



ANALYSIS OF THE IMPACT OF INTERNAL AUDIT AND EXTERNAL AUDIT ON THE COMPANY: CASE ELEC EL DJAZAIR GROUP

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Abstract

The aim of the legal external audit is to certify the accuracy, transparency and compliance of the accounts, while preserving its impartiality with regard to the management of the company and guaranteeing its independence. On the other hand, internal audit fulfills both an assurance and advisory role. It serves as an internal control lever, providing reasonable assurance regarding the management and decisions taken within the company. This article aims to examine the impact of internal audit and legal external audit within the ELEC El Djazair group.

Keywords: internal control, internal audit, external audit.

JEL classification : M40, M42.

Résumé

L'audit externe légal vise à attester l'exactitude, la transparence et la conformité des comptes, tout en maintenant son objectivité à l'égard de la gestion de l'entreprise. L'audit externe légal a pour but de certifier l'exactitude, la transparence et la conformité des comptes, tout en préservant son impartialité vis-à-vis de la gestion de l'entreprise et en garantissant son indépendance. En revanche, l'audit interne remplit à la fois un rôle d'assurance et de conseil. Il sert de levier de contrôle interne, offrant une assurance raisonnable quant à la gestion et aux décisions prises au sein de l'entreprise. Cet article vise à examiner l'impact de l'audit interne et de l'audit externe légal au sein du groupe ELEC El Djazair.

Mots clés : contrôle interne ; audit interne ; audit externe.

Classification JEL: M40, M42.

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Introduction

In a context where performance, efficiency, and integrity have become imperatives for business sustainability, auditing has emerged as an indispensable tool. Over the years, the term "audit" has gained widespread traction, becoming commonplace in the modern business world. Auditing practices are increasingly valued and are becoming prevalent across all economic sectors, both in advanced nations and emerging economies, and in both the private and public sectors.

In Algeria, as in other countries, the rise in corruption and fraud in recent years is partly attributed to the fact that only executives have direct access to the company's activities, granting them significant freedom of action and an informational advantage. This dynamic creates tensions between top management and the various stakeholders of the company, thereby highlighting the importance of strengthening audit mechanisms. In response, lawmakers have developed new laws, directives, and regulations aimed at regulating and improving auditing practices.

In this regard, our research topic is entitled:

"Analysis of the Impact of Internal Auditing on Businesses: Case of the ELEC EL DJAZAIR Group"

We have chosen to explore the following central question:

"What is the importance of internal auditing in ensuring the reliability and accuracy of a company's financial and accounting data?"

From this primary question arise the following sub-questions:

- What role does auditing play within the company?
- What added value does internal auditing bring to SPA ELEC EL DJAZAIR?

To address these questions, we propose to examine the following hypotheses:

- The quality of internal auditing is an indicator of the complexity and effectiveness of the company's systems.
- Internal auditing contributes to the enhancement of internal control mechanisms.
- The performance of a company can be improved through the implementation of internal auditing.

To conduct this research, we will employ various techniques, the main ones being:

- **Documentary technique:** This involves reviewing the necessary documentation, including books, journals, procedure manuals, organizational charts, etc.
- **Interviews and surveys:** Conducted with senior executives and auditing experts within the company, these provide a detailed insight into its organizational structure and internal practices.

I. Internal auditing

1. Definition of internal auditing :

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There are several ways to define internal auditing depending on its evolution. Here are some key definitions:

Bouquin and Becour define internal auditing as an autonomous practice that employs methods and standards to assess the compliance and functioning of processes within the company in relation to predefined standards.

The IFACI presents it as a periodic and occasional function of evaluating internal control, conducted by an external party to the organization, with the aim of assisting managers at all levels in better managing their activities. They define internal auditing as: "The activity that independently applies coherent procedures and examination standards to assess the adequacy and functioning of all or part of the actions taken within an organization in reference to standards."

The Institute of Internal Auditors (IIA) describes internal auditing as an impartial and objective practice aimed at ensuring an organization has an adequate level of control over its activities. In addition to providing advice for improvement, internal auditing generates added value by contributing to the achievement of organizational objectives. It methodically and systematically evaluates the processes of risk management, control, and corporate governance, while recommending measures to enhance their effectiveness.

According to Elisabeth Bertin, auditing is essentially a function integrated into the organization, and it is by using the organization's adequate resources that internal auditing can have a significant impact. Internal auditing must be closely linked to the company's culture, with a total vision and involvement in all aspects of the company, including its successes, challenges, and failures.

