

# A Study on Perception of Internal Audit of an Entity at Plabstiblends India Ltd and Kabra Extrusiontechnic Ltd

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**Abstract:** In the study of internal audit according to Internal Audit in which 86% employees they were agree that in organization's audit observation that are find out by the internal auditors which are clearly, fairly and timely manner during the audit as well as 90% result of the internal audit add value to the department in which audit activity are done. In the study of internal audit according to 71% employees they were agree that organizations implemented the inspections for the purchase product to meet the purchase requirements, but out of them employees disagree that units are not inspect the purchase product that how much product are require for the purchase requirement. 84% employees they were agree that both the unit's reconciled the total summery figures as per GSTR 3B with the total of the outward invoice so that on the basis unit can check the how much sales are ongoing it. 73% employees they were agree that whatever feedback are given by the employees and internal auditor according them internal audit solicit feedback adequately addresses during the audit. 80% employees they were agree that both units regularly follow the ledger wise transaction according to nature of payment, where as they are following the TDS rate and according to the rate they maintain the ledgers of customer. I used Mann-Whitney U Test and Chi-Square Test as research tool. The main finding of study suggests that in Mann-Whitney U Test on the basis of hypothesis it can be found that there is no difference between employee's opinion towards the internal audit solicit Feedback and internal audit activity possesses an experience to organization's risk in the company. The study of Mann-Whitney U Test on the basis of hypothesis there is no difference between employee's opinions towards the internal solicits feedback and internal audit findings are correctly justified. The result of Mann-Whitney U Test on the basis of hypothesis there is a difference between internal audits solicits feedback and opinion regarding allowances which are given by the company to their employee which are done according to company policies. . In chi-square test it can also be conclude in both organization most of the employees having knowledge about organizational structure and lines of authority so that here according to test there is relationship among level of education and organizational structure and lines of authority. So here it can be said that in both the unit's employees are very much concern with internal audit feedback and allowance.

**Keywords:** Internal Audit, Internal Control, Human Resources, Procurement.

## I. OVERVIEW OF INTERNAL AUDIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

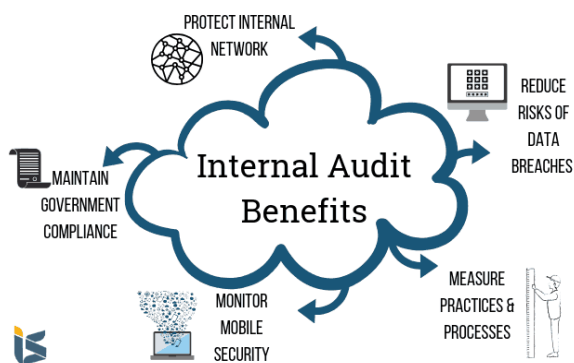


Fig 1

Some Stages of Internal Audit are as below:

### STAGE I

**Preparing Audit Mission:**

### What the following procedures requires:

- Initiation of the audit (in which they are drawn: service order, declaration of independence, triggering notification of the engagement - Internal control questionnaire);
- Collecting and processing information (Summary list of objects is drawn Audited);
- Risk analysis (To Prepare Table of Strengths and Weaknesses);
- Developing the internal audit program (Program Audit, The Preliminary Program Of Intervention On The Spot);
- Opening session (it made the opening minutes of the meeting).

### STAGE II

**Intervention at the premises requires the following procedures:**

- Collecting evidence (to be prepared the following documents: checklist, tests, job identification and analysis of problems);
- Finding and reporting irregularities (for declaration form is completed and the reporting of irregularities);
- Review working papers (note summary shall be prepared working documents);
- Closing session (it is written the closing minutes of the meeting.).

### STAGE III

**Internal Audit Report: requires the following procedures:**

- Draft internal audit report (to prepare the draft report);
- Transmission of the draft audit report;
- Conciliation meeting (minutes of meeting of reconciliation is made);
- Final report (final report's preparation);
- Supervision (supervision shall prepare a list of documents).
- Dissemination of internal audit report.

**STAGE IV**

❖ *Tracking recommendations:*

Stage at which it is made recommendations tracking sheet. Based on its audited entity will be revise their work as auditor's recommendations, recommendations which were accepted by the entity.

❖ *The Main Areas to Be Covered in Internal Audit: -*

- 1) *Purchase*
- 2) *Procure to Pay*
- 3) *Human Resource Management*
- 4) *Statutory Compliances like TDS, TCS & GST*

**1. Purchase: -**

The purchasing cycle consists of the acquisition of goods and services in exchange for cash or promises to pay cash. The audit of accounts in the purchasing cycle (e.g., purchases of merchandise or raw materials, various expenses, accounts payable, and cash) usually consists of a combination of substantive tests and tests of controls to support an assessment of control risk that is below the maximum or at low. This course covers the process by which the auditor determines the strategy for auditing the purchasing cycle. The course describes typical purchases of goods and services, the accounting system for processing them, and the monitoring and control activities applied to the transactions. This course also discusses the conditions under which the auditor will be able to arrive at a preliminary assessment of control risk that is below the maximum or at low. Finally, the course examines the controls that ordinarily should be tested under various control risk assessments.

