



INTERNAL AUDIT SYSTEMS IN UZBEKISTAN

Tursunova (Pirnazarova) Gulnora Urumbayevna

assistant of the department «Accounting and audit»

National Research University "Tashkent Institute of Irrigation and
Agricultural Mechanization Engineers institute "

gulnora@uzpalmer.com

<https://orcid.org/0009-0005-5874-973X>

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Abstract: The article reveals the approach to expenses is the same as for income. However, in this case, justified and documented expenses should be recognized as expenses related to the receipt of income for deduction purposes. That is, in addition to documentary confirmation, another criterion arises - the justification of the expenses.

There are many questions regarding depreciable assets. In 2021, fixed assets and intangible assets that are accounted for by the taxpayer in accordance with the accounting legislation for tax purposes are recognized as depreciable assets. The reference to accounting is used in the context of reflecting the asset as fixed assets. In determining their value, Article 306 of the Tax Code provides for the following norms for tax purposes:

"Unless otherwise provided for in Part Six of this Article, the value of a depreciable asset is included in expenses through depreciation deductions calculated from the initial value, excluding revaluation of depreciation deductions.

Key words: monetary policy, international financial market, commercial banks, development strategy, financial stability, Central Bank, inflation, loan deposits, problem loans, taxes

Introduction

This Regulation defines the purpose, tasks, functions, rights and obligations of the Internal Audit Service Department of the Ministry of Economy and Finance of the Republic of Uzbekistan (hereinafter referred to as the Ministry) and the procedure for organizing their activities.

The following key concepts are used in this Regulation:

- system organizations - the central apparatus of the Ministry, the Ministry of Economy and Finance of the Republic of Karakalpakstan, the main administrations of economy and finance of the regions and the city of Tashkent, the departments of economy and finance of districts and cities, system organizations within the ministry, and enterprises established in the establishment of the ministry;
- Internal audit service department - a structural unit that performs internal audit activities in system organizations and is independent from other structural structures;
- internal audit activity - independent activity aimed at strengthening budget discipline in system organizations, preventing violations of budget legislation, evaluating the effectiveness of using budget system budgets and other sources not prohibited by legislation;
- internal audit object - system organizations where the internal audit activity is intended to be carried out;
- internal audit activity is a process carried out by an employee of the Internal Audit Service, aimed at achieving the goals of the Internal Audit Service Department in the objects of internal audit.

The Internal Audit Service Department carries out its activities in accordance with the Constitution and laws of the Republic of Uzbekistan, resolutions of the chambers of the Oliy Majlis of the Republic of Uzbekistan, decrees, decisions and orders of the President of the Republic of Uzbekistan, resolutions and orders of the Cabinet of Ministers and other regulatory legal documents, decisions and orders of the Ministry and this Regulation.

The Department of Internal Audit Service is responsible for the implementation of internal audit activities in system organizations.

The Internal audit service department is not responsible for the results of the main activities of system organizations.

In order to implement the goals and tasks of the internal audit service, the internal audit service conducts internal audit activities in the objects of internal audit, including the objects identified through the audit system with the participation of citizens, formalizes the results, and prepares proposals and recommendations.

To implement the goals and objectives of internal audit, the Internal Audit Service Department conducts internal audit activities at internal audit objects, including those identified through the audit system with the participation of citizens, formalizes the results and prepares proposals and recommendations.

Internal audit activities are conducted on the basis of the internal audit annual plan approved by the Ministry's leadership.

Internal audit activities are carried out by employees of the Internal Audit Service Department based on the national standards of internal audit and the manual for conducting internal audit activities.

The Department of Internal Audit Service is established as an independent structural structure in the central office of the Ministry.

In this case, it is not allowed to assign internal audit activities to other structures without establishing the Internal Audit Service Department.

Approval of existing staff units of the Internal Audit Service Department is carried out by the Minister.

The Department of Internal Audit Service is directly subordinated to the Minister of Economy and Finance of the Republic of Uzbekistan.

Other officials of the Ministry are not allowed to interfere in the activities of the Internal Audit Service Department.

Persons with a national qualification certificate for internal audit are admitted to the position of an employee of the internal audit service. Persons without a qualification certificate are not allowed to be employed as an employee of the internal audit service and they are not allowed to work in these systems.

An employee of the internal audit service department is not allowed to participate in internal audit activities or conduct these activities in the following cases:

- if he has personal or property interests in the object of the internal audit, which is intended to be conducted;
- if the period of working at the internal audit facility was covered by internal audit activities planned to be conducted at this facility;
- if there is a conflict of interest or other circumstances that lead to a corruption offense.

The main goal of the internal audit service department is to strengthen budget discipline in system organizations and prevent violations of budget legislation, evaluate the effectiveness and efficiency of budget expenditures, and ensure the execution of documents in the field of internal audit activities.

