



ORGANIZATION AND CONDUCT OF INTERNAL AUDIT SERVICE IN THE PUBLIC SECTOR

PhD, assoc. prof. **Shanasirova Nodira Abdullaevna**
Tashkent State University of Economics
ORCID: 0000-0003-2158-8395
nodirashanasyrova@gmail.com

Abstract. In the article, a study was conducted on the organization and implementation of the internal audit service in the public sector. Based on the study of the current state of the internal audit organization and foreign experience, suggestions and recommendations were made on the implementation of the internal audit service in different foreign countries and the mechanism of its operation in our republic.

Key words: public sector, internal audit, cost, budget, financing, health system.

ОРГАНИЗАЦИЯ И ПРОВЕДЕНИЕ СЛУЖБЫ ВНУТРЕННЕГО АУДИТА В ГОСУДАРСТВЕННОМ СЕКТОРЕ

PhD, доц. **Шанасирова Нодира Абдуллаевна**
Ташкентский государственный экономический университет

Аннотация. В статье проведено исследование по организации и внедрению службы внутреннего аудита в государственном секторе. На основе изучения современного состояния организации внутреннего аудита и зарубежного опыта были выработаны предложения и рекомендации по внедрению службы внутреннего аудита в разных зарубежных странах и механизму ее функционирования в нашей республике.

Ключевые слова: государственный сектор, внутренний аудит, стоимость, бюджет, финансирование, система здравоохранения.

DAVLAT SEKTORIDA ICHKI AUDIT XIZMATINI TASHKIL ETISH VA JORIY ETISH

PhD, dots. **Shanasirova Nodira Abdullaevna**
Toshkent davlat iqtisodiyot universiteti

Annotatsiya. Maqolada davlat sektorida ichki audit xizmatini tashkil etish va joriy etish bo'yicha tadqiqot o'tkazildi. Ichki audit tashkilotining bugungi holati va xorijiy tajribani o'rganish asosida turli xorijiy davlatlarda ichki audit xizmatini joriy etish va uning respublikamizda faoliyat yuritish mexanizmi bo'yicha taklif va tavsiyalar berildi.

Kalit so'zlar: davlat sektori, ichki audit, xarajatlar, byudjet, moliyalashtirish, sog'liqni saqlash tizimi.

Introduction.

Accounting of costs in health care institutions in world practice, allocation of costs to the cost of services provided, accounting of resources, correct identification of factors causing costs, optimization of costs related to clients, separate accounting for the time spent on surgery and treatment and real resource consumption, operation (treatment) scientific on optimizing the calculation of standard costs and operation (treatment) costs until preparation research is being conducted. Currently, systematic studies are being conducted to optimize cost per patient with coronavirus, to allocate costs between facilities, and to control costs.

In Uzbekistan, in recent years, extensive measures have been implemented on internal audit, financial control and accounting in healthcare institutions. Controlling the formation and spending of funds in healthcare institutions in our republic, the correct distribution of expenses according to the calculation items, and the effective organization of audits are one of the main issues today. Therefore, in organizations, the task of conducting "financial audit, which provides for the assessment of accounting (budget) accounting, truthfulness of financial reports, purposeful and legal use of financial resources, and the completeness of income, as well as the legality of financial transactions"¹⁴ is defined. This creates the need to improve accounting and auditing of healthcare institutions.

Analysis of literature on the subject.

Organization and conduct of internal audit service in the public sector has its own characteristics. Therefore, we try to reveal the nature of internal audit in budget organizations.

Jan Van Tynen, Andreevs (2011) "consider internal audit in the public sector as an activity on a systematic approach to the evaluation of the internal control system and its effectiveness in achieving the goal set by the head of the organization".

Ibragimov and Sugirbaev (2010) recognized the internal audit in budget organizations as follows: "Internal audit is an objective activity, directed to the effective implementation of internal control, reports being drawn up and recommendations for increasing the effectiveness and efficiency of the budget organization's activities directed to doing".

Mehmonov (2018) defined the internal audit in budget organizations as follows: "Internal audit is the verification of compliance with the legislation and monitoring of the preparation and execution of estimates by the organization, ensuring the reliability of financial reporting data, compliance with budget-estimate discipline. Is an activity aimed at purposeful and rational spending of funds".

According to Toyinov (2018), "Internal audit in organizations financed from the state budget means a system that objectively assesses the targeted spending of budget funds, the legality of financial processes and the financial control system, and specializes in providing professional advice on the reasonable planning and spending of the organization's expenses".

Research methodology.

Effective methods of analysis and synthesis, analytical analysis, and comparative analysis were used in the course of scientific research. In our research, we tried to study the problem in depth using the fields of comparative analysis and analytical analysis. The article compares the scientific-theoretical views of economists on the organization and conduct of the internal audit service in the public sector.

Analysis and results.