❖ *Procure to Pay: -*

Procure to Pay process is required when we need to purchase materials/services from an external vendor for our company. This process includes all the business tasks starting from a purchase requisition (PR) and finishing with payment to the vendor.

❖ *Overview of Procure to Pay Process Flow:*

**Step 1: Identify Needs**

The first step of a procure-to-pay process is to determine and define the business requirements with the help of cross-functional stakeholders. Once a valid need is identified, procurement teams sketch out high-level specifications for goods/products and terms of reference (TOR) for services, and statements of work (SOW).

**Step 2: Create Requisitions**

After finalizing the specifications/TOR/SOW, a formal purchase requisition is created. A requester submits the filled-out purchase requisition form after ensuring that all necessary administrative requirements are met. Requisitions can be created for any type of procurement from standard purchases to subcontracts and consignments.

**Step 3: Purchase Requisition Approval**

Submitted purchase requisitions are then reviewed by department heads or procurement officers. Approvers can either approve or reject a purchase requisition after evaluating the need, verifying the available budget, and validating the purchase requisition form. Incomplete purchase requisitions are rejected back to the initiator for correction and resubmission.

**Step 4: Create a PO/Spot Buy**

If the requested goods/products have characteristics such as unmanaged category/products buys, one-time unique purchases, or low-value commodities, then a spot buy can be performed. Else, purchase orders are created from approved purchase requisitions.

**Step 5: Purchase Order Approval**

Purchase orders are now sent through an approval loop to ensure legitimacy and accuracy of specifications. Approved purchase orders are then dispatched to vendors. After reviewing the purchase order vendors can approve, reject, or start a negotiation. When an officer approves a purchase order, a legally binding contract is activated.

**Step 6: Goods Receipt**

Once the supplier delivers the promised goods/services, the buyer inspects the delivered products or services to ensure that it complies with the contract terms. The goods receipt is then approved or rejected based on the standards specified in the purchasing contract or purchase order.

**Step 7: Supplier Performance**

Based on the data obtained from the previous step, the supplier performance is evaluated. A number of factors like quality, on-time delivery, service, contract compliance, responsiveness, and Total Cost of Ownership (TCO). Non-performance is flagged in existing rosters and information systems for future reference.

**Step 8: Invoice Approval**

Once a goods receipt is approved, a three-way match between the purchase order, the vendor invoice, and the goods receipt is performed. If there are no discrepancies found, the invoice is approved and forwarded to the finance team for payment disbursement. In the case of inaccuracies, the invoice is rejected back to the vendor with a reason for rejection.

**Step 9: Vendor Payment**

Upon receiving an approved invoice, the finance team will process payments according to the contract terms. Any contract changes or reviews liquidated financial security will be taken into account. A payment made to a supplier will fall into one of the following five types: advance, partial, progress or installment, final, and holdback/retention payments.

## 2. Human Resource Management:-

An HR audit involves devoting time and resources to taking an intensely objective look at the organization's HR policies, practices, procedures and strategies to protect the organization, establish best practices and identify opportunities for improvement.

### HR audit significance: -

Management feel, that employee participation in activities is:

- ✓ Essential for organizations success.
- ✓ It provides required feedback.
- ✓ Managing rising labor cost

### The HR areas that are within the scope of the audit are, but not limited to:

- Compliance/Consistent of HR objectives, strategies and procedures with company's goals, values and business results;
- Selection, recruitment, hiring and employment policies and procedures;
- Training and development;
- Career planning;
- Succession planning;
- Departures procedures;
- Total reward system (incl. salaries, benefits, bonuses, incentives);
- Performance appraisal management system;
- Employees engagement;
- Employees files maintenance and;
- Compliance of existing HR processes, practices and procedures with Bulgarian labor legislation and internal rules and procedures;

### Employee Engagement/Satisfaction Audit

- Employee's engagement and satisfaction are measured in following main areas: receiving information from the management, participation in decision making process, opportunities for career development, training and development, remuneration and benefits, job descriptions, labor conditions, team, work place security and others.
- Identification of the consequences, as a result from high/low employee's engagement and satisfaction, eventual risks and possible damages for organization.

## 3. Statutory Compliance: -

Statutory compliance means you are following the laws on a given issue. The term is most often used with organizations, who must follow lots of regulations.

There is some statutory compliance following are under:

### ❖ TDS: -

The concept of TDS was introduced with an aim to collect tax from the very source of income. As per this concept, a person (deductor) who is liable to make payment of specified nature to any other person (deductee) shall deduct tax at source and remit the same into the account of the Central Government. The deductee from whose income tax has been deducted at source would be entitled to get credit of the amount so deducted on the basis of Form 26AS or TDS certificate issued by the deductor.

### ❖ TCS: -

Tax Collected at Source (TCS) is income tax collected in India payable by the seller who collects in turn from the buyer and it is provided under section 206C of Income Tax Act, 1961 at the sale of some goods which are specified. The TCS Rate is different for each category of goods and the Rates in force have been enclosed herewith.

