

# Official Services Internal Audit and Internal Control General Review

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**Abstract:** Internal audit and internal control in particular Turkey and many European Union countries taking the place of a stronger administrative structure, administrative structures in other countries also tend to have entered into the establishment of this system. They have become concepts that are highly concentrated with the economic crises around the world. Internal audit and internal control, which are constantly developing in the international arena, today emerge as rising values. Internal audit and internal control activities, which were first applied in the private sector, started to find a place in public services in time. With the significant effect of the new public management approach, public internal audit and internal control practices have developed and become widespread. In 2003, some legislative arrangements were made within the framework of the European Union harmonization process and as a result of the requirements of the transformation in public administration. Among these regulations, the general scope of public internal audit and internal control was revealed by including the concepts of internal audit and internal control in the Public Financial Management and Control Law No. 5018, In this study, it is aimed to examine the internal audit and internal control practices of official rest homes, which are public service enterprises. Within the scope of the study, the concepts of internal audit and internal control will be examined first. Secondly, information on public internal audit and internal control will be given, and explanations regarding the internal audits of official rest homes will be presented.

**Keywords:** Public, Internal Control, Internal Audit, Rest Home

## 1. Introduction

Technological development in the medical industry to influence the result of the last few years, the need has increased the average life expectancy in the world and Turkey. Therefore, the elderly population is also increasing.

In addition, in the process of urbanization and industrialization, the entry of female individuals into the working life, migration from rural to urban areas and transition from

large family to nuclear family caused elderly people to lose their old role in the family (Salemi, 2019). Before the modern period, old age was not seen as a problem, on the contrary, it was seen as a value that shows power and experience. Almost all over the world, in both eastern and western states, until the end of the Middle Ages, the elderly became the authority in society and family administration. In this respect, it can be stated that the elderly had a more advanced status and role in societies in the past (Baran, 2004).

Rapid changes in recent years in Turkey and the world, the most notable part of the family were put under a lot of influence in society. In addition to being a very important asset for Turkish society, the family has many effects such as sustaining generations, cultural transfer, socialization and education of children, and satisfaction of spiritual feelings. In contemporary societies, urbanization and industrialization have led to the need for social service institutions such as nursing homes and nursing homes for the elderly people to gradually decrease in the traditional family structure and the settlement of nuclear families. The increasing number of elderly people, who are economically and socially deprived, have led to the need for retirement homes and nursing homes in order to continue their lives in a peaceful home atmosphere, preserve their mental and physical health and maintain their social development (Çavuş, 2013).

The occurrence of social and economic development in a state and the equal benefit of all people from the results of the existing development is a return of human rights. Failure to ensure this equality causes shaking of the social order.

It can be said that the living conditions of the elderly group, who are not covered by social security due to neglect and who are socially excluded due to inequalities and increasing day by day, have become very difficult during the globalization process, which has a great impact on all areas of life. This situation further increases the importance of social services. (Yelden, 2020).

As stated above, besides the rapid population growth; Due to urbanization, transition to a nuclear family due to external and internal migration, a decrease in the value and number of extended families, the existence of financial problems, the entry of women into business life, the lack of sufficient and suitable living space for elderly people due to the shrinkage of living spaces as a result of evolving into a nuclear family, the differentiation of young people's attitude towards old age , intergenerational communication disorders, and the difficulties in home care of elderly individuals whose

health deteriorated with aging have made nursing homes widespread (Cassirer, 1996; Giddens, 2000).

While nursing homes began to exist institutionally in the period 1900–1925, the most striking approach of the existence of these institutions, which was rationalized, is the idea that an elderly individual cannot be left at the mercy of another individual. An elderly and needy individual cared for by a family member is likely to be mistreated. There is a possibility that this close family member may neglect the care of the elderly person. Therefore, there is a risk that the care of the person in need of care will be left at the mercy of an individual. It is thought that nursing homes, which are the institutions shaped by the mind of modernism, will not do such a neglect. This is because there is no room for personal preferences or emotions in the nursing home. Everything is planned in advance, organized by an expert team, and the satisfaction and environment analysis are audited by the audit staff (Duru & Özdemir, 2009).