In summary, we can deduce that internal auditing is an integrated function within the organization, distinct from other departments. Its primary mission is to ensure that governance processes, risk management, and internal control contribute to the achievement of the company's strategic, operational, financial, and regulatory objectives.

2. Objectives of Internal Auditing:

The primary objective of internal auditing is to assist the members of the organization in fulfilling their responsibilities effectively by providing advice and recommendations on the activities reviewed. It also aims to improve the overall functioning of the organization while ensuring that the auditor does not make decisions on their behalf.

The objectives of internal auditing can be summarized as follows:

- **Protecting the company's assets:** This includes safeguarding both physical assets and those at risk from environmental and human factors such as errors, negligence, or fraud.
- **Ensuring the integrity of information, particularly in the financial domain:** An effective accounting system must produce accurate and reliable data, which are essential for decision-making processes.
- **Enhancing efficiency:** Reviewing activities and controlling costs are ways to optimize operational performance, ensuring that processes are aligned with the environment and accomplish their mission efficiently.

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- **Fostering a culture of control:** Every member of the organization should be aware of internal control, thereby promoting self-regulation. Internal auditors play a key role in cultivating this culture.
- **Following management's directives:** This involves ensuring that the objectives of instructions are well-defined and that operations are carried out according to established guidelines, with ultimate responsibility for overall organizational performance resting with the leadership.

The Treadway Commission emphasizes the concept of "reasonable assurance," highlighting that internal control cannot provide absolute guarantees. However, it is essential that existing procedures are effective and adequately cover the identified risks.

According to Julien D., internal auditing consistently pursues two objectives:

- Ensuring that management observes the implementation of its policies and directives while maintaining the quality of internal control.
- Assisting relevant managers in strengthening their control mechanisms and improving their effectiveness.

II. Internal control :

1. Definition of internal control :

According to IFACI, internal control is a process implemented by management and staff at all levels of the organization. Its purpose is to provide continuous reasonable assurance that:

- Operations are conducted securely and efficiently, enabling the organization to achieve its fundamental objectives of performance, profitability, and asset preservation.
- Financial information is reliable, and the organization's laws, regulations, and directives are complied with.

This definition, initially formulated in 1992 by the authors of COSO, was supplemented in 1995 by the Canadian authors of COCO. The latter define internal control as comprising the elements of the organization, such as resources, systems, procedures, culture, and responsibilities, which, when combined, contribute to achieving the organization's objectives.

2. Components of Internal Control

Internal control relies on five components, as specified by COSO:

2.1 Control Environment

This component represents the set of standards, processes, and structures that establish the foundation for internal control across the organization. It shapes how individuals approach internal control and influences their behavior. An effective control environment is crucial as it creates a framework conducive to achieving organizational objectives by fostering a corporate culture focused on integrity and control awareness.

2.2 Risk Assessment

Risk assessment involves identifying and evaluating potential threats that could compromise the achievement of organizational objectives. This requires understanding the company's goals to determine the associated risks and implement effective measures to manage them. In other words, before managing risks, it is essential to define clear objectives and understand how these objectives might be threatened.

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2.3 Control Activities

Control activities include the measures undertaken by executive management, the board of directors, and other stakeholders to manage risks and increase the likelihood of achieving established objectives. Managers plan, organize, and supervise the implementation of these measures to reasonably ensure the attainment of objectives.

These activities occur at all levels of the organization and play a critical role in managing risks specific to each entity, enabling the organization to achieve its goals. According to COSO, it is important to distinguish control activities from monitoring activities, where the former address specific risks, while the latter evaluate whether the established controls are functioning as intended within the various components of internal control.

For instance, a monthly control activity might focus on detecting and correcting errors, while a monitoring activity would seek to identify the root causes of errors to prevent recurrence.

2.4 Information and Communication

The "Information and Communication" component of internal control ensures that quality information is adequately conveyed. COSO associates these two aspects due to their interdependence. It is vital that relevant, accurate, and timely information is accessible at all organizational levels to ensure smooth operations.

Communication with external stakeholders such as clients, suppliers, regulators, and shareholders is also crucial, as it can provide essential information to support control activities. During periods of change, it is vital to ensure that information remains aligned with the organization's needs and is communicated promptly to all relevant parties.