The following are the main tasks of the Internal Audit Service Department:

- strengthening budget discipline by analyzing and assessing compliance with budget legislation, studying budget accounting and financial reporting;
- prevention of violations of budget legislation by identifying and minimizing the risks of purposeless and ineffective use of budget funds, eliminating the reasons and conditions that enable them to occur, using remote audit;
- to analyze and evaluate the results of the effectiveness of development programs, to increase the effectiveness and efficiency of budget expenditures through the rational use of available resources;
- Development of proposals for the study and development of the efficiency of their use by evaluating the implementation of information technologies in the financing process of system organizations.

The internal audit service department performs the following functions in accordance with the tasks assigned to it:

to strengthen budget discipline by analyzing and evaluating compliance with budget legislation, studying budget accounting and financial reporting:

- examines and evaluates the process of financing from the funds of budgets of the budget system, that is, the procedures and processes for drawing up, approving, and executing the cost estimate and total cost estimate, income and cost estimate, state schedule, and additional documents;
- examines the allocation of the funds of the budget system to the purposes in accordance with the conditions of their use;
- analyzes the implementation of payments in accordance with the established levels of remuneration, position salaries, bonuses, salary supplements and other payments;
- examines whether the funds allocated from the budget are included in the cost estimate in accordance with the regulations;
- examines the observance of the established limited total number of employees, the norms of the ratio between the categories of employees, the model state norms, the procedure for the formation and use of extra-budgetary funds of budget organizations, the established procedure and norms for drawing up staff tables;
- by studying the reliability, validity, completeness and correctness of financial statements, provides reliable information about them to the management;
- in order to avoid unjustified debtor and creditor debts, by studying the state of existing debtor and creditor debts, the causes and sources of their origin, develops proposals to reduce all types of debtor and creditor debts, to take measures to prevent their occurrence;
- examines the continuity and operability of assets by evaluating their use and maintenance and makes recommendations based on their results;
- keeps statistics of cases of violations of the identified budget legislation and informs the head of the Ministry about them;



- examines compliance with the requirements set by the legislation in public procurement and the activities of procurement commissions;
- investigates whether the purchased goods are fit for purpose, are properly delivered, and are used purposefully and effectively;
- examines the fulfillment of the responsibilities of the parties for non-fulfillment or inadequate fulfillment of business contracts;
- examines the possibility of non-compliance with the regulatory legal documents regulating the activity and its financial support;
- provides explanations and recommendations within the scope of its authority regarding legislative documents on the budget;
- supervises the implementation of proposals and recommendations made to eliminate deficiencies identified as a result of the internal audit activity;
- cooperates with state financial control bodies and internal audit services of other ministries and agencies;
- prepares recommendations on issues of strengthening the composition of financial and accounting staff;
- on the prevention of cases of violations of budget legislation by identifying and minimizing the risks of purposeless and inefficient use of budget funds, eliminating the reasons and conditions that enable them to occur, using remote audit:
- increases the efficiency of internal audit activities by using remote audit on a large scale, identifying internal audit objects and directions using modern information technologies and databases;
- develops measures aimed at preventing and eliminating cases of inefficient use of funds by performing a risk analysis;
- makes proposals for their elimination and improvement by identifying mutual inconsistencies, shortcomings and gaps in regulatory legal documents regulating financial provision;
- prepares proposals for future prevention and prevention of violations of budget legislative documents determined by the results of financial control and external audit conducted by state financial control bodies;
- monitors the management of budget funds and budget accounting in system organizations by means of special automated software products;
- monitors the conduct of tender sales and the conclusion of contracts using special information systems;
- provides suggestions on the prevention of cases of violations of budget legislation and prospective directions for their prevention;
- in the process of developing drafts of normative-legal and internal departmental documents related to financial and economic issues, considers the fulfillment of tasks of system organizations in full, on time and in good quality, from the point of view of economic efficiency, financial expediency;
- in order to prevent financial errors and shortcomings, prepares proposals for the development of special remote audit modules and placement in software packages;

- participates in or organizes industry-related seminars, trainings and other such events;

to analyze and evaluate the results of the effectiveness of development programs, to increase the effectiveness and efficiency of budget expenditures through the rational use of available resources:

- analyzes and evaluates the results of the implementation of performance (target) indicators of development programs of system organizations and makes proposals for the introduction of new performance indicators related to the sector;

- prepares proposals for improving the structural structure and positions within it, subordination and accountability, formed to fulfill the tasks of system organizations;

- by identifying and evaluating repetitive and inefficient tasks and functions of system organizations, makes suggestions and recommendations on their optimization, establishment of public-private partnership activities or full transfer to the private sector;

- makes a proposal on the possibilities of generating and increasing income to extra-budgetary funds by effectively using existing material, financial and human resources to achieve high performance, in particular, by organizing additional activities;

- prepares proposals for increasing income and rational use of funds by analyzing the formation and use of extra-budgetary funds;

- evaluates the expediency of allocating subsidies from the budgets of the budget system, the purposefulness and targeting of the allocated subsidies, and their effectiveness;

By evaluating the application of information technologies to the financing process of system organizations, developing proposals for studying and developing the effectiveness of their use:

- evaluates the state of implementation of software and information technologies and examines their compliance with regulatory and legal documents regulating the activities of system organizations;

- evaluates whether the financial information obtained from the software is correct and complete;

- evaluates the effectiveness of procedures, stages and processes of using software packages, develops proposals for their optimization and improvement;

- prepares proposals aimed at ensuring more efficient and effective activities by implementing modern information-communication and digital technologies.