Nursing homes provide social, social and economic benefits, etc. are organizations established for the purposes. With the technological developments and globalization, international borders have disappeared for such organizations. The competitive environment that has risen with globalization has increased the need for such organizations to have reliable and accurate financial information in order to restructure themselves, to renew themselves in an organizational sense, to strengthen their capital structures, to protect their investments and assets, and to eliminate possible risks. In line with these developments, it has become a necessity for businesses to establish an effective "Internal Audit system as a Function of the Internal Control System" (Eraslan, 2019; Tahtlı, 2019).

Control and control concepts have a very long and old history. With the settlement of mankind, it started to be used in its primitive and basic forms and it developed and became widespread with the establishment of state systems. Similarly, the concepts of internal control and internal audit, which are based on an important past such as audit, have found a field of application in the historical process and have undergone a visible change and development process. Internal control and internal audit have become concepts that have been dealt with considerably with the economic crises in the world (Evin, 2019).

Besides being a part of the internal control system, internal audit is a set of activities that reveal the weaknesses of the system by analyzing the effectiveness of the internal control system. It is a process that measures and evaluates the effectiveness of the

internal control system. Internal audit activity is required for the evaluation of the internal control system adequacy. Therefore, internal audit and internal control systems should be evaluated as two concepts that are different from each other but complement each other. As it can be understood here, one of the principles of institutionalization is the existence of an internal control system. The evaluation of the adequacy and adequacy of internal controls gains meaning with the internal audit activity (Celayir, 2011).

In this study, examination of the internal control and internal control practices of official nursing homes, which are public service enterprises, is discussed. Within the scope of the study, the concepts of internal audit and internal control will be examined first. Secondly, information on public internal audit and internal control will be given, and explanations on the internal audits of official nursing homes will be presented.

## **2. Internal Audit and Internal Control**

In this section, information about audit, internal audit and internal control will be given.

### **2.1. Audit Concept**

The basis of the concept of audit goes back to the 4000s before Christ. In this respect, with the first emergence of the concept of audit, the finding and use of writing by the Sumerians took place in close periods. The products and products obtained as a result of agricultural activities in Mesopotamian countries at that time were systematically stored in the warehouses of the temples. Sumerian religious officials and clergy first made the writing with certain signs they made in order to record the goods stored in warehouses and temples, in other words, with written documents on soft clay (Ramamoorti, 2003).

With this basic writing system, the products were kept under regular records in the warehouses and warehouses where agricultural products and products were stored. The registered agricultural products and products were regularly audited through an audit system through written documents. The administrative authority assigned employees who carried out these auditing and registration works. However, the employees who carried out the said works were specially trained for the work they would do before their assignment (McNeill, 2007; Khan, 1995).

In this part of the study, the concept of audit is examined in order to explain the audit, which has a history of almost six thousand years, in detail and to comprehend the audit

systematics. In this framework, the definition of the concept of audit has been made, these definitions have been analyzed and the concepts related to the audit have been explained. In addition, the elements, characteristics, methods, types and stages of the audit were examined and the form of an effective audit was explained.

## 2.2. Control

It is described as *"looking at the truth and authenticity of something"*. It comes from the French word *contrôle*. The concept of control is also used in the sense of auditing. However, this situation causes confusion in terms. The most important reason for this is that the French word *contrôle* is used to mean control in this language. Even though the concepts of control and control are used interchangeably as word meanings, they differ from each other in terms of inclusiveness and content. The concepts of control and control are closely related, however, due to their different nature and purpose, the differences between these concepts will be discussed in another section.

## 2.3. Key Differences Between Audit and Control Concepts

Many sources and research use the concepts of control and control interchangeably and to explain each other. However, besides the different inclusiveness of the two concepts, they characterize different issues. When this situation is considered in terms of inclusiveness, it is seen that the concept of control is a more inclusive and broad concept that also includes the concept of audit (Yılcı, 2015). When the main differences between the concepts of control and audit are examined, there is an act that has taken place in the audit, and the examination of this act is a matter of course, in other words, it is retrospective. In control, an action is in question, but this action has not taken place and is still ongoing. There is an action on this ongoing action. The control activity is continuous while the audit activity is applied from time to time and deals with the determined time intervals. In addition, unlike the audit activity, it continues uninterruptedly in a manner that includes the whole process, not a specific time period. The audit is based on independence. In parallel with this, those who perform the control event are independent of the subject and the place where they perform the control. There is no independence condition in the concept of control. Individuals performing the control activity do not need to be independent from the subject and the place where the control is performed (Adiloğlu, 2011; Uyar, 2009).

