	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-9: Technology Driven Internal Audit.	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-10: Enhancing Governance Through Internal Audit	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-11: Internal Audit of Cost Records	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-21: Internal Audit Planning	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-22: Internal Audit Sampling	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-23: Analysis and Evaluation	Between Groups	94.362	3	31.454	40.392 Sig 0.000
	Within Groups	296.693	381	0.779	
	Total	391.055	384		
IAAS-24: Internal Audit Evidence	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-25: Internal Audit Documentation	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-26: Disclosure and Reporting	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		
IAAS-27: Monitoring Progress	Between Groups	181.984	3	60.661	138.071 Sig 0.000
	Within Groups	167.393	381	0.439	
	Total	349.377	384		

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Table 2 revealed that One way ANOVA was applied to find whether the mean scores vary accordingly to the age of State Government Employees of Kerala towards perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India. The **p**- value is lesser than 0.05 in all the above cases .Therefore, the result is significant and hence the null hypothesis is rejected in all the above cases. Therefore, it is inferred that there is significant difference between the age of State Government Employees of Kerala and their perception towards about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Table No. 3

ANOVA for Gender and Perception of State Government Employees of Kerala towards Significance of Compliance of Forensic Accounting and Investigation standards issued in August 2021.

ANOVA					
		Sum of Squares	Df	Mean Square	F
IAAS-1: Objectives, Authority and Charter	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-2: Internal Audit Engagement	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-3: Independence, Integrity and Objectivity	Between groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-4: Proficiency and Due Professional Care	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-5: Using the work of an Expert	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	

IAAS-6: Quality Assurance and Continuous Improvement	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-7: Communication and Confidentiality	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-8: Risk Based Internal Audit	Between Groups	0.800	1	0.800	0.786 Sig 0.376
	Within Groups	389.943	383	1.018	
	Total	390.743	384		
IAAS-9: Technology Driven Internal Audit.	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-10: Enhancing Governance Through Internal Audit	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-11: Internal Audit of Cost Records	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-21: Internal Audit Planning	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
	Total	390.743	384		

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IAAS-22: Internal Audit Sampling	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-23: Analysis and Evaluation	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-24: Internal Audit Evidence	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-25: Internal Audit Documentation	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-26: Disclosure and Reporting	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		
IAAS-27: Monitoring Progress	Between Groups	1.697	1	1.697	1.670 Sig0.197
	Within Groups	389.046	383	1.016	
	Total	390.743	384		

(Source: Primary Data).

Table 3 revealed that One way ANOVA was applied to find whether the mean scores vary accordingly to the gender of State Government Employees of Kerala towards their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India. The **p**-value is greater than 0.05 in all the cases. Therefore, it is inferred that there is no significant difference between the gender of State Government Employees of Kerala and their perception towards about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Table No. 4

ANOVA for monthly salary and Perception of State Government Employees of Kerala towards Significance of Compliance of Forensic Accounting and Investigation standards issued in August 2021.

ANOVA					
		Sum of Squares	Df	Mean Square	F
IAAS-1: Objectives, Authority and Charter	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-2: Internal Audit Engagement	Between Groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		
IAAS-3: Independence, Integrity and Objectivity	Between groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		
IAAS-4: Proficiency and Due Professional Care	Between Groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		
IAAS-5: Using the work of an Expert	Between Groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		
IAAS-6: Quality Assurance and Continuous Improvement	Between Groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		
IAAS-7: Communication and Confidentiality	Between Groups	6.178	3	2.059	2.040 Sig 0.108
	Within Groups	384.565	381	1.009	
	Total	390.743	384		

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IAAS-8: Risk Based Internal Audit	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-9: Technology Driven Internal Audit.	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-10: Enhancing Governance Through Internal Audit	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-11: Internal Audit of Cost Records	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-21: Internal Audit Planning	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-22: Internal Audit Sampling	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-23: Analysis and Evaluation	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-24: Internal Audit Evidence	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		

IAAS-25: Internal Audit Documentation	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-26: Disclosure and Reporting	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		
IAAS-27: Monitoring Progress	Between Groups	8.822	3	2.941	2.934 Sig 0.033
	Within Groups	381.921	381	1.002	
	Total	390.743	384		

Table 5 revealed that One way ANOVA was applied to find whether the mean scores vary accordingly to the monthly salary of State Government Employees of Kerala towards their perception towards about internal Audit and Assurance Standards of Institute of Cost Accountants of India. The **p**-value is less than 0.05 in the cases of IAAS-1: Objectives, Authority and Charter, IAAS-8: Risk Based Internal Audit, IAAS-27: Monitoring Progress, IAAS-26: Disclosure and Reporting, IAAS-25: Internal Audit Documentation, IAAS-24: Internal Audit Evidence, IAAS-23: Analysis and Evaluation, IAAS-22: Internal Audit Sampling, IAAS-21: Internal Audit Planning, IAAS-11: Internal Audit of Cost Records, IAAS-10: Enhancing Governance Through Internal Audit, IAAS-9: Technology Driven Internal Audit, IAAS-8: Risk Based Internal Audit. Therefore, the result is significant and hence the null hypothesis is rejected in the above cases. Therefore, it is inferred that there is significant difference between the monthly salary of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India. **p**-value is greater than in all other cases. Therefore, the result is not significant and hence the null hypothesis is accepted in those cases. Therefore, it is inferred that there is no significant difference between the monthly salary of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Findings.

1. It is found that The institute of Cost Accountants of India has issued 18 Internal Audit and Assurance Standards on October 27, 2021 to carry out the internal audit
2. It is found that there is there is significant difference between the age of State Government Employees of Kerala and their perception towards about internal Audit and Assurance Standards of Institute of Cost Accountants of India
3. It is found that there is no significant difference between the gender of State Government Employees of Kerala and their perception towards about internal Audit and Assurance Standards of Institute of Cost Accountants of India

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4. It is found that there is significant difference between the monthly salary of State Government Employees of Kerala and their perception about internal Audit and Assurance Standards of Institute of Cost Accountants of India.

Conclusion.

State Government Employees of Kerala are very much interested to understand and adopt the internal Audit and Assurance Standards of Institute of Cost Accountants of India.

References

1. <https://icmai.in/upload/IAASB/IAA-181021-Full-Book.pdf>