### ❖ GST: -

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

## II. LITERATURE REVIEW

- **Awn Metlib AL-SHBAIL, Turki A. A. TURKI, (2017)**, The relationship between these factors and Satisfaction of internal auditors is also examined. Further, the moderating effect on the relationship between these factors and the effectiveness of IA among industrial SMEs in Kuwait are investigated through satisfaction of internal auditors.
- **Khaled Ali Endaya,(2013)**,This paper extends the literature of internal auditing, and its originality; and the argument is that agency theory, institutional theory, and communication theory could serve as an approach to build a theoretical framework of internal audit effectiveness. This study argues that the internal audit effectiveness is impacted directly by internal auditors' characteristics and internal audit department performance.
- **Omolaye KE and Jacob RB (2017)**, The study revealed that there exists a significant positive relationship between IAF and performance of banks through operational efficiency, organizational growth, higher profitability; solvency and continuity in business. The key conclusion drawn from this study was that compliance with corporate governance principles (especially IAF) leads to better organizational performance in the banking sector in Nigeria.
- **Rasoava Rijamampianina,(2016)**, The study suggests several implications and recommendations for the risk management, internal audit and audit committee

functions that can also be adopted by interested parties from non-financial institutions. The main keywords in this paper were internal audit, value creation, skills, stake holder’s market.

- **Wadesango Newman, (2019)**, This research paper is related with independency and objectivity are essential elements for any profession where professional judgment is provided without the judgment losing its value. The study therefore recommends the establishment of audit committee to improve the implementation process by persuading management on implementing the internal audit recommendations. The main keywords are internal audit, non-implementation and private sector.

### III. RESEARCH METHODOLOGY

A research methodology involves specific techniques that are adopted in research process to collect, assemble and evaluate data.

#### A. Problem Statement:

A study on perception of employees towards the internal audit with reference to **PLASTIBLENDS INDIA LTD** and **KABRA EXTRUTIONTECHNIC LTD**.

Most of the Industries have functional internal audit departments with well qualified staff, charged with responsibility of providing management with re-assurance that internal control systems are adequate and working as intended. However, the problem can be defined as internal auditing system that affects the employee of both the company. Every organization is important to internal auditing.

#### B. Objective of the Study: -

- To identify the perception of employees for internal audit and controls in selected companies.
- To assess the quality of internal audit by the auditors in selected companies.
- To evaluate the internal control of the organization in selected companies.

#### C. Research Hypothesis: -

Ho: - There is no difference in internal audit solicits feedback and opinion of the internal control of the organization.

H1: - There is a difference in internal audit solicits feedback and opinion of the internal control of the organization.

Ho: - There is no relationship between level of education and awareness about the organizational structure and lines of the authority.

H1: - There is relationship between level of education and awareness about the organizational structure and lines of the authority

#### D. Research Design: -

The study is descriptive in nature with internal audit to find out the perception of employees towards the internal audit.

#### E. Data Collection Method:

The data collection is a process by which researcher collects the information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes.

#### ➤ Primary Data:

- The data which are collected for the first time, directly from the respondents to the base of knowledge and brief of the research, are called primary data. The normal procedure is to interview some people individually or in a group to get a sense of how people feel about the topic.
- For this study I have use structured questionnaire, in which I have asked open ended questions and Likert scale.

#### F. Sampling Method:

- ❖ Entire populations are selected from **PLASTIBLENDS INDIA LTD** and **KABRA EXTRUTIONTECHNIC LTD**.
- ❖ I have selected sample from both the company in that particular accounts department, purchase department, IT department.
- ❖ I have collected data from 100 respondents and out of them 48% employee from **PLASTIBLENDS INDIA LTD** and 52% employee from **KABRA EXTRUTIONTECHNIC LTD**.
- ❖ I have used non probability and convenient sampling method.

#### G. Research Tools:

I have used SPSS (statistical package for social science) for data analysis and google form to fill out the questionnaire for responses and I have applied two statistical which is chi-square test and Mann-Whitney u test for the data analysis.

### IV. DATA ANALYSIS & INTERPRETATION: -

#### 1. Name of the company: -

Company			
	Frequency	Percent	Valid Percent
Plastiblends India Ltd	52	52	52
Kabra Extrusiontechnik Ltd.	48	48	48
Total	100	100	100

Table 1

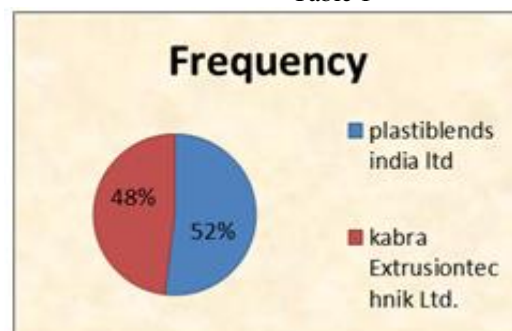


Fig 2

According to above data it can be seen that from the study of internal audit of an entity there is 52% employees from Plastiblends India Ltd and 48% employee from Kabra Extrusionstechnik Ltd.