2.5 Monitoring

The "Monitoring" component of internal control involves continuous evaluations integrated into the core business processes at all levels of the organization, providing timely information. If these monitoring activities are effective and risk assessments are accurate, the frequency of ad hoc evaluations can be reduced.

Monitoring is more effective when implemented at multiple levels:

- **First level:** Daily activities conducted by the management of a specific area.
- **Second level:** A distinct periodic evaluation separate from the non-independent assessments of the first level, aimed at identifying and addressing existing deficiencies in a timely manner.
- **Third level:** An independent evaluation conducted by an external service, often internal audit, to validate the results of the self-assessment performed by management regarding the effectiveness of controls in addressing organizational risks and maintaining those risks at an acceptable level.

III. Internal audit and organizational effectiveness :

1. Optimization of Performance through Internal Audit

Internal audit contributes to achieving organizational objectives by focusing on operational effectiveness. It identifies inefficiencies arising from poor risk management and insufficient internal control. Through a systematic and methodical approach, the primary goal of internal audit is to enhance risk management and strengthen the efficiency of internal control.

1.1 Risk-Based Approach

The risk-based approach in internal auditing aims to ensure the effectiveness of this function. It is based on the principle that dedicating time and resources to areas with low risk of losses or failures

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is not justified. Unlike insurance, which covers probable risks over time, internal audit focuses on all risks that could threaten or have already impacted the organization.

By detecting unmanaged or poorly managed risks and recommending corrective actions, internal audit helps control these risks. According to Standard 2120, internal auditors must evaluate and improve risk management processes by ensuring alignment between organizational objectives and its mission, identifying and assessing significant risks, adopting appropriate risk management measures aligned with the organization's risk tolerance, and proactively communicating risk-related information.

However, a risk-based approach requires in-depth analysis, strong auditor expertise, and effective team communication. Additionally, internal audit must also monitor audit risk—the risk that the auditor fails to adequately identify risks or perform sufficient testing, thereby compromising the effectiveness of the audit and potentially resulting in losses for the organization. This risk can be mitigated through rigorous supervision and monitoring of the auditor's work.

1.2 Internal Control-Based Approach

The internal control-focused approach involves establishing a clear structure defining the functioning of management activities, except for specific functions such as setting objectives, strategic planning, risk management, and decision-making. Internal control aims to help an organization achieve its performance and profitability goals while preventing resource losses.

Internal audit assesses internal control to provide reasonable assurance regarding its effectiveness and efficiency, ensuring that the board of directors and management achieve operational objectives, financial statement reliability, and compliance with applicable laws and regulations.

According to Standard 2130, internal audit's evaluation of internal control primarily focuses on five areas: achieving the organization's strategic objectives, integrity of financial and operational information, effectiveness of operations and programs, safeguarding of assets, and compliance with legal and contractual requirements.

Jacques Renard proposes various methods for internal audit to evaluate the quality of internal control. First, he mentions a "subjective non-quantified" method, which relies on simple questioning of involved parties to assess the quality of internal control. This approach is straightforward but subjective, as it largely depends on the opinions of the respondents.

Next, he describes a "subjective and quantified" method, where the auditor expresses their opinion in numerical form. In this approach, the auditor assigns scores (e.g., from 1 to 5) to various aspects of internal control during each audit mission. A global judgment is then derived by aggregating these scores.

Finally, Renard highlights an "objective" method that involves using a pre-established computer program to evaluate internal control. This method is more precise but requires significant preparation and technical expertise to be effectively implemented.

IV. Internal Audit within the ELEC EL DJAZAIR group:

1. Presentation of the host organisation:

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From 1963 to 2014, Algeria faced continuous legal instability, which constrained the development of dynamic sectors and discouraged entrepreneurs—both public and private—from investing in specific sectors.

On an organizational level, various structures were established over time. From 1963 to 1965, there was a brief period of self-management, followed by the creation of large national companies between 1965 and 1980. From 1980 to 1988, a new organization was introduced to break down these large national companies, deemed too large to manage effectively.

In 1988, the state created eight participation funds tasked with managing state investments. By 1996, the number of holdings had increased to 11, along with five regional holdings, and a National Privatization Council was established. In 2000, these holdings were merged into five large groups, and the National Privatization Council was dissolved.

In 2001, Algeria replaced the holdings with Shareholding Management Companies (SGPs), responsible for both privatization and managing state capital. Among these SGPs were SGP CABELEC for cables and electrical equipment and SGP INDELEC for home appliance industries.

