Internal Audit Unit

Monthly Article

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Operational Management

Overview of Operational Management:

Based on research and practical perspectives, every organization whether a public or private organization shall have a strong internal control system in order to operate long term success. operational management is an important component that helps an organization to monitor and verify accountability in work activities. This ensures that the organization maintains integrity, strength, and trust from stakeholders.

Definition of Operational Management:

According to studies on excellence in operational management of **the Internal Audit Unit of FSA**, the term Operational Management can be understood as follows:

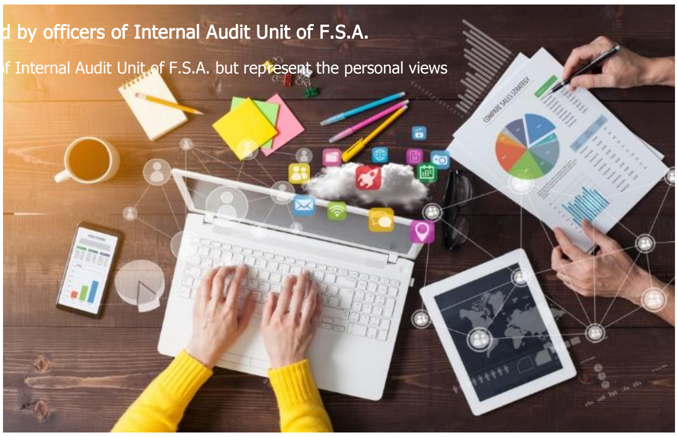
Management refers to the method of utilizing or allocating resources effectively in order to achieve specific organizational objectives with efficiency and effectiveness.

Operations refer to the core operational functions of an organization, including activities that transform from inputs or raw materials to final outputs or results.

In general terms, operations refer to any process or activity carried out by an organization to achieve specific outcomes.

Therefore, Operational Management refers to managing organizational activities in order to achieve maximum efficiency and effectiveness of resources.

Operational management is closely related to decision making and responsibilities of organizational managers, including service delivery with appropriate and satisfactory outcomes for recipients.



Objectives of Operational Management

According to studies and references from the Operational Audit Guidelines of the National Audit Authority, the objective of operational management is to:

- Promote good governance
- Improve efficiency and effectiveness
- Ensure economy in the use of resources
- Contribute to accountability and transparency

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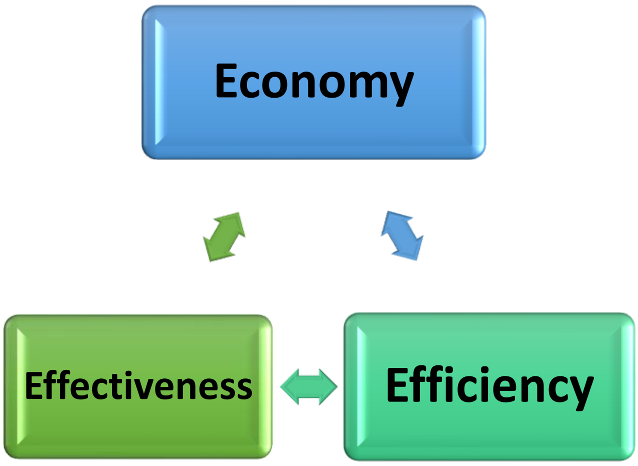

1. Effectiveness

Effectiveness refers to achieving goals and objectives using the allocated resources and producing the expected outcomes.

- **Outputs** are the visible results of activities.
- **Outcomes** may be indirect and invisible and therefore those outcomes require measurement.

2. Efficiency

Efficiency refers to achieving maximum results with provided resources, or achieving the same objectives with fewer allocated resources.

In this sense, efficiency means achieving higher results than expected available resources, or producing greater outputs with the same level of inputs.

3. Economy

Economy refers to the cost effectiveness use of resources, ensuring that resources are obtained and used at the lowest possible cost while maintaining the required quality.

4. Benefits

Operational management helps the organization to achieve effective and efficient management and implementation of functions and duties, including:

- Keeping the organization's resources safe
- Ensuring trusted data and information
- Boosting the efficiency and effectiveness of operations and management
- Making sure plans, programs, and goals follow according to the organization's policies

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References:

1. Guidelines on Operational Auditing of the National Audit Authority
2. Excellence on Operational Management of **the Internal Audit Unit of FSA**