

**THE AUDIT APPROACH TO THE INTERNAL
CONTROL IN ELECTRONIC DATA PROCESSING
(EDP) ENVIRONMENT**

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Date : 22nd August 1990
By : Rahimah Ibrahim
ITM I/C : 88015332
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Advisor : Puan Noraiza Che Awang

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Preface and Acknowledgement

This study has been conducted to analyse the audit approach to the Internal Control in EDP environment. It is hoped that the readers will benefit from the information obtained from this paper. It is important to note that this research is by no means a way to uncover mistakes and faults of Audit approach to the Internal Control in EDP environment. This is purely an academic exercise and any mistakes uncovered has been valuated solely from the academic point of view.

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CHAPTER I

INTRODUCTION

Electronic Data Processing (EDP) system is one of the most important technological developments of the twentieth century. The use of EDP in profit-oriented companies began in the early 1950s. Little attention has been given to the use of accounting information system.

EDP system can handle a large number of varied tasks, from processing a simple payroll to simulating the effect of alternative decisions on all operations of a business. Computers, however operates only according to the instructions and data in the same way as a person can. Errors may not be detected by the computers and even if they are, valuable computer time will be lost as incorrect data will be referred back to its original source for correction. Since computers play such a large role in assisting data processing, internal control on the system is important to ensure proper processing of data.

EDP auditing is the process of collecting and evaluating evidence to determine whether a computer system safeguard assets, maintains data integrity, achieves organisational goals effectively and consumes resources efficiently. In comparison, auditing of manual systems concentrates on the evaluation of the evidence produced by the system, while the computer auditing on