If we look at the international practice of organizing internal audit in the public sector, it can be seen that this process is a separate direction. In countries with a developed market

¹⁴ "Measures for the further development of auditing activities in the Republic of Uzbekistan" Decree of the President of the Republic of Uzbekistan, dated August 27, 2021, No. PF-6300, "Measures for the further improvement of the state financial control system."

economy, the Ministry of Finance takes the main place in the organization and methodological support of the internal audit in the public sector. In particular, "Central Committee for the Harmonization of Internal Audit (CHAI)" in order to strengthen the role of internal audit in the establishment of public financial control in France. In France, internal audit committees operate in ministries financed from the state budget" (Kolesnik, 2017).

In Great Britain, internal auditing in publicly funded organizations is developed by the Internal Auditing Standards Advisory Board. A special feature of the development of these standards is that they are based on the requirements set by relevant internal audit standard setters. "Internal audit standard setters include the Public Institute of Public Finance and Accountancy (CIPFA), HM Treasury, the Ministry of Health and the Ministry of Finance"¹⁵.

In 2014, the "Rules for conducting internal financial audits" (Resolution, 2018), and in 2016 "Methodological recommendations for conducting internal financial audits" (Order, 2019) and several similar documents were developed by the Finance Department for organizing internal audits according to the Budget Code of the Russian Federation.

In the Ministry of Health of our country, the formation and evaluation of the internal control system is assigned to the internal audit service. The activity of the internal audit service in the system is formed on the basis of the "Temporary REGULATION on Internal Audit and Financial Control Service" approved on December 27, 2017 by the Ministry of Health of the Republic of Uzbekistan.

The need to organize an internal audit in the system arose as a result of the adoption of the decision of the President of the Republic of Uzbekistan dated August 21, 2017 No. In this decision, the Ministry of Health is tasked with establishing an internal audit and financial control service.

It should be noted that in recent years, large amounts of funds have been allocated from the state budget to the social sector, including the health care system. As it happened all over the world, in 2020-2021, the coronavirus pandemic Covid-19 caused serious problems for the health care system in Uzbekistan. The increase in the number of patients and the deterioration of the epidemiological situation led to the implementation of additional measures, the increase in public spending on health in 2020, in many ways, the mobilization of additional resources to fight against the coronavirus infection.

According to information, the funds allocated to the health care system from the state budget for financing the health care system in 2020 amounted to 20,752.9 billion soums. In 2021, 21,047.8 billion soums were allocated to the industry, which is 1.1 times more than in 2020.

The increase in spending on the fight against the coronavirus infection did not affect the amount of funds allocated for other health spending in 2021. The amount of funds allocated to the health sector from the state budget amounted to 3.1% of GDP, and these costs were mainly financed by local budgets¹⁶.

The share of these funds in the state budget is significant, and it is important to control the targeted spending of funds. That is why it is very important to properly organize financial control methods, because the achievement of the final result and the effectiveness of control depends on the correct choice of certain actions and tools by controlling entities. depends. On the other hand, the adequate application of financial control methods and methods is controlled, which allows not to interfere with the normal activities of economic entities. guarantees compliance with the rights and legal interests of subjects.

"Internal audit - control and evaluation of their work by checking and monitoring compliance with the laws, founding documents and internal documents of the Republic of Uzbekistan by the executive body and structural units of the enterprise management, the completeness and reliability of the information reflected in accounting and financial reporting

¹⁵ <http://www.iasab.org/> - Official website of the UK Internal Audit Standards Advisory Board.

¹⁶ Budget for Citizens: 2021 State Budget allocations for healthcare.

of the structural division of the enterprise (internal audit service) on the implementation of established rules and principles of implementation of economic operations, maintenance of assets and principles of corporate management activity is understood" (Decree, 2006).

The introduction of internal audit activities depends, first of all, on the effective organization of allocations from the budget and targeted and rational use of budget funds in budget organizations. Today, there is a need to properly organize an internal audit service in the healthcare system, which is our research object.

At this point, let's talk about the main requirements for organizing an internal audit, namely:

- retaining primary control rights in one person's hands;
- claim the interests of the organization;
- internal control compliance requirement;
- the need for flexibility, continuity of development and improvement;
- elimination of unnecessary steps in the verification process;
- accountability requirement;
- regulatory requirements;
- control.

If we pay attention, in any case, the great responsibility for organizing the internal audit service rests with the responsible person, that is, the auditor. In this regard, one should not forget the activity of a person with such professional responsibility.

As we know, it is necessary to ensure that the internal audit activities are carried out in accordance with the internal audit plan. The plan is developed by the responsible person, that is, the auditor of the organization, and signed by the head of the organization.

It is necessary to ensure that the internal audit service has the following rights:

- accounting of all documents, plans, registers, estimates and other documents on financial activity;
- monitoring the correctness of transactions in accounting;
- study the territory of the enterprise, farm, service, warehouse, construction objects, etc.;
- demand a full or partial inventory of assets and liabilities belonging to the organization, if necessary, seal cash registers, special rooms where documents are stored, archives and other places;
- preparation of the organization for activities related to external audit and tax authorities.

Also, the internal audit service will have to constantly monitor the status of accounting and reporting within the framework of the current legislation, constantly check their compliance with the interests of the organization, and if necessary, conduct its activities within the scope of its service in court proceedings related to financial relations. In order to achieve the objectives of the auditor responsible for the organization (the head of the internal audit service), he must have the qualities of independence, impartiality, responsibility and confidentiality" (Shanasirva, 2019).