2. The Level of Education:-

Level Of Education			
	Frequency	Percent	Valid Percent
12th Pass	9	9	9
Bachelor Degree	33	33	33
Master Degree	44	44	44
Chartered Accountant	14	14	14
Total	100	100	100

Table 2

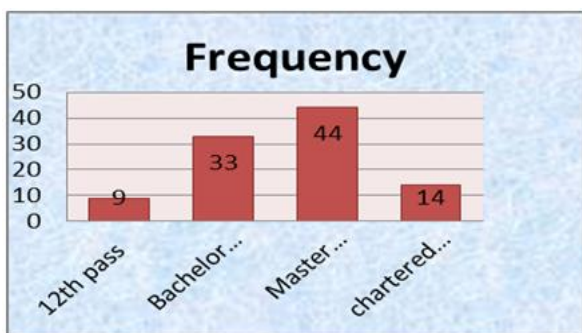


Fig 3

According to above data it can be seen that out of the 100 respondent there is 9% employee having from 12<sup>th</sup> pass, then 33% employee having from bachelor degree, then 44% employee having from master degree, then at last 14% having from chartered accountant. So that here we can interpret those employees who are having master degree they have high level of education.

3. Does the department have an overall vision & mission:

Vision Mission			
	Frequency	Percent	Valid Percent
yes	93	93	93
No	7	7	7
Total	100	100	100

Table 3

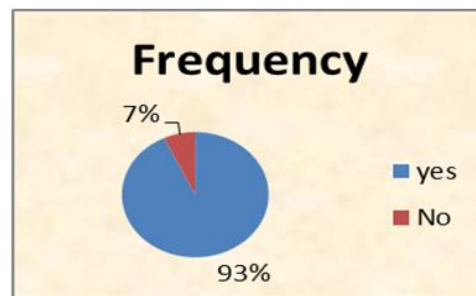


Fig 4

According to above data we can see that out of the 100 respondent 93% employee are aware about the departments overall vision mission and 7% employee are not aware about the departments overall vision mission.

4. Does the department have current organization chart?

Organizational Chart			
	Frequency	Percent	Valid Percent
Yes	86	86	86
No	14	14	14
Total	100	100	100

Table 4

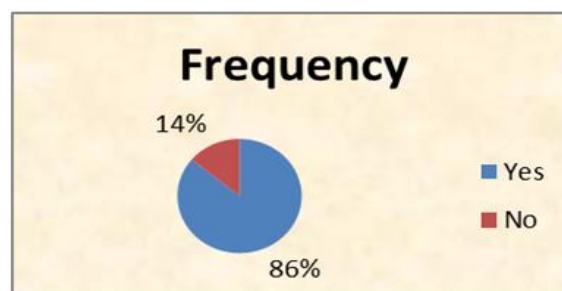


Fig 5

According to above data it can be seen that 86% employee are aware that both unit have organization chart and 14% employee are aware that both unit have no organization chart.

5. Are employees aware about the organizational structure and lines of authority?

Organizational Structure			
	Frequency	Percent	Valid Percent
yes	82	82	82
No	18	18	18
Total	100	100	100

Table 5

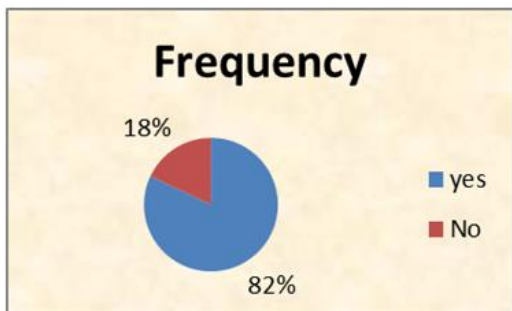


Fig 6

According to above data it can be seen that 82% employees are aware about the organization chart and lines of authority, Where 18% employee are not awareness about the organizational structure and lines of the authority.

6. Does HR department maintain the employee masters file:

Employee Master File			
	Frequency	Percent	Valid Percent
Yes	86	86	86
No	14	14	14
Total	100	100	100

Table 6

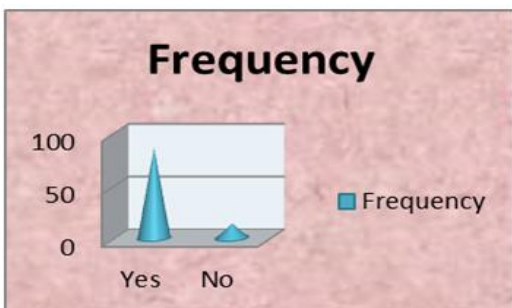


Fig 7

According to above data it can be seen that 86% employees HR department maintain the master file, and 14% employees according to them HR department not maintain the master file.

7. Does HR department provide the full and final settlement to retiring employee:

Full And Final Settlement			
	Frequency	Percent	Valid Percent
Yes	81	81	81
No	19	19	19
Total	100	100	100

Table 7

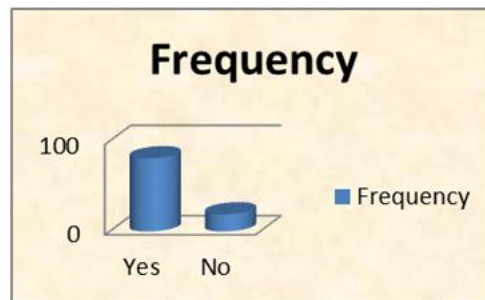


Fig 8

According to above data it can be seen that 81% employees said that HR department provide full and final settlement to their retiring employee and 19% employees said that HR department are not provide full and final settlement to their retiring employee.

