

EFFECTIVE ORGANIZATION OF INTERNAL AUDIT IN COMMERCIAL BANKS

*Qurbonov Rufat Baxtiyorovich**Professor of the Department of “Bank Accounting and Audit” of Tashkent State University of Economics**e-mail: rufatjon86@gmail.com ORCID: <http://orcid.org/0000-0002-6841-9292>**Tel: +99890-949-13-40*

Annotation: This thesis develops proposals for the formation of an internal audit service in commercial banks of our Republic, its methodological, general, technical and organizational structure, and its improvement based on international standards of internal audit, thereby improving accounting and reporting in commercial banks..

Keywords: bank, internal audit service, accounting and reporting, auditor, auditor's report, audit committee, external audit, audit report..

The main goal of economic reforms in our country is to restore state financial market relations and the economy of the population. Today, many reforms are being carried out in order to develop a market economy, and as a result of these reforms, the role of commercial banks in the state economy is increasingly increasing.

On May 12, 2020, the Decree of the President of the Republic of Uzbekistan No. PF-5992 “On the Strategy for Reforming the Commercial Banking System of the Republic of Uzbekistan for 2020-2025” was published.[PF-5992, 2020]. In particular, the updated laws and principles of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan”, “On Banks and Banking Activities”, “On Currency Regulation” and “On Payments and Payment Systems” were adopted, which are in line with international standards and embody the legal environment for attracting foreign investment in the financial sector. This decree defines the goals, objectives and priority areas for the development of the commercial banking system, the directions for the transformation and reform of commercial banking systems in 2020-2025, and ways to find possible solutions based on the experience of foreign countries in transforming their financial sectors and taking into account global trends in the financial sector. Commercial banks can save a significant amount of money by using audit services. The instruction of the Central Bank of the Republic of Uzbekistan “On the requirements for the internal audit of commercial banks” states that the auditors’ committee is formed by the bank council and none of the bank management members should be included in its composition. The role of bank audit, including the internal audit of commercial banks, is incomparable in the development of the economic system of commercial banks, intensification of competition between banks, in protecting the interests of bank shareholders, founders, clients, and in the global expansion of our banks. The fact that bank internal audit is an important factor of a market economy has also been confirmed by foreign countries. International and national scientists have given many definitions to the concept of internal audit in commercial banks. Professor Ibragimov A.K., in his textbook “Organizational foundations of internal audit in commercial banks based on international auditing standards”, discusses in detail the organizational foundations and development of internal audit in commercial banks of the Republic of Uzbekistan, as well as the methodology for conducting it. It broadly covers the organizational and legal foundations of internal audit in commercial banks, the importance of internal audit, and its necessity in commercial banks. It analyzes and covers, based on practical data, the planning of internal

audit in commercial banks, internal audit standards, audit significance and audit risks, collection of audit evidence, audit procedures, and assessment of the internal control system. (Ibragimov A.K., 2013).

In order to achieve the goal of ensuring the implementation of management decisions in the process of managing the activities of commercial banks, in order to ensure the uniformity (unification) of the reporting of the internal audit service of business entities, the author has developed a proposal for the introduction of a model summary report form for formalizing the results of internal audits and its many types.

Audit yo'nalishi	Tekshiruv usuli	Ichki auditning vazifalari
Faoliyat natijalarini baholash	Amalga oshirilgan xo'jalik operatsiyalarini baholash usuli	Bankning tadbirkorlik faoliyatini, ishonchliligi va barqarorigini, mulkdorlar kapitalining daromadlilikini baholash. Bank risklarini inobatga olgan holda auditdan maqsadli va tizimli foydalanish.
Faoliyat samaradorligini baholash	Bank faoliyati ko'rsatayotgan iqtisodiy muhitni tahlil qilish va baholash	Tahlilda tekshiruvning maqsadi va uslublarini aniqlash, moliyaviy ahvolini baholash va rivojlanish dasturlarini amaliyotga tadbiq qilish masalalariga alohida e'tibor berish. Aktivlar butligini o'rganish, elektron dasturiy mahsulotlar sifatini huquqiy tomonlarini tekshirish, iqtisodiy ko'rsatkichlarni hisoblash va turli masalalar bo'yicha maslahatlar berish.
Faoliyat camaradorligini baholash	Boshqaruv faoliyatini baholash	Menejment funksiyalari va bankning boshqaruv sifatini baholash, uni takomillashtirish yuzasidan takliflar berish. Audit usullarini kengaytirish va takomillashtirish dalillari olish, aktivlar butligini tekshirishning nisbiy va kompyuter usullarini qo'shimcha ravishda rivojlantirish

Figure 1. "grouping of internal audit areas and tasks.