However, while the employees performing the audit activity consist of individuals who were determined and assigned before this activity, all employees in the organization in the control activity are within the control and affect this activity. Control is a more

abstract concept while the audit activity is observable and concrete. The main differences between control and inspection are summarized in Table 1.

**Table 1. Table Title**

<b>Audit</b>	<b>Control</b>
It has a more limited area than control.	It has a wider scope and meaning, including auditing.
It is a more concrete concept than control.	It is a more abstract concept than control.
It is directed towards a terminated action, that is, the past.	It is done simultaneously as the action continues.
It is done in certain periods. It ends then it starts again.	It is continuous. It always continues.
Those performing audit activities should be independent.	Independence is not mandatory for those performing the control activity.
Those who carry out the audit activity are determined and assigned persons.	Everyone is involved in the control process and they influence the process.

**Source:** Comparison of Audit and Control Concepts (Adiloğlu, 2011; Yılcı, 2015, Uyar, 2009)

#### **2.4. Purpose of the Audit**

There are 3 main conditions for the audit to be carried out. These conditions are as follows (Özer, 2010):

- The organization planned to be audited must have predetermined plans regarding the activities to be put forward in order to achieve its goals and objectives and management decisions for these plans.
- There must be a management activity that determines the plans of the organization and the decisions to be taken in parallel with this.
- There should be a mechanism in place to control the effective processing of the management activity.

#### **2.5. Inner Control**

As the name suggests, internal audit is a type of audit performed within the organization. According to the definition of internal audit made by the Auditing Standards Board (ASB) and the American Institute of Certified Public Accountants (AICPA): *"Internal audit is the monitoring and valuation system carried out by the management or the board of directors to examine the work of the accounting and internal control systems in the enterprise"*.

A similar definition was made by the Institute of Internal Auditors (IIA) in 1947: "It is an independent valuation and control function created for the evaluation of its activities and practices in order to serve in an organization" (Kaygusuzoğlu, 2018).

TIDE (Turkey Institute of Internal Auditors) (2018) in their sources, defines the concept of internal audit IIA as follows: "It is an objective and independent consultancy and assurance activity aiming to improve the activities of an institution and increase their value. "Internal audit helps an organization achieve its objectives by bringing a disciplined and systematic perspective to review and evaluate the effectiveness of governance, risk and control processes and to improve this efficiency.

Internal audit is an independent consulting activity conducted to evaluate and guide whether the resources are managed in line with the efficiency, effectiveness and economy parameters in order to add value and develop the activities of institutions and organizations (Sardoğan, 2015).

As a result of the examinations and researches made by the internal auditors, the internal audit report is prepared by these persons and the report regarding the audit is submitted to the top management of the organization. The senior management can take decisions to eliminate the problems and problems of the organization and to improve the activities of the organization based on the evaluations and results in the report in question. In this regard, while contributing to the development of internal audit organization activities, it supports the achievement of goals and objectives. As a matter of fact, in this direction, the purpose of internal audit is to help the organization by efficiently and effectively revealing the activities carried out in order for the organization to achieve its predetermined goals and objectives, and by ensuring that the organization's resources are used correctly. (Yılcı, 2015).

## **2.6. Public Audit**

The audits carried out by the auditors working in public institutions in order to ensure public order and to protect the interests are classified in this category. Occupational safety audit and tax audit etc. The mentioned inspections carried out by ministry inspectors are within the scope of this category (Gürbüz, 1995).

The main purpose of public auditing is to investigate and examine the conformity of public institutions and organizations as well as private organizations and enterprises in line with the laws. In addition, it is preventing the mentioned enterprises, organizations and institutions from carrying out activities contrary to the public interest. These

inspections are carried out while protecting the public interest. As a result of the audits carried out within the framework of public inspection, businesses, organizations and institutions may face sanctions determined by law and legislation. Since public supervision is carried out on behalf of the public authority, if there are illegal, contrary and irregular transactions in the audited organizations, sanctioning the said organizations as a result of the public inspection is a subject. The reason for this is that there is a public authority that conducts the audit against the audited organizations (Zorlu, 2014).