First of all, independence, which means that each internal auditor must be independent of his colleagues, including management. The internal audit department should be independent and neutral in relation to the management levels at which decisions are made.

Impartiality When reporting on the results of an audit, the internal auditor must clearly distinguish facts from suspicions.

Responsibility means that the internal auditor is ready to perform the work within the scope of his ability and professional competence, and is not only responsible for his own actions, but also means that he is ready to take responsibility for the shortcomings of the internal audit body. Internal auditors should strive to continuously improve their professional level, efficiency and quality.

Confidentiality Internal auditors must exercise caution in the use of information obtained in the course of their duties. They must not use confidential information for personal or other purposes. In addition, they should not use official communications for their own personal purposes. It should be noted that during the transfer of all documents related to the conduct of inspections to the person authorized to make decisions, internal auditors shall not include copies, drafts or any they should not store the information in any media outside the designated places.

In the "Strategy of Actions" for 2017-2021 adopted by our government in our country, many tasks are defined, which, in turn, requires improvement of legislation in all fronts in our country.

In fact, in recent years, the existence of shortcomings in the organization of financial control and internal audit services has shown its negative aspects. That is, it led to inefficient use and looting of funds allocated by the state. In particular, 7 billion soums of looting was committed in health institutions of Samarkand region, that is, medicines worth 9.256 billion soums were bought for 14.902 billion soums, 5.643 billion soums at an expensive price¹⁷. In order to prevent such negative situations, many new regulations are being adopted. As we mentioned above, the main goal of all measures is aimed at improving the socio-economic status of the population.

the Republic of Uzbekistan is to increase the quality and efficiency of the correct use of budget funds. determined by installation. Of course, constant monitoring will limit various robberies and excessive spending in our country and will serve for the constant and stable operation of financial and economic activities.

The internal audit service must constantly monitor compliance with the budget and budget institution's accounting legislation.

The employees of the internal audit and financial control service annually improve their skills in the prescribed manner, as well as in the control of budget funds, in terms of economic accounting, and they must be given a document confirming that they have improved their skills.

Conclusions and suggestions.

Based on our research, we have formulated the following conclusions and suggestions:

- the internal audit service in the health care system should provide services at the expense of state budget funds and provide its conclusions on the provision of paid services. in this case, not only the funds allocated by the state, but also in the provision of paid medical services are not allowed to be looted.
- the internal audit service must constantly monitor compliance with the legislation on budget and budget institution accounting.
- the employees of the internal audit and financial control service will improve their skills in economic accounting and budget funds control every year, and they must be given a document confirming their qualification.
- it is expedient to organize the internal audit and financial control service under the supervision of republican councils or public councils on the activity of health care institutions. and at the same time as being accountable to this council, the council should also decide on the hiring and firing of service employees.
- in the internal audit program, it is appropriate to include a separate item on checking the state of budget funds and extra-budgetary funds and their receipt and use, along with giving a conclusion on it.

¹⁷ "People's Word" (online), January 5, 2020.

References:

Andreev, P.P. (2011) "Internal control and audit in the public administration sector and European experience" / P.P. Andreev. - Kyiv: Kafedra, - 120 pages. (p.7)

Decree (2006) "Regulation on Internal Audit Services in Enterprises" approved by the Cabinet of Ministers of the Republic of Uzbekistan by the Decree No. 215 dated October 16.

<http://www.iasab.org/> - Official website of the UK Internal Audit Standards Advisory Board.

Ibragimov A.K., Sugirboeva B.B. (2010) "Budget control and audit." Educational manual. Info COM.Uz. LLC. –T.:

Kolesnik A.L. (2017) "Organization and methodology of conducting internal audit by budgetary funds managers." Ph.D. thesis in Economics. Moscow, p.45.

Makhmonov S.U. (2018) "Improvement of the methodology of accounting and internal audit in budget organizations." Ph.D. (DSc) thesis. –Tashkent, p.55.

Order (2019) Methodological recommendations for conducting internal financial audit: [Order of the Ministry of Finance of Russia No. 822 dated December 30, 2016 (as amended on December 30, 2016)], [Electronic resource] // SPS "Consultant Plus": Legislation: Professional Version. - Access mode: <http://www.consultant.ru> (accessed: January 20, 2019).

Resolution (2018) Rules for the implementation of internal financial control and internal financial audit by federal budgetary funds managers, chief administrators of federal budget revenues, and chief administrators of federal budget deficit financing sources: [Government of the Russian Federation Resolution No. 193 dated March 17, 2014 (as amended on April 23, 2016)], [Electronic resource] // SPS "Consultant Plus": Legislation: Professional Version. - Access mode: <http://www.consultant.ru> (accessed: December 25, 2018).

Shanasirva N.A. (2019) "The necessity of organizing internal audit in the healthcare system." Finance and Banking electronic scientific journal. No. 3, pp. 110-116.

Toyinov B.I. (2018) "Methodological aspects of applying internal audit in higher educational institutions." "International Finance and Accounting" scientific electronic journal. No. 3, June, p.1-8.