

PRINCIPLES OF IMPROVING AUDIT ACTIVITY IN BUSINESS SUBJECTS - EXPERIENCE OF FOREIGN COUNTRIES

Rakhmatullaeva Nargiza Nuriddinovna

Senior Lecturer of the Department "General Economic Sciences"

"Tashkent Institute of Management and Economics" Tashkent, Republic of Uzbekistan

Abstract:

in the article, the principles of improving audit activity in business entities - the experience of foreign countries.

Keywords: auditing activity, foreign experience, management, economy.

INTRODUCTION

All over the world, auditing activities are carried out in the form of external audits performed by auditing firms or independent auditors, as well as in the form of internal audits, the activities of which are performed by a specialized department of the organization. being checked. The final common goals of both types of audit are basically the same - control. At the same time, there are significant differences in the content and nature of their activities. A lot has already been said about the specifics of external audit. But what are the characteristics of internal audit? The nature, content, purpose and organization of internal audit are different compared to external audit. To begin with, we note that the internal audit service (or, as it is called in some countries, the internal audit service, the internal control service) is an independent unit established within the organization, which carries out systematic, daily work on inspection and verification . performance evaluation.

According to the generally accepted definition, the general purpose of internal audit is to help the organization to effectively fulfill its tasks and objectives. Internal audit is a management tool designed to ensure (guarantee) the achievement of management goals. For this, the internal audit provides the management of the organization with the results of the analysis, evaluation of the activity of a specific department, recommendations and information. Internal audit service cooperates with external auditors.

The results of the internal audit are used by the management of the organization for the management and continuous operation of the business, taking into account the available resources and within the framework of the applicable laws. Thus, internal audit helps to achieve the goals of the organization.

The tasks performed during the internal audit are diverse and depend on its goals, the type of organization being audited, and the nature of its activities. It can be seen that the audit of state organizations, commercial banks, insurance companies and pension funds has its own characteristics. In addition, many problems can be solved in different ways, with different



depth and detail, focusing on different criteria. In this regard, the problem of regulation of audit activities inevitably arises. The problem, as you know, is solved by developing relevant rules or standards, as well as specific audit methods. Here, the term "standard" (from English - standard) should be understood in a special sense, which is different from the one accepted in our country. Abroad, instead of "auditing standards", another name is used - "Code of ethics for auditors", which can be translated as "standards of conduct", "code of ethics" or, finally, "rules for auditors".

In countries with a developed state apparatus, great attention is paid to audit problems, including internal audit. It is enough to mention the existence of the International Organization of Supreme Audit Institutions (INTOSAI), which includes more than ten countries, such as the USA, England, and Japan. The Institute of Internal Auditors (IIA) is also international. Special departments of state organizations are also working in this direction. For example, in the United States - the General Accounting Office. Each of these and other similar foreign organizations has a department responsible for developing relevant auditing standards.

Internal audit is an independent and objective assurance and consulting activity aimed at improving the business activities of the organization. Internal audit helps an organization achieve its goals by using a systematic and consistent approach to evaluating and improving the effectiveness of risk management, control, and corporate governance systems.

In countries with different cultural and legal traditions, in organizations that differ in terms of goals, size and structure, internal audit can be carried out both by the organization's own employees and by external contractors. These differences may have specific implications for internal audit practices in a given environment. However, adherence to professional standards of internal auditing is an essential prerequisite for internal auditors to fulfill their objectives.

It seems that foreign auditing companies hired to audit Russian enterprises follow the standards accepted in the West in their activities. In this regard, it is recommended to familiarize yourself with foreign standards. For this purpose, we describe internal audit standards based on a number of international and other sources.

Usually these standards are combined into 3 and sometimes 4 groups. Let's take a look at these standards grouped into three groups.

It is planned to test the knowledge and experience of audit service employees and to regularly improve their skills in order to maintain the level of competence that allows them to perform the assigned tasks. In addition, it is necessary to discuss the results in order to maintain the effectiveness of the internal audit.

1.4. Control objectives Internal control objects should be defined for each type of organization's activities. They must be logical, practical and reasonably complete.

