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THEORETICAL AND PRACTICAL ASPECTS OF INTEGRATING INTERNAL AUDIT AND INTERNAL CONTROL SYSTEMS IN ENTERPRISES

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<https://doi.org/10.5281/zenodo.20744146>

Abstract. This thesis examines the theoretical foundations and practical significance of integrating internal audit and internal control systems in enterprises. The interrelationship between internal audit and internal control, their role in improving the efficiency of enterprise operations, and their importance in ensuring the reliability of financial reports are explored. In addition, issues of risk management, strengthening financial discipline, and improving the quality of management decisions through the integration of these systems are analyzed.

Keywords: internal audit, internal control, integration, financial reporting, risk management, corporate governance, accounting, audit effectiveness.

Internal control - is a system of methods, rules, and measures within an enterprise or organization aimed at ensuring the legality of operations, the reliability of financial reports, the preservation of assets, and the efficient use of resources.

Internal audit - is an activity aimed at independently and objectively evaluating the operations of an enterprise or organization, examining the effectiveness of the internal control system, and improving risk management processes. Internal audit serves to enhance management effectiveness by providing recommendations to leadership on improving enterprise operations.

In a market economy, forming an effective management system is of great importance for ensuring the stable development and competitiveness of enterprises. Internal audit and internal control are integral components of such a system. These mechanisms serve to preserve enterprise assets, ensure the reliability of financial data, monitor compliance of business operations with legal requirements, and reduce existing risks.

Today, there is a growing need to establish internal audit and internal control systems in enterprises not as separately functioning mechanisms, but as interrelated elements of a unified management system. This is because, while internal control is aimed at preventing potential errors and deficiencies in enterprise operations, internal audit evaluates the effectiveness of that control system and develops recommendations for its improvement.





The internal control system is a set of methods and procedures that ensure the proper execution of financial and business operations within an enterprise. It serves to ensure the rational use of enterprise resources, guarantee the accuracy of financial reports, and prevent fraud. Internal audit, as an independent and objective evaluation activity, examines the effectiveness of the internal control system and provides recommendations to management for eliminating identified deficiencies.

Research shows that the integration of internal audit and internal control systems leads to a number of positive outcomes in enterprise operations. In particular, the quality and reliability of financial reports improve, operational risks decrease, the efficiency of resource utilization increases, and the accuracy of information necessary for management decision-making is ensured. Furthermore, close cooperation between control and audit processes serves to increase the level of transparency within the enterprise.

The ongoing reforms in our country aimed at improving the corporate governance system, introducing international financial reporting standards, and developing the activities of internal audit services further underscore the importance of this field. However, in practice, certain problems persist in some enterprises — including the insufficient independence of the internal audit service, the incomplete formation of internal control mechanisms, and the low level of utilization of information technologies.

In order to address these problems, it is advisable to organize internal audit and internal control systems based on a risk-oriented approach, digitize audit processes, make wider use of modern information technologies, and continuously improve the professional qualifications of auditors. It is also necessary to strengthen the independence of the internal audit service and make effective use of its results in strategic management decision-making.

In conclusion, the integration of internal audit and internal control systems is one of the important factors for ensuring financial stability, increasing the efficiency of business activities, and improving the quality of corporate governance in enterprises. The mutual harmony of these systems serves to ensure transparency in enterprise operations, minimize risks, and increase investment attractiveness. For this reason, developing internal audit and internal control systems in enterprises in accordance with modern requirements remains one of the priority directions of economic reforms.

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