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**INTERNAL AUDITING IN INSURANCE  
COMPANIES – THE OPPORTUNITY  
TO ADD VALUE**

**SUMMARY**

*The author traces the position of internal audit represented in Serbian regulatory rules as well as in local corporate practices, emphasizing attributes of internal audit regulation and practices in insurance industry. The comparison of internal audit practices deployed in local insurance companies with the best practice, confirms that the actual regulation has influenced adoption and development of good internal audit practices, but concurrently depicts other requirements to be established in order the overall potential of internal audit should be recognized and utilized by both management and internal audit practitioners. Although the traditional assurance in adequacy and efficiency of internal control system, together with the recommendations for corrections and improvements, is only one of many internal audit services, it is often the only service scheduled and provided by internal audit functions in our local circumstances.*

*The intent of this article was:*

- *to outline internal audit as the profession and function in an organization, its objectives, responsibilities and authorities, as well as the position it takes in corporate practice;*

- *to outline internal audit as the profession as well as aspects internal audit functions have been established in local companies, particularly in insurance companies;*

- *to compare the position of internal audit functions in local companies with the best practice, to observe key variance, to examine causes and effects and to introspect possibilities for improvements. Author strives to assess how local regulatory rules are adequate fra-*

*mework for establishing internal audit in accordance with its definition.*

- *to make clear the connections and differences between internal audit and other categories of internal oversight, particularly the role of internal audit in internal control system assessment;*

- *to outline variety of services internal audit functions could provide, adding value and providing growth of total efficiency of the organization;*

- *to outline the opportunities and advantages based on the synergy of legal services and internal audit functions.*