In 2014, seven new public industrial groups were created in addition to the five existing ones as part of a major reorganization of the public commercial sector. One of these new groups is ELEC EL DJAZAIR, consisting of 21 subsidiaries with a share capital of 39 billion Algerian dinars. Its primary purpose is to develop, manufacture, distribute, and promote various products in the fields of electrical equipment, home appliances, telecommunications, and electronics, as well as provide related services.

2. Internal audit within the ELEC EL DJAZAIR group:

1.1 Internal control :

1.1.1 Internal control missions :

The missions of the finance and consolidation department related to internal control include:

- Ensuring compliance with accounting, financial, and tax standards.
- Regularly monitoring and evaluating financial decisions.
- Implementing financial procedures across the group.
- Supervising liquidity management and financial commitments.
- Monitoring the accounting consolidation process.
- Overseeing and controlling all organizational expenditures.

2.1.2 Internal Control Components According to COSO within the Group

The internal control elements, as defined by COSO, are embedded within the ELEC EL DJAZAIR group. These elements are essential to ensure strong governance and effective risk management within the organization. Below is a brief overview of how these elements are implemented in the group's current

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system. We rely on the principles of the COSO model to describe the internal control components within the group:

2.1.2.1 Control Environment

The control environment includes the following elements:

A. Ethics and Integrity in the Control Environment:

This is reflected in a set of core values prioritized for all group members, from management to operational staff. These values are documented in a **code of conduct** developed and disseminated to all staff and executives in 2015.

- The code reflects the principles of integrity and ethics that the group seeks to promote.
- It includes guidelines on practices concerning various aspects such as maintaining a respectful work environment, ensuring employee equality, safeguarding company assets, interactions with subsidiaries, and ensuring the safety of individuals and property.
- The group's fundamental values are also emphasized, including trust, teamwork, skills development, technology, fairness, commitment fulfillment, and continuous improvement.

B. Policies and Practices in Human Resource Management:

The group's human resource policies and practices are governed by a framework agreement that defines the relationship between the group and its employees in compliance with applicable legislative and regulatory provisions.

This agreement addresses various aspects, including:

- **Employee rights and obligations:** Employment contracts, remuneration (including base salaries, bonuses, and allowances), work organization, and legal leave.
- **Management of work relations:** Regulating interactions between employees and the group, ensuring the drafting of employment contracts, managing suspensions and terminations, preventing and resolving conflicts, enforcing internal regulations, as well as overseeing workplace safety, health, and social activities.

Regarding **training**, while this aspect was not initially prioritized, efforts are currently underway to train subsidiary members on the application of accounting standards.

1.2.2. Risk Management

Risk management is a major concern for the group, as it is exposed to various risks at all levels of its operations. Senior management is responsible for identifying and assessing the level of risk that the group is willing to accept. This process involves an in-depth analysis of risks that could hinder the achievement of established objectives.

However, at the global level of the group, there is currently no comprehensive policy or specific structures dedicated to risk management.

1.2.3. Control Activities

Within the ELEC EL DJAZAIR Group, there are three levels of control

- **Level 1:**

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The procurement directives of SPA ELEC EL DJAZAIR are aligned with the roadmap defined by the Ministry of Industry and Mines for a transitional and limited period. These directives primarily aim to address urgent orders, particularly studies related to the deployment of the group's strategy.

These procedures are based on fundamental principles, including:

- Open access to procurement, equal opportunities for all bidders, transparency in tendering procedures, and selecting the most advantageous offer.
- They also define the obligations and roles of each participant in the process of selecting service providers and suppliers.

These procedures cover all urgent orders necessary to initiate studies within the framework of the company's strategic implementation. They include the evaluation and selection of service providers and suppliers to support the design and execution of the company's action plan.

• Level 2 :

At the ELEC EL DJAZAIR Group, second-level control is conducted through periodic reviews or supervision. These reviews are carried out by senior management, particularly by functional entities such as the financial department and the human resources department.

At this level, the primary control activities include accounting and financial verification as well as management control.

Accounting control :

Table N° 01 : Accounting control within the group

Reporting line	The Finance and Consolidation Department ensures accounting control.
Status	Accountants employed by the ELEC EL DJAZAIR group are specifically tasked with performing accounting control.
Method	Gathering data recorded in the accounts to review, verify, and process it...
Main Mission	Analysis, verification, and approval of accounting entries. Control of the consistency of recorded amounts. Supervision of physical inventory counts. Audit of consolidated financial statements. Monitoring and reconciliation of accounting data with ongoing operations.
Conclusion	Correction of errors recorded in the accounting.