This standard requires that audit objectives relate to the activities of a particular company. All operations must be grouped into blocks (cycles). Blocks cover all types of organizational activities and should correspond to the company's structure and the functions of its divisions. Blocks are classified in different ways. For example, you can select the following blocks:

- Company management. This block includes the development of the company's policy, as well as planning, organization, data collection and processing of its activities; these include internal audit functions.



- The financial unit covers the traditional areas of control related to cash flows (revenues and expenses), related assets and financial information.
- Operational (software) blocks - types of activities that ensure the company's main goal.
- Administration (internal operations department). This block includes secondary activities of the company that support the main functions of the organization: library services, postal services, publications, etc.

In order to comply with the standard in question, it is necessary to determine the control objectives in each block, which are mainly determined by the plans of the organization. These goals include:

- help in the implementation of clear, economical and effective operations consistent with the main mission of the organization;
- ensuring the security of resources (prevention of theft, embezzlement, fraud and other offenses);
- compliance with laws, regulations and management instructions;
- obtaining reliable information about the status of the organization's activities and reflecting this information in periodic reports.

Control methods refer to various procedures that allow you to achieve the set goals. The standard requires that these methods provide a high level of verification reliability. These include the audit organization's plans (including segregation of responsibilities) and control safeguards.

The standard requires the following to be recorded in writing: a) the objectives of the company's internal control, its methods and accounting systems used; b) all important aspects of transactions and other important events of the company.

Documentation of internal control systems should include a description of the company's divisions and related facilities, management instructions, administrative policies, and internal accounting standards. Documentation of transactions and significant events must be accurate and complete, assist in tracking transactions and events, and reflect sources of information. Compliance with this standard requires that documentation of internal control methods, operations, and events be complete and useful to company management and auditors in monitoring operations.

- a) includes the entire process, life cycle and transaction initiation and resolution of an operation or event;
- b) to all aspects of the operation being carried out;
- c) to its classification in general registers.

This standard applies to the decisions of the management of the company on the exchange, transfer and use of resources for certain purposes and conditions. Basically, this means ensuring that only genuine trades are made. Transaction authorization should be clearly communicated to managers and other employees and include specific terms and deadlines.

To reduce the risk of errors or losses, or to reduce the risk of detection, one person should not be allowed to control all key aspects of transactions. In addition, key functions and responsibilities should be assigned to a group of employees to ensure effective supervision. The main functions include authorization, confirmation of transactions and their registration.



This standard requires:

- a clear connection between the duties and tasks of employees, the responsibility of each employee;
- systematic inspection of each employee's work at the level of necessity;
- authorizing work at critical points to ensure that work continues as required.

2.6. Access to and responsibility for resources. Access to resources and their records should be restricted to authorized personnel only. Responsibility for the use of resources must be established. Availability of resources should be periodically checked (comparing actual resources with their listing). The frequency of inspections depends on the "vulnerability" of the assets.

The basis of the concept of limiting the use of resources is to help reduce the risk of unauthorized use. Limiting access to resources depends on an understanding of resource vulnerability and risk of loss, both of which must be periodically assessed.

3. Standard of audit decisions. This standard applies to the post-verification phase. This requires management to:

- timely assessment of audit results;
- based on the recommendations of the auditors, identified and took appropriate measures aimed at eliminating and improving deficiencies.

Auditors are responsible for the consequences associated with audit findings and recommendations. Management should periodically report on each decision made on the audit report.

As mentioned above, internal audit standards describe the general requirements and conditions for conducting an audit and are very vague. For example, how can efficiency, reasonable assurance, accuracy, etc. be clearly defined? The standards should be accepted as some general guidelines for the organization of the audit, the selection of audit objects, objectives and methods. Considering the standards as a starting point, auditing organizations develop their own more or less detailed rules and methods for conducting public or commercial audits.

The Institute of Internal Auditors was founded in the United States in 1941. The Institute is a professional association that aims to develop and popularize the profession and develop standards of professional activity.

Thus, the new professional standards (standards) of internal auditing developed by the Institute of Internal Auditors (IIA) came into force on January 1, 2002.

The purpose of the standards:

1. Determine the main principles of internal audit practice.
2. Define the conceptual framework underlying a wide range of internal audit services.
3. Creating a basis for evaluating the internal audit activity;
4. To contribute to the improvement of systems and processes within the organization.

