

Improving the Theoretical Framework of Internal Audit in the Corporate Governance System

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ABSTRACT

This article describes the role and importance of internal audit in enterprises in the corporate governance system, as well as the existing problems in its organization. It is based on the issues of improving the theoretical framework for the organization of internal audit in the corporate governance system.

KEYWORDS: *corporate governance, enterprise, internal audit, investor, proprietor, creditor, investment, financial account, report*

INTRODUCTION. Today, the rapid globalization of the economy and the influx of economic integration processes require the use of the most effective forms and methods of managing enterprises. There is of particular importance in enterprises based on corporate governance, and it is desirable to increase their exposure. But the analysis shows that currently, the expansion of the corporate governance (KB) system remains relevant not only for Uzbekistan, but also for foreign companies. At the same time, at the same time as the market and market infrastructure in our country is developing, the quality of corporate governance, as well as the accuracy, correctness and condition of financial calculations become the criteria that creditors and investors manage in the choice of investment goals.

"Because, a market Model recognized as a pillar of interests, first of all requires a clear algorithm of calculations, their evaluation and in-depth analytical solutions" [1]. Because, to achieve financial competitiveness and maintaining the right financial policy can be achieved by maximizing the profit of the enterprise, optimizing the capital structure and ensuring its financial stability, increasing the attractiveness of the financial position for owners, investors and creditors, making use of all the opportunities of the market environment in the formation of effective management of the enterprise. Therefore, it is necessary to examine the organization of internal audit in enterprises in the corporate governance system on the basis of international standards and requirements. Internal audit function management unit (specially structured internal structural unit) internal control of the leadership by it is carried out by effective functioning of the system, effective use of economic resources recommendations for use are given. After all, the purpose of internal audit is the compilation of recommendations, a mandatory measure taken into account by the management.

LITERATURE REVIEW. A number of foreign and local economists' textbooks and educational manuals, results of scientific research, scientific articles were published on the issue. For Example, In the textbook "Analysis of the financial state of economics" of M.Y.Rakhimov [2],

M.Tolakhodjayeva, Sh.Ilkhomov and others of the textbook "Audit"[3], B.Yu.Khodiyeu, R.X.Karlibayeva, N.I.Akramova's Text match "Corporate governance"[4] Training manual, as well as a number of foreign literature, in particular, the textbook of K.R.In Subramanyam "Financial statement analysis" [5] It is based on modern management and the need to organize in it the accounting, analysis and audit on international requirements.

However, our research shows that in the system of corporate governance there is insufficient resources devoted to the scientific and theoretical foundations of the organization of internal audit on the basis of international standards, and the conduct of research is of particular relevance.

The study and study of the organization of internal audit in enterprises in the corporate governance system on the basis of international requirements and standards, the relevance and importance of the present day, is also based on the adoption of the resolution of the president of the Republic of Uzbekistan № PP-4611 of February 24, 2020 "on additional measures for the transition In particular, the period of" providing foreign investors with the necessary information environment by accelerating the transition to International Financial Reporting Standards (IFRS) and expanding their access to international financial markets, as well as improving the system of preparation of specialists in the field of accounting and auditing according to international standards" [6] is a requirement.

RESEARCH METHODS. In the corporate governance system, internal audit is studied using theoretical foundations, monographic observation, methods of analysis and synthesis, logical thinking.

RESULTS AND DISCUSSION. There is no single definition for the" concept of corporate governance". According to the definition of the World Bank, corporate governance is understood to be such a combination of legislation, norms and practice of the private sector in a suitable manner that they give the company the opportunity to attract financial and human resources, carry out effective activities, and consequently ensure that shareholders maintain their existence by increasing long-term economic value for their[7]. As can be seen from this definition, in today's modern economy, the organization of internal audit in enterprises in the corporate governance system on the basis of international standards is a periodical requirement.

Today, internal audit has become one of the main components of the enterprise's corporate governance system. Internal audit is also a positive advantage for potential investors, helping to increase the investment attractiveness of the enterprise. In addition, the organization of an internal audit system in companies helps to protect the interests and safety of the shareholders (owners) and the management, to be aware of errors and robberies, to eliminate the biggest mistakes and risks that may occur to the enterprise in the future, to identify its weaknesses and to develop management principles. The presence of internal audit in enterprises based on corporate governance is an important factor for the aksioner (proprietors) who entrust the management to professional managers. As our research shows, a number of problems of the organization of internal audit are observed in enterprises in the corporate governance system:

- firstly, the level of trust in the Internal audit Services is low and is regarded as excessive and malleable administrative procedure, rather than as a guarantee of maintaining the accuracy of the record keeping and the state of the structure of the reports to the internal audit;
- secondly, the lack of taking into account the quality and conclusions of the Internal audit Service in the external audit;
- third, the lack of theoretical and methodological bases for special training of internal auditors and adaptation of the current system of professional development to international requirements;

- from the four, the national standards of audit activity are not fully consistent with the generally accepted international auditing standards, which do not ensure the formation of the ability of foreign investors to understand the veracity of financial statements of local enterprises.

Also, the relevance of internal audit in the formation of effective corporate governance is closely related to the fact that the legislative framework of relations between management and owners has not been sufficiently developed and the procedure for the elimination of corporate conflicts.

In finding solutions to the above problems, it is expedient to create scientific sources on the theoretical and methodological basis of internal audit in the corporate governance system. Because, internal audit is an independent activity, providing object confirmation and advice, looking for ways to increase the value of the shareholder and improve the economic activity of the enterprise, creating the opportunity to develop a program of measures. As a result, in order for the internal audit to achieve the set objective of the enterprise, a systematic and sequential approach to evaluation and increase the effectiveness of risk management processes will help in internal control and corporate governance.

As a result of the study of theoretical-scientific and methodological sources related to the same field, managers, founders in the corporate governance system will have knowledge, information about the goals and objectives of internal audit and will achieve the purposeful, effective organization of this activity, full use of its capabilities.

As can be seen from the analysis, today the demand for specialists in maintaining the internal audit of the enterprise is increasing. But the requirements for them also increase. They must have knowledge in the Financial Field, understand internal control and corporate governance, know the national and international standards of internal audit, and also understand the specific characteristics of the activity to be analyzed.

CONCLUSION. Improvement of theoretical and scientific foundations in the effective organization of internal audit in enterprises in the corporate governance system on the basis of international standards also leads to improvement of the methodology of internal audit. Improvement of the internal audit methodology in the corporate governance system based on international practice and local experience, contributes to the sustainable development of the economy and improvement of the social situation [8].

Internal audit activities should be aimed at ensuring the flexibility, discipline and reaction of the business and the main task is to provide the necessary information management to make tactical and strategic management decisions [9].

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