8. Does your unit regularly follows the ledger wise transaction according to nature of payment of TDS:

Nature Of Payment Of TDS			
	Frequency	Percent	Valid Percent
Yes	80	80	80
No	20	20	20
Total	100	100	100

Table 8

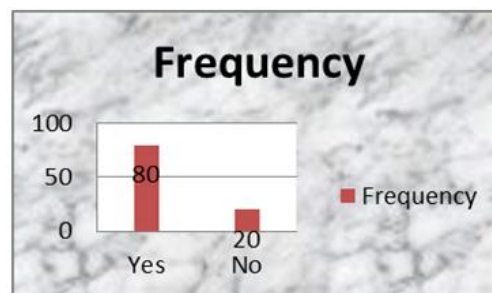


Fig 9

According to above data it can be seen that 80 % employee said that unit is regularly follow the ledger wise transaction according to nature of payment of TDS, and 20% employee

Said that unit is regularly following the ledger wise transaction according to nature of payment of TDS.

9. Did Internal Audit Solicit Feedback from you and your staff concern were adequately addressed during the audit:

Internal Audit Feedback			
	Frequency	Percent	Valid Percent
Yes	73	73	73
No	27	27	27
Total	100	100	100

Table 9

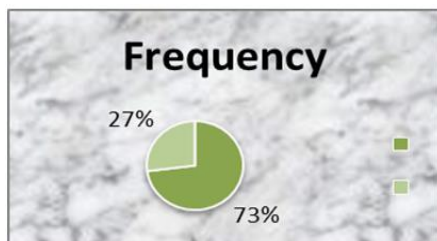


Fig 10

According to above data it can be seen that 73% employees said that internal audit solicit feedback ensure the concern adequately addressed during the audit and 27% employee said that internal audit solicit feedback ensure the concern adequately addressed during the audit.

10. Does all loan application have the signature of the director as well as HR department?

Signature On Loan Application			
	Frequency	Percent	Valid Percent
Yes	84	84	84
No	16	16	16
Total	100	100	100

Table 10

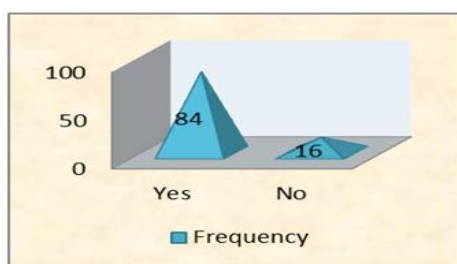


Fig 11

According to above data it can be seen that 84% employee said that all loan application have the signature of the director as well as HR department where 16% employee said that all loan application have the no signature of the director as well as HR department.

11. Are unit reconciled the total summery figures as per GSTR 3B with the total of the outward invoice:

**Summary Of Outward Invoices**

	Frequency	Percent	Valid Percent
Yes	84	84	84
No	16	16	16
Total	100	100	100

Table 11

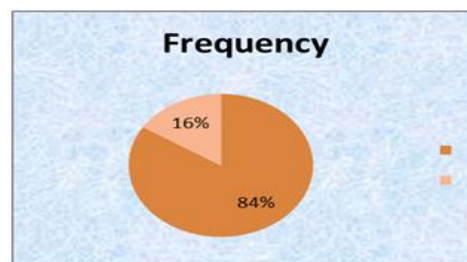


Fig 12

According to above data it can be seen that 84% employee said that both unit reconciled the total summary figures as per GSTR 3B with the total of the outward invoice and 16% employee said that both unit not reconciled the total summary figures as per GSTR 3B with the total of the outward invoice.

12. Your organization implemented inspection or other activities to confirm purchased product meets specified purchase requirements:

Inspection				
		Frequency	Percent	Valid Percent
Valid	Yes	71	71	71.71717
	No	28	28	28.28283
	Total	99	99	100
Missing	System	1	1	
Total		100	100	

Table 12

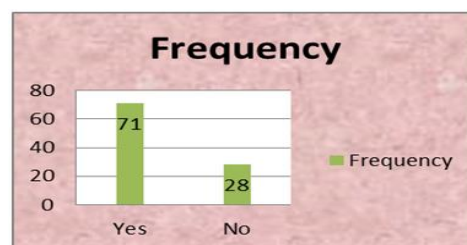


Fig 13

According to above data it can be seen that 71% employee said that both organization established and implemented inspection or other activities to confirm purchased product meets specified purchase requirements, where 28% employee said that none of them organization established and implemented inspection or other activities to confirm purchased product meets specified purchase requirements.

13. Frequency of the Internal Controls:-

*A. An internal audit activity possesses an experience to identify organization’s risk:*

Organization Risk			
	Frequency	Percent	Valid Percent
Strongly Disagree	2	2	2
No Opinion	3	3	3
Agree	50	50	50
Strongly Agree	45	45	45
Total	100	100	100

Table 13

According to above data it can be seen that out of the 100 respondent, 45 employees are strongly agree, 50% employees are agree, 3% employees having no opinion, and 2% employees are strongly disagree. So here it can be interpret that most of the employees of both units strongly agreed that an internal audit activity possesses an experience to identify organization’s risk.