The standards consist of performance standards (1000 series), performance standards (2000 series) and practice standards (nnnn.Xn).

Performance standards address the characteristics of organizations and individuals engaged in internal auditing. Performance standards describe the nature of internal audit and provide quality criteria for evaluating internal audit activities. Performance standards and performance



standards apply to internal audit services in general. Practice standards describe the use of Performance Standards and Performance Standards in specific types of audit engagements (eg, compliance audits, fraud investigations, control self-assessments).

Quality standards and performance standards are available in one version. Standards of practice may exist in several different versions, each with a separate version for each type of audit activity. Practice standards were originally developed for audit confirmation (designated with the letter "A" after the standard number, for example, 1130.A1) and consulting (designated with the letter "C" after the standard number, for example, nnnn.C1). events.

Standards are part of the conceptual framework for professional practice. This document was developed by a Working Group and approved by the Board of Directors of the Institute of Internal Auditors (IIA) in June 1999. This document includes "Definition of Internal Audit", "Code of Ethics", standards and other recommendations. The standards are based on the guidelines formerly known as the Red Book, which have been updated and presented in a modified format according to the recommendations of the Special Working Group.

The standards use special terms, the interpretation of which is given in the glossary.

On June 17, 2000, the Board of Directors of the Institute of Internal Auditors (IIA, USA) adopted the Code of Ethics to maintain the ethical standards of the internal auditing profession, the content of which is approximately the same as the code of ethics adopted in Russia. external auditors, but with their own characteristics.

Internal audit is an independent and objective consulting activity aimed at achieving and improving specific results in the organization's work. Internal audit helps the organization achieve its goals by introducing a systematic approach to evaluating and improving the effectiveness of management, control and risk management processes.

A code of ethics is important and necessary for the internal audit profession, which is based on trust in the impartiality of the assessment of management, control and risk management processes. The Institute's code of ethics is not limited to the definition of internal audit, but also refers to the professional principles of internal audit; A code of conduct that sets out accepted standards of conduct for internal auditors. These rules facilitate the interpretation and application of professional principles in practice and are intended to provide ethical guidance to the internal auditor. This Code of Ethics applies to individuals and businesses that provide internal audit services.

According to the Code, internal auditors must follow the following principles:

1. Honesty. The integrity of the internal auditor is the foundation of trust in the auditor's opinion. In this case, internal auditors:

Must demonstrate honesty, integrity and responsibility in his work.

Must act within the law and disclose information when required by law or professional standards.

Internal auditing shall not knowingly engage in activities or practices that bring the profession or their organization into disrepute.

They should respect the goals of their organization and contribute to their achievement.

2. Objectivity. Internal auditors demonstrate the highest level of professional objectivity in gathering, evaluating, and communicating information about the area or process being audited.



Internal auditors make a balanced assessment of all relevant circumstances and their judgments are not influenced by their own interests or those of others. In this case, internal auditors: They shall not engage in any activity that may or may be perceived to impair the impartiality of their assessment. This rule also applies to activities that may conflict with the interests of the organization.

They should not accept a gift that could impair their professional judgment or be accepted. They must disclose all material facts known to them that, if not disclosed, could taint the audited performance reports.

3. Confidentiality. Internal auditors respect the ownership of information obtained in the course of their work and do not disclose information without proper authorization, unless required by law or professional standards. In this case, internal auditors:

They should carefully use the information received in the course of performing their duties. Confidential information must not be used for personal gain or in any other way that is against the law or could harm the organization.

4. Competence. Internal auditors use the necessary knowledge, skills and experience to provide internal audit services. In this case, internal auditors:

Only those who have sufficient professional knowledge, skills and experience should accept obligations.

Must provide internal audit services in accordance with professional practice standards for internal auditing.

He must constantly improve his professional skills, as well as the quality and efficiency of the services provided.

