

# The *EVolution* of Auditing Part 2

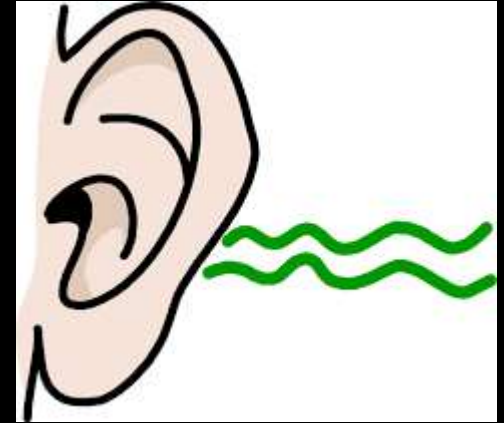


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## Recap

The word “audit” has Latin origins (audio, audire, means listening).

First auditors were the King’s eyes and “ears”

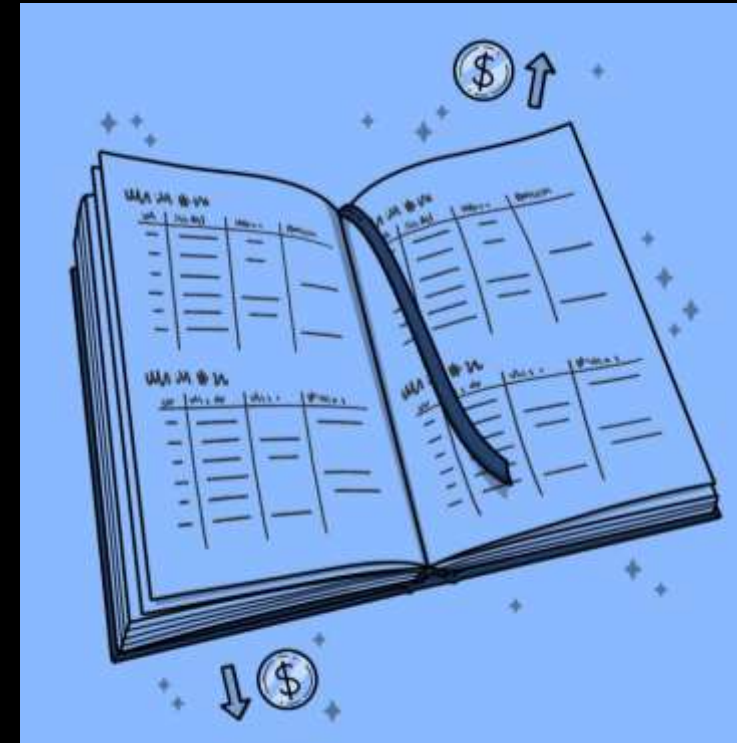


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# Accounting principles

Luca Pacioli was an Italian mathematician, Franciscan monk and tutor of genius artist Leonardo Da Vinci.

He conceptualized the double-entry accounting method in 1494.



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## Computers and accounting (1950s – 1990s)

In the 1950s, GE brought about a computerized system for accounting.

Post this, auditing became “around the computer”

Focus: systems

Aim: Improve internal controls



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# Boom and bust

- Enron, WorldCom and a gamut of companies went bust. Accounting scandals became public.
- Enter senators Paul Sarbanes and Michael Oxley to pass the Sox Act - THE game changer.
- Made the CFO and CEO more accountable.



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# From system to risk based

Focus: Operational

Aim: Improve business controls



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## Audit becomes a partner

IA and Management work actively together for the greater good and success of their organisation.

Focus: Integrated

Aim: Improve business units/ performances



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## Value-based

IA performs forward-looking internal audit services to offer insights & actively seek innovation to improve the organisation.

Focus: Services/ Micro-services

Aim: Improve the organization



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