### **2.6.1. Definition of Internal Control in the Public**

Internal control in law; It is a collection of controls that includes processes and methods in addition to the internal audit activities performed in the institution in order to implement the work in a more economical and more efficient way. Records are recorded in a timely and reliable manner in line with the criteria and laws stated in order to ensure that all records are recorded (Kirteke, 2019).

Planning Internal Audit Studies Determining the internal audit area for internal audit studies, gradually listing the risks in line with the risk levels, separating the resources used in the audit, approving the audit plan and obtaining information about the internal auditors will be in the unit where the internal audit will be carried out and in the audit task. Since internal audit is risk-based, existing risks are subject to annual auditing (Yılançı, 2015).

### **2.6.2. Public Internal Audit Standards**

According to Article 64 of the Public Financial Management and Control Law No. 5018; *"Internal auditors must comply with internationally accepted audit and control standards set by the Audit Coordination Board"*. While determining some standards for internal audit, international level audit standards are determined. While the said norms add value to the internal audit activity, the necessary rules are set out by specifying the internal audit activity processes and the characteristics of the internal auditors (Aksoy, 2008).

## **3. Internal Audit And Internal Control Application In Public Service Enterprises Official Services Internal Audit And Internal Control Sample**

### **3.1. Establishment History**

The Internal Audit Department was established with the Ministry's Authority Approval dated 11.08.2011 and numbered 20 by the annulled Ministry of Family and Social Policies.



- The Internal Audit Department was established with the Ministry Authority Approval dated 23.01.2008 and numbered 06 by the annulled Ministry of Labor and Social Security.
- Within the scope of the transition to the Presidential System, the Ministry of Family, Labor and Social Services was created by combining the repealed Ministry of Family and Social Policies and the former Ministry of Labor and Social Security with the Decree Law No. 703 published in the Official Gazette dated 09.07.2018 and numbered 30473.
- Internal Audit Department was established with the Ministry's Authority Approval dated 27.07.2018 and numbered 7 by the Ministry of Family, Labor and Social Services.
- Our Internal Audit Department took place among the "Departments Affiliated to the Ministry" with the Authority Approval dated 05.10.2018 and numbered 629 with the title "Distribution of Tasks" (MoFLSS, 2020).

### **3.2. Mission / Vision (MoFLSS, 2020).**

The Ministry of Family, Labor and Social Services helps to achieve corporate goals by evaluating and improving the effectiveness of internal control, risk management and governance processes of all service areas and processes.

To carry out effective and efficient contemporary auditing activities in accordance with International Standards and Professional Ethics Rules in a way that adds maximum value to the services of the institution.

## **4. Conclusion and Recommendations**

Internal audit is an objective and independent consultancy and assurance activities that aim to improve the activities of an organization and add value to them. With internal audit, a disciplined and systematic understanding is provided in order to evaluate and improve the effectiveness of corporate governance, control and risk management processes of institutions and organizations, contributing to the achievement of corporate objectives.

Internal audit has a very important role in activating the internal mechanisms of institutions and organizations, improving corporate governance, risk management and internal control processes. In this process, the consultancy and assurance functions of the internal audit guide the internal auditors and institutions, while allowing the internal audit activity to be carried out effectively.

In today's conditions, internal control systems are among the most important management tools that provide the information they need in the decisions made by the management. An effective internal control system ensures the management or administration to make the right decision by revealing the management of every action that takes place in the public institution and by ensuring that the institution is aware of the dangers and risks that it may face beforehand and takes measures. However, it is beyond the imagination that the control system is set up and expected to function effectively and properly. The established internal control system should be renewed in line with the legal conditions of the period. In addition, the existence of internal audit units that will audit whether the internal control system is functioning properly and notify the management of deficiencies and malfunctions is also an obligation.

Due to the fact that many of the staff providing services are chronically ill, they cannot go to workplaces due to quarantine rules, and the workload on the few remaining staff has increased further, as the number law says, "each supply generates its own demand"; remote access. Sustainable technological new system is required in order to eliminate the risk of injury for both disabled and elderly people receiving services and personnel with heavy physical workloads, where the technology creates the need to work from home and the heavy workload of the care of the disabled and the elderly is sustained.

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