*B. Internal audit findings are correctly justified:*

Findings			
	Frequency	Percent	Valid Percent
Strongly Disagree	4	4	4
Disagree	3	3	3
No Opinion	9	9	9
Agree	45	45	45
Strongly Agree	39	39	39
Total	100	100	100

Table 14

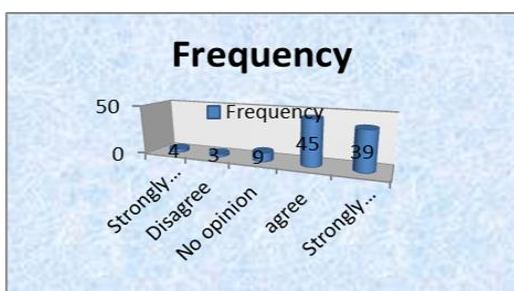


Fig 14

According to above data it can be seen that out of the 100 respondent, 39% employees are strongly agree, 45% employees are agree, 9% employees having no opinion, 3% employees are disagree, and 4% employees are disagree.

*C. Units are provide properly salary with all the deductions:*

Salary With Deductions			
	Frequency	Percent	Valid Percent
Strongly Disagree	4	4	4

Disagree	4	4	4
No Opinion	12	12	12
Agree	39	39	39
Strongly Agree	41	41	41
Total	100	100	100

Table 15

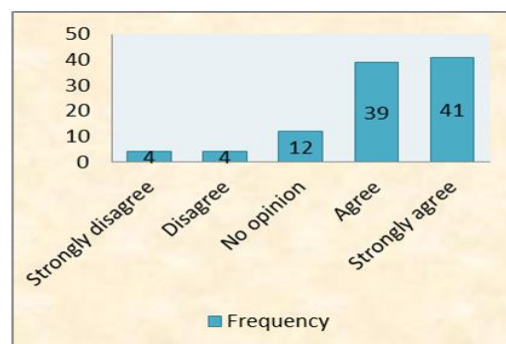


Fig 15

According to above data it can be seen that out of the 100 respondents, 41% strongly agree about getting salary with all deductions, 39% are agree about the salary and all deductions, but out of them 12% having no opinion about the salary, 4% are strongly disagree and disagree about the salary and deductions, so here it can be say that both the company are providing salary and all the deductions to the employee who are working in the company.

*D. Allowances are done according to policies:*

Allowances According To Policies			
	Frequency	Percent	Valid Percent
Strongly Disagree	3	3	3
Disagree	6	6	6
No Opinion	8	8	8
Agree	46	46	46
Strongly Agree	37	37	37
Total	100	100	100

Table 16

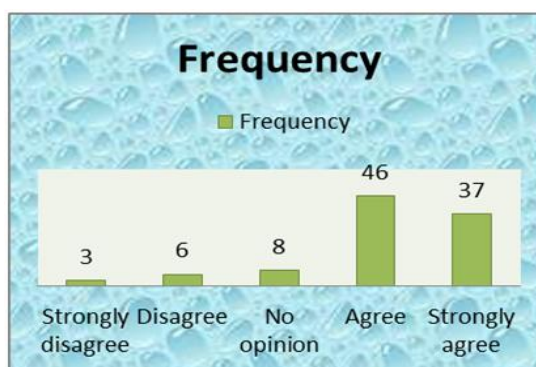


Fig 16



According to above data it can be seen that out of the 100 respondent it can be seen that 37% employee are strongly agree that allowances are provided according to policies, 46% are also agree about the allowances, but 8% having no opinion about the allowances that units are providing or not, 6% are disagree about the allowances that provided by the both units and 3% are strongly disagree about the allowances are provided by the both the units according to the companies policies.

*E. Loan disbursement for employee are not more than cost to company:*

Cost To Company For Loan Disbursement			
	Frequency	Percent	Valid Percent
Strongly Disagree	4	4	4
Disagree	3	3	3
No Opinion	21	21	21
Agree	38	38	38
Strongly Agree	34	34	34
Total	100	100	100

Table 17

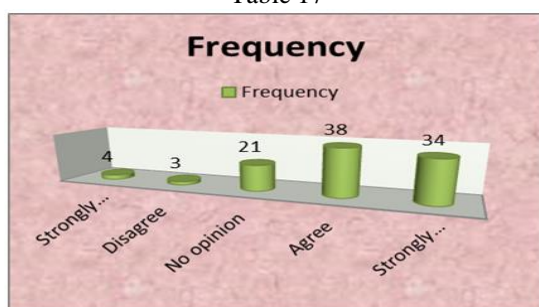


Fig 17

According to above data it can be seen that out of the 100 respondent 34% employee are strongly agree that loan disbursement are not more than cost to company, 38% are agree that loan disbursement are not more than cost to company but out of them 21% having no opinion about the loan disbursement, 3% are disagree that loan disbursement are not more than cost to company and 4% are strongly disagree.