References:

1. Акбарова, Л. У. (2020). Особенности рыночной инфраструктуры в современных условиях. В номере, 9.
2. Akbarova, L. (2012). Azərbaycan bestecilerinin eserlerinde viyolonselini yeri. Trakya Üniversitesi Sosyal Bilimler Dergisi, 16(1), 33-46.
3. Акбарова, Л. У., Бексултонов, А. Б., & Иляшов, Б. А. (2021). Бухгалтерский учет в процессе формирования управленческого учета.
4. Акбарова, Л. У. (2019). Особенности эффективного развития инновационного маркетинга и рекламной деятельности в сфере сервиса. Экономика и социум, (1-1 (56)), 170-174.
5. Rahmatov DN, Akbarova LU. Sovremennye informacionno-kommunikacionnye tehnologii i ih rol'v sisteme obrazovaniya. Ekonomika i socium. 2018(11):54.
6. Qodirova, F. U., & Xusnuddinova, Z. X., Egamberdiyeva, N. A. (2022). Increasing the profitability of the learning environment through the organization of adaptive learning. NeuroQuantology, 1(20), 1217-1224.
7. Azizovna, E. N. (2023). Autizm sindromli bolalar bilan ishlash hozirgi kunning dolzarb masalasi sifatida. Ta'lim va rivojlanish tahlili onlayn ilmiy jurnali, 3(4), 95-100.
8. Egamberdiyeva, N. A. (2023). Ta'lim klasteri sharoiti – autizm sindromli bolalar nutqini rivojlantirishning innovatsion omili sifatida. Konferensiya, 1(1), 154-158.

9. Qodirova, F. U.; Egamberdiyeva, N. A. (2023). Ta'lim klasteri sharoitida autizm sindromli bolalarni tashxislash va korreksiyalash ishlarining mazmuni. Konferensiya, 1(1), 201-205.
10. Azizovna, E. N. (2022). Bolalar serebral falajida o'yinli metodlardan foydalanish. Ta'lim va rivojlanish tahlili onlayn ilmiy jurnali, 207-210.
11. Эгамбердиева, Н. А. (2022). Воспитание у детей трудолюбия с использованием узбекских народных пословиц. Воспитание дошкольников, 1(1), 75-78.
12. Egamberdiyeva, N. A.; Rahmatullayeva, M. R. (2022). Inklyuziv ta'limda eshitishida muammosi bo'lgan bolalarning psixologik xususiyatlari. Inklyuziv ta'limning dolzarb masalalari, 1(1), 163-167.
13. Тожибоева, Г., Юнусова, М., & Салахова, Р. (2021). Use of didactic material in the process of learning writing. Herald pedagogiki. Nauka i Praktika, 1(1).
14. Юнусова, М. Т. (2023). Социальная составляющая языкового образа человека, репрезентируемая фразеологизмами, пословицами, поговорками, взаимосвязь языка и культуры на материале русского языка. ILM SARHASHMALARI, 1(8), 198-203.
15. Yunusova, M. T. (2023). Proverbs, sayings, Phraseologists as a subject of study of the social component of the language image of a person (Based on the material of the Russian language). Web of Teachers: Inderscience Research, 1(7), 40-48.
16. Юнусова, М. Т. (2022). ОБРАЗ-КОНЦЕПТ «ЧЕЛОВЕК» В РУССКОЙ ЯЗЫКОВОЙ КАРТИНЕ МИРА. World scientific research journal, 2(1), 14-20.
17. Сейтниязов, К. М. (2022). Традиционные географические названия. Экономика и социум, (11-2 (102)), 689-694.
18. Сейтниязов, К. М. (2022). Некоторые вопросы о Антропотопонимах. Международная конференция, 1(4), 4-8.
19. Сейтниязов, КМ. Некоторые вопросы о стандартизации топонимов Каракалпакии. Международная конференция, 1(12), 4-9.
20. Сейтниязов, К. М. (2022). Топонимические методы исследования географических объектов. География: природа и общество, (2).
21. Seitniyazov, K. M. (2023). Some traditional names in Toponymics. Galaxy International Interdisciplinary Research Journal, 11(4), 842-845.
22. Сейтниязов, К. М. (2023). О некоторые положениях в определении названии географических объектов. Перспективы современной науки и образования, 1(1), 85-90.
23. Сейтниязов, К. М. (2023). Методы исследования в топонимике. Развитие науки и образования, 1(1), 101-106.
24. Сейтниязов, К. М. (2023). Некоторые виды трансформации топонимов. Science and Education, 4(2), 1700-1704.