Source : Prepared by us, inspired by the company.

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Management control :

Table N° 02 : Management Control at the Group Level

Reporting line	The Management Control Department, under the Finance and Consolidation Directorate, reports directly to the authority of the CEO.
Status	The management control functions are carried out by an assistant and a department head specifically designated for these tasks within the ELEC EL DJAZAIR group.
Method	Collection, verification, and processing of dashboard data, as well as necessary information from the various subsidiaries.
Main Mission	Development and updating of performance indicators for management control, including their calculation methods. Development of tools and dashboards for monitoring and analyzing activities, in line with information requirements. Supervision, coordination, and control of the activities of the previously mentioned structure. Preparation and validation of the group's periodic activity reports.
Conclusion	Correction of management control errors.

Source : Prepared by us, inspired by the company.

- **Level 3 :**

The third-level control is ensured by the bodies responsible for assessing and overseeing the internal control system. Generally, this control is performed by internal and external auditors to ensure the efficiency of the internal control framework. Currently, the ELEC EL DJAZAIR group has not yet established an internal audit department, but it is in the process of being created.

1.2.4. Information and communication :

Regarding information and communication, the ELEC EL DJAZAIR group is not equipped with an information system as advanced as those of its subsidiaries or competitors. Its main communication channels include Outlook messaging and emails, enabling rapid exchanges of emails and information both with subsidiaries and external parties. The transmission of

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information between the various entities and the flow of information within the group is done in an official manner.

As for the group's accounting and financial information system, it is structured as follows:

- The Finance and Consolidation Department is tasked with certifying the parent company's accounts and producing the consolidated financial statements for all of its operations.
- The Accounting Department, reporting to the Finance Department, ensures the reliability of accounting information provided to the CFO for preparing the parent company's financial statements.
- The Finance Department, also reporting to the Finance Directorate, ensures the quality of information concerning treasury management.
- Finally, the Finance and Consolidation Director provides final supervision of accounting and financial information. They oversee the smooth running of the accounting and financial processes, improvements to procedures, compliance with applicable accounting standards, and alignment of accounting practices across the group.

1.2.5. Steering:

Steering within the group encompasses all actions undertaken to implement and assess internal control, a role played by top management, operational teams, and functional structures. This steering process aims to confirm the effectiveness of internal control and address any weaknesses identified to strengthen the achievement of objectives.

The responsibilities of the various stakeholders in the group are defined as follows:

- Top management, along with the heads of operational and functional activities, is responsible for steering internal control activities.
- All employees and managers, at all hierarchical levels, actively participate in every stage of internal control, from its design to its evaluation, including its monitoring and improvement.

To summarize, the implementation of the five components of internal control is generally moderate to low overall, particularly regarding risk assessment.

2. Establishment of an Internal Audit Department within the Group:

2.1. Reasons for Establishment:

The decision to establish an internal audit department within the ELEC EL DJAZAIR group is driven by several key factors. Firstly, with the growth and expansion of the group, it is crucial to implement additional procedures to ensure the smooth functioning of operations. These control procedures aim to ensure that activities are carried out in accordance with set objectives.

Furthermore, the integration of inspection and management control increases the importance of monitoring and evaluating operations. These three elements—procedures, inspection, and management control—combine to form internal control, aimed at ensuring the effective management of the group's activities.

Internal control seeks to continually improve the functioning of the organizational structure by adjusting its methods to meet the changing needs of its environment. This is when internal audit comes into play, acting as an additional control mechanism for existing control systems. As Renard

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points out, internal audit can be compared to the smell of gas: often unpleasant, but sometimes necessary to prevent potential explosions.

The role of internal audit is to ensure the proper implementation of operational procedures, the appropriate evaluation of risks within the internal control framework, and the relevance of the indicators used in the management control system.

However, it is important to note that internal audit does not directly solve problems but rather uncovers defects within the organization. This is why the ELEC EL DJAZAIR group has decided to establish an internal audit department, to better identify and correct these defects.