*F. Unit have system of punching for the attendance of the employee:*

System Of Punching For Attendance			
	Frequency	Percent	Valid Percent
Strongly Disagree	4	4	4
Disagree	7	7	7
No Opinion	9	9	9
Agree	45	45	45
Strongly Agree	35	35	35
Total	100	100	100

Table 18

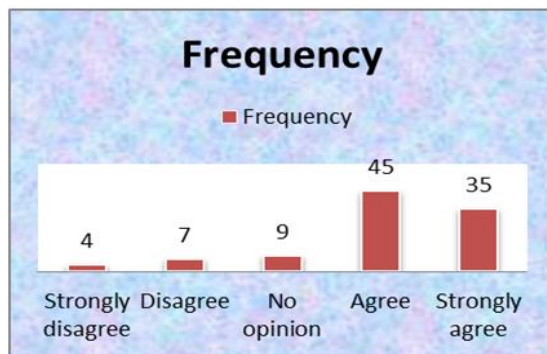


Fig 18

According to above data it can be seen that out of the 100 respondent 35% employee strongly agree that both the unit have system of punching for the attendance of the employee, 45% agree about the system of punching that provided by the units but 9% having no opinion about the system of punching, out of them 7% are disagree about the system of punching that provided by the units and 4% are strongly disagree about the system of punching for attendance of the employee that provided by both the units.

*G. HR department maintain the physical attendance register file:*

Physical Attendance Register File			
	Frequency	Percent	Valid Percent
Strongly Disagree	6	6	6
Disagree	3	3	3
No Opinion	7	7	7
Agree	38	38	38
Strongly Agree	46	46	46
Total	100	100	100

Table 19

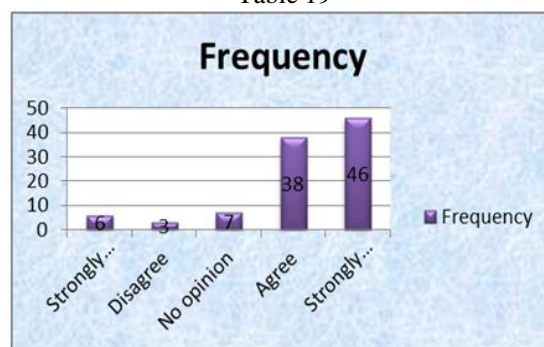


Fig 19

According to above data it can be seen that out of the 100 respondent 46% employee are strongly agree about the HR department maintain the physical attendance register file, 38% are agree about the physical attendance register that maintain by HR department, but out of them 7% having no opinion about the physical attendance register, 3% are disagree about the physical attendance register maintain by HR department, and 6% are strongly disagree about the physical attendance register maintain by the HR department.

*14. Were audit observation communicated fairly, clearly, and timely manner during the course audit:*

Communication			
	Frequency	Percent	Valid Percent
Yes	86	86	86
No	14	14	14
Total	100	100	100

Table 20

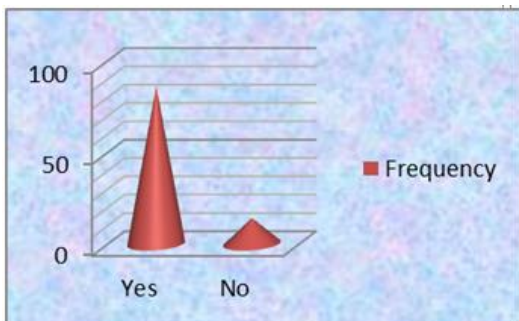


Table 20

According to above data it can be seen that out of the 100 respondent 86% employees said that according to them audit observations communicated fairly, clearly, accurately, and in a timely manner during the course of the audit and 14% employees said that no audit observations communicated fairly, clearly, accurately, and in a timely manner during the course of the audit.

15. Did the result of the audit add value to your department:

Value			
	Frequency	Percent	Valid Percent
Yes	90	90	90
No	10	10	10
Total	100	100	100

Table 21

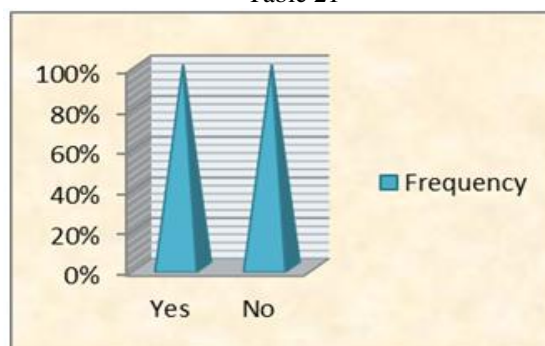


Fig 21

According to above data it can be seen that out of the 100 respondent 90% employees said that according to them results of the audit add value to your department and 10% employees said that according to them no results of the audit add value to your department.

