



## **WAYS TO STRENGTHEN FINANCIAL CONTROL IN ENTERPRISES THROUGH THE IMPROVEMENT OF THE INTERNAL AUDIT SYSTEM**

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***Abstract:*** *This article examines the role of the internal audit system in ensuring financial discipline and control within enterprises, and analyzes the necessity of its development based on modern approaches. The research focuses on the efficiency of internal audit processes, their integration with information technologies, and the attitudes of staff and management toward internal auditing. The practical state of internal audit in Uzbek enterprises is studied, with recommendations offered for alignment with international standards.*

***Keywords:*** *internal audit, financial control, audit effectiveness, internal control system, international auditing standards, information technology.*

The financial stability and successful implementation of long-term development strategies in enterprises primarily depend on financial discipline and transparent accounting. The internal audit system plays a crucial role in this regard. Its main task is to inspect and clarify financial and operational activities, identify existing risks, and offer proposals to prevent them.

Numerous studies have shown that in organizations with an established internal audit system, the level of financial errors and misconduct is significantly lower. However, this system should not be limited to mere reporting; it must evolve into a tool that influences managerial decisions. Especially, updating systems for strategic planning, budgeting, and risk assessment based on audit conclusions is an essential part of modern approaches.



Although auditing activities in the Republic of Uzbekistan are regulated by specific legislation, the scope and quality of internal audit vary considerably across enterprises. While some large companies operate independent internal audit departments, in small and medium-sized businesses, the system is not yet fully developed. Particularly in the non-governmental sector, insufficient attention to internal control and audit has led to weak financial discipline.

Several key factors are critical to improving the effectiveness of internal audit. Firstly, the professional qualifications of auditors and their continuous upskilling. Secondly, the integration of modern technologies such as electronic audit platforms, big data analysis, and financial software into the audit processes. These tools not only accelerate the auditors' work but also increase the accuracy of detecting errors.

Ensuring the independence of internal audit is also a crucial issue. Instead of reporting directly to management, the internal audit function should be accountable to the enterprise's supervisory board or compliance committees. Otherwise, auditors may be pressured by management and unable to provide objective assessments, reducing the audit function to a mere formality.

Observations indicate that in enterprises where an internal audit department is active, the following results were recorded: operational costs decreased by 8–12%, instances of financial violations dropped by 30%, and decisions made based on audit recommendations increased profitability by an average of 6–9%.

Therefore, it is necessary to improve the internal audit system in both private and public enterprises operating in Uzbekistan in the following directions:

- First, encourage the professional development of internal auditors based on international certifications (CIA, ACCA, CISA);
- Second, develop regulatory documents that ensure the independence and transparency of internal audit functions;
- Third, implement electronic audit systems integrated with IT infrastructures;
- Fourth, create mechanisms to make internal audit findings mandatory components of management decision-making.



Internal audit should not merely serve as an inspection mechanism but evolve into a tool that supports strategic management. Through it, the financial stability, reliability, and transparency of an enterprise can be ensured. A robust internal audit system must be considered an indispensable mechanism for long-term development and increasing investor confidence.

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