2.2. Risks Associated with the Absence of an Internal Audit Function within the Group:

The risks associated with the absence of an internal audit department within the SPA ELEC EL DJAZAIR are numerous and varied, and could have a significant impact on the achievement of the group's objectives. Among these risks:

General Risks:

- Non-compliance with legislative regulations, thereby jeopardizing the continuity of the SPA.
- Inefficient management of human resources, which could lead to employee conflicts, unstructured recruitment, lack of HR follow-up, and inequalities among staff members.
- Low security of information systems.
- Lack of strategic direction and evaluation.
- Failure to monitor the various entities within the group.
- Non-compliance with established procedures.

Control Risks:

- The risk that a significant error is not identified or corrected promptly by the internal control mechanisms.
- Overlooking risks related to failures in internal control.
- Risks of incorrect interpretation and evaluation of the financial statements of subsidiaries.
- Risks of errors in accounting entries.
- Risks related to the preparation of consolidated statements.

Fraud Risk:

- Unnecessary or fraudulent purchases.
- Overcharging for goods and services supplied to the SPA.
- Inconsistencies between the amounts on checks and invoices.
- Fraud through the reuse of purchase documents.

2.3. Establishment of an Audit Department within SPA ELEC EL DJAZAIR:

It is crucial that this new department operates independently and is accepted by other entities within the organization. Therefore, it is essential to clarify the expectations of management, the secretary general, and the general directors regarding internal audit.

We have solicited the group members to gather their opinions on the establishment of an internal audit department.

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Table N° 03 : Internal Audit Questionnaires

	Oui	Non
Does your group have a department responsible for audit activities?	X	
If the answer is no, are you in favor of establishing an internal audit department?	X	
Can you explain the benefits you believe could be gained from establishing an internal audit department?	• Ensure better control over operations; • Improve the management of various operations; • Continuously optimize SPA operations by identifying issues and gaps; • Assess and manage potential risks.	

Source : Prepared by us, inspired by the company.

The expectations of the group's management regarding the new department are as follows:

- Effectively improve its operations.
- Ensure compliance with applicable laws and regulations.
- Create added value.
- Evaluate internal control.
- Provide support for decision-making.
- Continuously enhance procedures.

The benefits include:

- Increased accountability and motivation for the auditor when working independently.
- Consistent application of internal audit methodology.

However, a few drawbacks should be noted:

- Limited depth of analysis in certain areas and specialties.
- Inability to cover all business areas, which may reduce effectiveness.
- Lack of professional experience-sharing opportunities.

2.4. The Importance of an Internal Audit Department:

The importance of the internal audit department lies in its ability to evaluate whether processes meet the following objectives:

- Promote ethics and appropriate values within the group.
- Ensure efficient management.

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- Effectively communicate risk and control-related information to the relevant departments.
- Monitor and assess the effectiveness of the internal control system concerning the SPA's governance, as well as its continuous improvement.
- This evaluation includes:
 - Credibility and integrity of operational data.
 - Efficiency and optimization of activities.
 - Preservation of assets.
 - Compliance with regulations, standards, and contractual agreements.
 - Detection and prevention of errors, fraud, and abuse.
- Providing information, advice, and technical support to convince the group's management of the full value of the internal audit function.

Its Missions:

- Develop a comprehensive audit program for the entire group, subject to board approval, including schedules and budgets.
- Execute the annual audit plan covering all SPA operations, in compliance with audit standards.
- Clearly document the audit work performed and the conclusions drawn.
- Evaluate internal control to quickly identify malfunctions and propose solutions.
- Actively participate on the ground to ensure the quality of work and procedures.
- Provide regular reports to the board of directors and support the board in its audit-related responsibilities.
- Establish and maintain professional relationships with subsidiaries.
- Monitor and evaluate the management process, offering recommendations for its improvement.
- Ensure compliance of structures with management procedures.
- Study management methods in different areas of activity and provide appropriate recommendations.

The auditor adds value by never replacing the department head. Their role is to advise and assist through analyzing behaviors, competencies, and management methods.

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Conclusion:

Our analysis aimed to evaluate the impact of internal and statutory external audits on the company by conducting an audit mission within the ELEC EL DJAZAIR group. Following our research, we observed the critical importance of both functions for the company. Internal audit, as an independent and objective activity, ensures effective operational control, while statutory external audit primarily focuses on the professional examination of financial information.

Our findings after our intervention within the ELEC EL DJAZAIR group are as follows:

- Internal audit plays a vital role in the overall management of the group by providing the assistance, advice, and expertise necessary to enhance the company's added value.
- Unlike internal audit, statutory external audit is limited to evaluating procedures that directly impact the preparation and presentation of financial statements, without necessarily reviewing the group's overall operational systems.

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