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AUTOMATED INTERNAL AUDIT LENDING OPERATIONS OF COMMERCIAL BANKS

Statement of the problem. World experience of market economic relations indicates considerable attention of scholars and practitioners to deepen understanding of the place and role in this relationship system of internal control, which is an essential component of internal audit. In accordance with the requirements of the central banks of most European countries, the establishment of internal audit services to financial institutions is required. Thus, the organization of internal control is always a topical issue for bank management at all levels of government.

Analysis of recent research and publications. The issue of audit methodology and financial institutions dedicated to the works of local and foreign scientists such as J.D. Mamonov [2], A. Poletaeva [4], R.L. Smirnov [5], L.O. Sukharev [7], M.I. Tatarchuk [8] in particular, the Russian scholars G. Beloglazova [1], L. Krolivnyetskaya [1], Y. Lebedev [1] in the textbook "Audit of Banks" indicates that ISAs determined need to confirm the internal controls of rationality and caution driving affairs of the bank in accordance with the Board of Directors adopted policies and strategies, operations only after obtaining permission, completeness, accuracy and timeliness of the financial statements and other documents, as well as the ability to bank management to identify, assess and manage risks.

The wording of Article goals. Solving the problem of effective management of the credit activities of commercial banks, identify inefficient operations related to illegal loan.

The main material of the study. Internal Audit conducted a special department (service) of the bank. His areas not regulated by law and determined leadership lending institution. Internal audit as the executive body of the bank cannot confirm the authenticity of its annual report. This internal audit provides them with analyze, evaluations, recommendations, advice and information on the activities of the audited [4].

To achieve this goal, we believe, should make automation of these tasks Audit lending operations: a) verification of all documents concerning the processing of loans; b) monthly interest; c) correctly reflect interest on sources of coverage; d) compliance with the rules of assessment and collateral in obtaining credit; e) proper use of loan proceeds; f) timely repayment of principal; g) timely payment of accrued interest; h) the presence of outstanding debt on bank loans and) the availability and appropriateness of all documents received loans.

Thus, users of automated systems will be members of the internal audit of commercial banks. The problem of automating audit is based on the problem of formalizing this process. Audit is largely creative process, peculiarities which depend on the particular credit agreement, which is checked, and from practical experience and views of the auditor.

Therefore, unlike programs accounting requirements for audit software should be:

- Advanced controls operations;
- Increased flexibility because auditors have to work with various loan agreements, each of which has its own parameters, certain features and nuances, the program must be able to quickly again to establish the specifics of each client, in computer auditing systems should take into account the general requirements and auditing standards;

- Ergonomics, which refers to the availability of funds for easy introduction of large amounts of information, efficient and simple reporting;

- Connection level database, which allows for an additional means for input and output of data presented in various formats.

In addition to the basic requirements, audit software should be characterized by the following features: ease of development, performance, professional operational support from the developers.

This transfer of analytical findings of internal audit regime retrospective vision mode is the main direction of development of intra audit.

Practice audit of credit activity of banks acquired a high level of development. Especially beneficial approaches include banks with foreign capital. The combination of almost two decades of experience in the market of Ukraine and Western culture of the banking business is very different from traditional methods of control (audit operations) that were inherent in the economic operators of our country. Inspections are conducted mainly planned, but in practice it is often necessary credits in a thematic audit.

As planned and themed internal audit checks are conducted based on the specific purpose and in accordance with the guidance specified internal audit standards and principles that appear in the program audit.

Program audits include a significant number of analytical procedures cover not only specific actions and opinions of those responsible, but also include identifying the causes and motives of certain decisions in respect of credit transactions.

Audit program should include a list of objectives and directions of research credit of the bank:

1. State of lending activities, assessment of internal control: adequacy complete credit unit load level employees, segregation of duties, availability of branch credit committees (commissions), the level of organization and efficiency of their work, the state regulatory and quality assurance, the state control over the work staff and subordinate units.

2. State of elimination of violations and deficiencies identified prior audits and external regulatory bodies: an analysis of decisions taken by the leadership and take action on previous inspection violations, the state control over matters which have been established infringement and its adequacy according to the significance of violations.

3. Testing and evaluation of the existing order analysis of materials on lending: methods and procedures

for assessing the financial condition and creditworthiness of the borrower, loan compliance by its authority, the validity of the decisions to extend credit.

4. Assessment procedures for issuing loans, taking collateral for loans provided:

- Compliance with agreements concluded typical forms, contracts compliance of the decision taken, the test procedure evaluation and design of checking the existing order and the state of internal controls over accounting and storage of original contracts on credit transactions.

5. Adequacy of Credit Monitoring compliance with the bilateral loan agreements, control over the proper use of credit, conservation status and conditions of the mortgaged property; reflection debt loans and collateral on relevant accounts; validity decisions on extension of credit, the bank in the event of deterioration in the financial performance of the borrower; accuracy of the allowance for losses on credit transactions.

6. Checking for the repayment of outstanding debt. Assessment of management actions and the state of internal control: the completeness and timeliness of response actions, the effectiveness of the work carried out by the bank to repay outstanding debt, including the claim-claims against the debtor, the procedure for determining the potential problem loans, repayment detection of problematic debts with new loans (lending); status and interaction between departments of the bank for events relating to recovery of arrears.

7. Compliance with accounting lending legal and regulatory framework. Assessment of the reliability of reporting and order of addition.

To achieve efficient, sustainable design and software development organization must have a clear relevant work that is provided within a special project. To do this, construct a general algorithm of task automation (Fig. 1).

The proposed database will allow users to important information for work, if necessary, creating the basis for a detailed report.

Conclusions. The need for development and improvement approaches, methods of internal audit as an important component of the Bank's internal control by the need to reduce risks in banking.

Developing internal audit procedures aimed at understanding the management and employees of the bank services as needed, which is still underutilized because of different interpretations of objects of internal audit in banks.

Based on the needs of the audit practice was defined the functional tasks and found that the automated system auditing is: to calculate borrower's financial con-

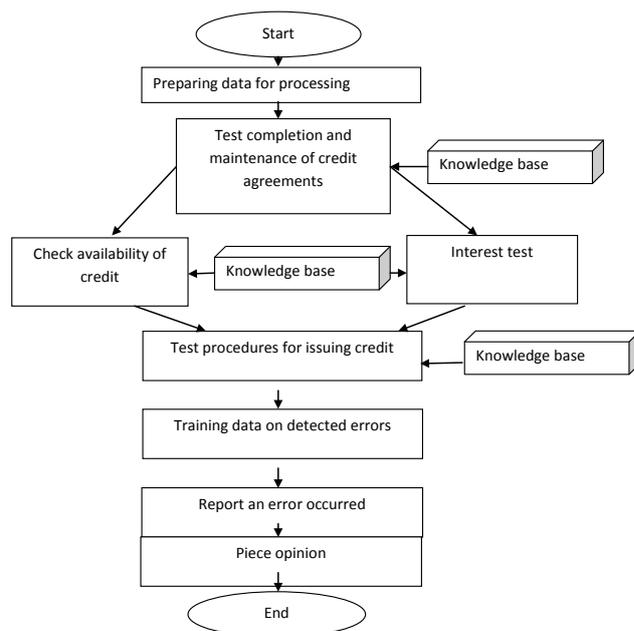


Figure 1. Algorithm audit lending commercial bank

dition, estimate the level of security to detect errors in the loan agreements and to form a report on the inspection. The study was designed functional structure of automated auditing.

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