



## SOCIO-ECONOMIC SIGNIFICANCE OF INTERNAL AUDIT IMPROVEMENT IN THE REPUBLIC

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### ABSTRACT

Improving internal audit processes plays a crucial role in shaping socio-economic landscapes in various sectors. This improvement has significant implications for financial integrity, fraud prevention, compliance, governance, operational efficiency, risk management, investor confidence, job creation, public trust, innovation, growth and global competitiveness. By ensuring clarity, transparency and ethical practices, improved internal audits contribute to a sustainable and prosperous economy, while building trust among stakeholders and attracting investment.

### KEYWORDS

Fraud, risk, corporate crime, cyber security, investor.

### INTRODUCTION

In the ever-evolving landscape of business and governance, the importance of internal audit processes cannot be overstated. The socio-economic fabric of our societies relies heavily on the effectiveness of these audits, as they help ensure

financial integrity, prevent fraud, promote compliance and governance, improve operational efficiency, manage risk, improve investor confidence, create jobs is of great importance in creating, increasing public confidence, developing innovations and strengthening

global competitiveness. This paper examines the multifaceted socio-economic significance of improving internal audit practices across industries and its broader implications for economic stability and growth.

## MAIN PART

In the complex structure of modern business and management, the role of internal audit is to act as a watchdog to protect against financial errors, operational inefficiencies and ethical violations. The socio-economic importance of strengthening internal audit processes cannot be overstated as it affects financial integrity, fraud prevention, compliance, governance, operational efficiency, risk management, investor confidence, job creation, public trust, innovation, o has a direct impact on growth and global competitiveness. First, improving internal audit processes is important in ensuring financial integrity in organizations.

Accurate and transparent financial reporting is not only a legal requirement, but also the basis of investor confidence and market stability. By conducting thorough audits and implementing rigorous controls, companies can demonstrate their commitment to

sound financial practices, thereby attracting investment and stimulating economic growth. In addition, the socio-economic impact of improved internal auditing is focused on fraud prevention. With the prevalence of financial crimes and corporate misconduct, internal auditing serves as a critical line of defense. Detecting and preventing fraudulent activity not only protects company assets, but also protects the interests of shareholders, employees and other stakeholders. This, in turn, contributes to a more reliable and stable business environment.

Ensuring the implementation of the decision of the President of the Republic of Uzbekistan "On further increasing the efficiency of the State budget expenditures of the Republic of Uzbekistan and improving the activities of state financial control bodies" dated February 14, 2022 PQ-128, as well as the Ministry and In order to further develop the internal audit service of agencies and improve the regulation of their activities, the Cabinet of Ministers decides:

1. The model regulation on the internal audit service of the Ministries and agencies (hereinafter referred to as the Regulation) should be approved in accordance with the appendix:

the basis and procedure for organizing internal audit services in ministries and agencies;
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duties and functions of the internal audit service;
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qualification requirements for employees of the internal audit service and restrictions on participation in internal audit activities;

analysis and assessment of compliance with budget legislation by internal audit services and study of the formation of financial reports;

preparing reports on the rights and obligations of the internal audit service, as well as the activities of the internal audit service;

### 1. TABLE

Strengthened internal audit processes in the area of compliance and governance are indispensable. Regulatory requirements are becoming increasingly strict, which requires strict adherence to rules and standards. Effective internal audits ensure that organizations operate within legal boundaries, support ethical practices, and reduce risks associated with non-compliance. This not only reduces legal liabilities but also fosters a culture of transparency and accountability. Operational efficiency is another area where improved internal auditing will have a profound impact. Through systematic review and analysis, the audit identifies inefficiencies, redundancies and bottlenecks in the processes. By solving these problems, organizations can streamline operations, reduce costs, optimize resource allocation, and improve overall efficiency. This efficiency translates into clear socio-economic benefits such as increased competitiveness and profitability. In addition, risk management is inextricably linked to improving internal auditing. In today's dynamic business

environment, organizations face many risks, from financial volatility to cyber security threats. Strong internal audits assess and mitigate these risks, enabling companies to anticipate challenges, respond effectively, and maintain resilience. This proactive approach not only protects against potential losses, but also instills confidence in investors, creditors and other stakeholders.

The socio-economic impact of improved internal auditing extends beyond individual organizations. They contribute to broader economic stability by strengthening investor confidence, attracting capital investment and stimulating job creation. Professionals skilled in audit and compliance roles play a vital role in this ecosystem, driving innovation, best practices and sustainable growth. The importance of internal audit is particularly evident in areas such as health, education and public services. Rigorous audits ensure accountability, transparency and responsible use of resources, thereby increasing public trust and satisfaction. This, in turn, paves the way for better

service delivery, better outcomes, and a more just society.

## CONCLUSION

In conclusion, the socio-economic importance of improving internal audit processes cannot be overestimated. From financial integrity to risk management, from compliance to innovation, internal audit is the cornerstone of modern governance and business excellence. By investing in strong audit practices, organizations build a foundation for sustainable growth, ethical leadership, and a sustainable economy locally and globally.

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