The inspection of credit activities of commercial banks shows in practice that in most cases the bank's internal instructional materials and regulations have not been developed. These include the inspection of the regulations of credit departments and legal and regulatory documents of officials, the distribution of duties and instructions on granting loans, decisions of credit committees, etc.

The work plan of internal audit of commercial banks should be improved in the following areas.

1. During the period of drawing up the 1-year work plans of the internal audit service of commercial banks, it is more expedient to coordinate them with the activities of audit firms conducting external audit audits of commercial banks.
2. Coordination of the 8-year work plan of internal audit activities of commercial banks with the plans of inspection audits of the Central Bank will help prevent excessive costs.
3. During the period of drawing up the first-year work plans of internal audit services of commercial banks, Coordination with the activities of audit firms conducting external audits is necessary.

4. It is considered necessary to align the eight-year work plans of internal audit activities of commercial banks with the plans of inspection inspections of the Central Bank in order to avoid additional costs.

We have expressed some thoughts on harmonizing the concept of forming an internal audit service in commercial banks with international auditing standards. We believe that this topic is broad and interesting for everyone, and in the future we consider it necessary to improve it based on the opinions of bank employees (chief accountant and internal auditors), and in conclusion we note the following:

Firstly, the accounting methodology in commercial banks in accordance with international standards of internal audit should indicate the selected methods of recognition, measurement and reflection of accounting objects in accounts, and methodological aspects should be expressed for each element of the balance sheet and other forms of reporting.

Secondly, the accounting techniques of banks in international standards of internal audit, in which It is possible to include the plan of working accounts necessary for accounting, the attachment of account registers to accounts, an album of document forms, the terms and procedure for conducting an inventory, modern computers and other organizational technical means, classifiers and codifiers necessary for their use.

Thirdly, the organization of accounting in international standards of commercial internal audit should indicate the selected organizational form of accounting work, the method of organizing the work of accounting staff, the selected option for distributing functional responsibilities between accountants, the organization of document circulation, the appointment, dismissal, rights and obligations of the chief accountant.

Fourthly, the internal audit service established by banks indicates the soundness of their financial activities and is also one of the first important indicators of commercial banks. In our opinion, it is impossible to assess a bank and compare and analyze it with other banks without familiarizing yourself with the bank's internal audit service.

REFERENCES LIST

1. Decree of the President of the Republic of Uzbekistan No. PF-5992 "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025". February 12, 2020.
2. . Ibragimov A.K, Umarov Z.A, Khotamov K.R, Rizayev N.K, "Organizational Foundations of Internal Audit in Commercial Banks Based on International Auditing Standards". Textbook. Banking Finance Academy of the Republic of Uzbekistan Tashkent-2013.
3. Akhmadzhanov K. Improving the Technology of Preparing, Planning and Conducting Internal Audit Inspections. Dissertation. Tashkent-2020.
4. <https://sciedirect.com/> Advances in accounting. Factors that influence the perceived use of internal audit's function work by executive management and audit committee. Mark Eulerich, Jolen Kremin and David A. Wood.
5. Kurbanov, R. (2020). The practice of strengthening the resource base in private banks. *International Journal of Economics, Commerce and Management*, 8(3), 23485-0386.
6. Kurbanov, R. B. (2017). The role of deposits in strengthening the resource base of commercial banks. *Economics and business: theory and practice*, (4-2), 51-54.
7. Kurbanov PhD, R. (2021). Analysis of efficiency indicators of private banks activity. *International Finance and Accounting*, 2021(1), 11.