V. MANN-WHITNEY U TEST:-

Test Statistics							
	Risk	Findings	Salary	Allowance	Cost	Punching	Attendance
Mann-Whitney U	836	823.5	666.5	729	771	574	651
Wilcoxon W	1214	1201.5	1044.5	1107	1149	952	1029
Z	-1.310968902	-1.36519	-2.65534	-2.15835	-1.75883	-3.43527	-2.817
Asymp. Sig. (2-Tailed)	0.18986827	0.172193	0.007923	0.030901	0.078606	0.000592	0.005
A. Grouping Variable: Feedback							

Table 22

❖ Interpretation: -

- According to above data it can be seen that the significance value is 0.18986827 which is greater than 0.05. So here according to significance value it can be interpret that there is no difference between internal audits solicits feedback and opinion regarding an internal audit activity possesses an experience to identify organization's risk.
- According to above data it can be seen that the significance value is 0.172193 which is greater than 0.05. So here according to significance value it can be interpret that there is no difference between internal audits solicits feedback and opinion regarding internal audit's findings are correctly justified.
- According to above data it can be seen that the significance value is 0.007923 which is less than 0.05. So here according to significance value it can be interpret that there is a difference between internal audits solicits

- feedback and opinion regarding unit provide proper salary with all deductions.
- According to above data it can be seen that the significance value is 0.030901 which is less than 0.05. So here according to significance value it can be interpret that there is a difference between internal audits solicits feedback and opinion regarding allowances are done according to company policies.
- According to above data it can be seen that the significance value is 0.078606 which is greater than 0.05. So here according to significance value it can be interpret that there is no difference between internal audits solicits feedback and opinion regarding the loan disbursement for employee are not more than cost to company.
- According to above data it can be seen that the significance value is 0.000592 which is less than 0.05. So here according to significance value it can be interpret that there is a difference between internal audits solicits

feedback and opinion regarding unit have system of punching for the attendance of the employee. According to above data it can be seen that the significance value is 0.005 which is less than 0.05. So here according to significance value it can be interpret that there is a difference between internal audits solicits feedback and opinion regarding HR department maintain the physical attendance register file.

❖ *Chi-Square Test: -*

Education * Structure Cross tabulation				
Count		Structure		Total
		Yes	No	
<b>Education</b>	12th Pass	4	5	9
	Bachelor Degree	30	3	33
	Master Degree	37	7	44
	Chartered Accountant	11	3	14
<b>Total</b>		82	18	100

Table 23

❖ *Interpretation: -*

	Chi-Square Tests		
	Value	Df	Asymp. Sig. (2-Sided)
<b>Pearson Chi-Square</b>	10.617a	3	0.014
<b>Likelihood Ratio</b>	8.701	3	0.034
<b>Linear-By-Linear Association</b>	1.08	1	0.299
<b>N Of Valid Cases</b>	100		
<b>A. 2 Cells (25.0%) Have Expected Count Less Than 5. The Minimum Expected Count Is 1.62.</b>			

Table 24

❖ *Interpretation: -*

- According to above data it can be seen that the significance value is 0.014 which is less than 0.05. So here according to significance value it can be interpret that there is a relationship between level of education and awareness about the organizational structure and lines of authority.
- According to above data it can be seen that the significance value is 0.034 which is less than 0.05. So here according to significance value it can be interpret that there is relationship between level of education and awareness about the organizational structure and lines of authority.
- According to above data it can be seen that the significance value is 0.299 which is greater than 0.05. So here according to significance value it can be interpret that there is no relationship between level of education and awareness about the organizational structure and lines of authority.

- According to above data it can be seen that the frequency of the 12<sup>th</sup> pass employee is 9. So that they have very less awareness about the organizational structure and lines of authority.
- According to above data it can be seen that the frequency of the bachelor degree employee is 33. So that they have good awareness about the organizational structure and lines of authority.
- According to above data it can be seen that the frequency of the master degree employee is 44. So that they have very much awareness about the organizational structure and lines of authority.
- According to above data it can be seen that the frequency of the chartered accountant employee is 14. So that they have less awareness about the organizational structure and lines of authority.

**VI. CONCLUSION: -**

The study strives to achieve the “perception of employees towards the internal audit of PLASTIBLENDS INDIA LTD AND KABRA EXTRUSIONTHECHNIK LTD”. The study reveals that all the respondents are strongly agreed with the internal audit activities which are conducted in both companies. The descriptive findings suggest that internal audit activity is performing a critical function, internal auditors maintain the satisfactory relationship with the auditee and management finds no difficulties when dealing with internal auditors. In second objective according to employees the quality of the internal audit by auditors reflects the functional areas in which audit are necessary with all the rules and regulation which are most important for the company to achieve quality in work.in third objective according to employees here it can be said that 90% respondent are strongly agree with the internal control activity which are conducted internal auditors. In internal controls respondents are agree with organization’s risk which possesses experience to internal audit. In the Mann-

Whitney U Test it can also be conclude that most of the employees said that internal audit solicit feedback very much concern during the audit work with internal control activity. But 10% respondents are disagreeing with the internal controls which are maintained by the departments. According to 90% employees satisfied with the internal audit activity and company internal controls. In chi-square test it can also be conclude that the employees having level of educations is most important in the organizations. In which we can here say that in both organization most of the employees having knowledge about organizational structure and lines of authority so that here according to test there is relationship among level of education and organizational structure and lines of authority.

It can be concluded that employee's perception is positive towards the internal audit as respondent are satisfied with internal audit activity conducted in selected companies. And also 94% of respondent agree to recommend in every company internal audit activity should be carried out for better internal controls and company better position.

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