The internal audit service department has the following rights to perform the tasks and functions assigned to it:

- request and receive documents and information related to the implementation of internal audit activities in electronic, oral and written form;

- exercise their powers independently, subject only to legal documents;

- to use the database of state bodies and organizations in real time to perform the assigned tasks;

- to receive an explanation of the arising issues from the official of the object of internal audit and the persons responsible for the field where the internal audit event is conducted;

- to ask relevant employees of internal audit facilities to sign documents on the results of internal audit activities;



- exchange of information on the activities of the internal audit facility with state financial control bodies;
- involving specialists in the structure of system organizations to consider issues that require special professional knowledge in the implementation of internal audit activities;
- access to and use of all buildings of the internal audit facility, as well as electronic and paper archives and software packages, in cases not prohibited by legislation for the purpose of conducting internal audit activities;
- participation in meetings related to financial and economic issues called by system organizations;
- in cases where signs of crime are detected, in cases where cash registers and cash register buildings, warehouses, archives and other buildings are sealed, in cases where signs of forgery, falsification and other abuses are detected, confiscation of relevant documents from the object of internal audit, as well as fixed assets, material assets from officials of system organizations, to demand the transfer of funds and accounts;
- use of technical means, including audio-photo and video recording means, to record the results of internal audit activities;
- In case of situations where it is not allowed to conduct internal audit activities with an employee of the internal audit service department, to refuse or stop conducting an internal audit event;
- organization of meetings, seminars, contests and other events aimed at increasing the financial literacy of employees in cooperation with structures on financial and economic issues in system organizations;
- submission to the leadership of the Ministry for development and approval of drafts of internal departmental documents related to internal audit activities.

The Internal Audit Service Department may have other rights in accordance with legal documents.

The responsibility of the Internal Audit Service Department is as follows:

- to comply with the requirements of regulatory legal documents related to internal audit activities, not to deviate from the scope of one's authority;
- implementation of internal audit activities without allowing the influence of unbiased, subjective opinions;
- to ensure that internal audit activities are conducted by employees of the internal audit service without taking actions that may damage the reputation of the internal audit service and in compliance with the rules of ethics;
- report directly to the first head of the Ministry about the cases of violations of the budget legislation, financial errors and shortcomings, purposeless and illegal expenses, shortage of funds and goods;
- in case of detection of signs of crime, signs of corruption violations (including by the persons who carried out the internal audit activity), to take appropriate measures (documentation, preventive measures) and to notify the first head of the Ministry about sending materials to law enforcement agencies;
- ensure the reliability, validity, impartiality and completeness of the information stated in the documents on the results of the internal audit activity;



- compliance with information security requirements in the implementation of internal audit activities;
- officialization of the results of internal audit activities in the prescribed manner; ensuring complete preservation and return of received documents;
- regularly providing information to the first head of the Ministry regarding the results of the internal audit event;
- Ensuring that plans of internal audit activities are included in the "State Audit" program, all internal audit activities are registered and their results, budget expenditures and the results of evaluation of the implementation of target indicators of development programs are included;
- to introduce mandatory instructions to internal audit objects to eliminate cases of violations of budget legislation, the reasons and conditions that make it possible to commit them;
- inform the first head of the Ministry about cases of violations of budget legislation that he has identified within one working day and that cannot be resolved within the scope of his authority, and inform the State Financial Control Inspectorate based on the head's assignment;
- for non-fulfillment of business contracts and non-fulfilment to an appropriate level, to inform the first head of the Ministry to apply the measures of responsibility provided for by the Law of the Republic of Uzbekistan "On the Contractual-Legal Basis of the Activity of Business Entities" and notify the State Financial Control Inspection based on the head's assignment;
- monitoring the implementation of measures to eliminate cases of violations of budget legislation identified during the internal audit event;
- drawing up reports on cases of non-submission of requested documents and materials by officials of system organizations during internal audit activities;
- drawing up a report on the refusal of the officials of the internal audit object to give explanations and sign the documents formalized according to the results of the internal audit event;
- strictly complying with the requirements of legal documents on the appeals of individuals and legal entities when considering the appeals of individuals and legal entities;
- not to disclose state, commercial and service secrets;
- taking measures to prevent corruption, including conflicts of interest, in the performance of assigned tasks and functions;
- conducting business in the prescribed manner, keeping a copy of the documents collected on internal audit activities within the period specified in the legal documents, and keeping accounts;

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