



INTRODUCTION OF INTERNAL AUDIT IN THE STATE EDUCATIONAL SECTOR OF UZBEKISTAN

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Article history:	Abstract:
Received: 14 th February 2026 Accepted: 11 th March 2026	The article describes the role, objectives, tasks and regulatory frameworks of internal audit in the public sector, foreign experience of internal audit, and the possibility of using the public sector in the Republic of Uzbekistan.
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INTRODUCTION. In order to improve the competitiveness of the national economy and to further strengthen macroeconomic stability in the new stage of the economic reforms being implemented in our country, it is necessary to improve the system of state financial control in terms of content and qualitative modern requirements.

This is clearly indicated in the third paragraph of the "Strategy for Action for the Development of the Republic of Uzbekistan in 2017-2021", which focuses on improving the inter-budgetary relations aimed at ensuring balance between all levels of the State budget while maintaining social orientation of expenditures, strengthening the revenue of local budgets. can be seen. [1].

Management and control of public finances in our country comprehensive reforms have been carried out to improve the quality of life. These include increasing the transparency of the budget process strengthening public control over it, from the budget improvement of financing, accounting and reporting mechanisms, budget discipline at institutions under the jurisdiction of ministries and agencies as well as contemporary information technology and internationally recognized financial control the violation of budget legislation through the introduction of standards and the role of public financial control over prevention and prophylaxis of HIV / AIDS.

According to the Resolution of the President of the Republic of Uzbekistan from August 21, 2017 "On further improvement of the mechanism of financing of educational and medical institutions and the system of state financial control" PQ-3231 Ministry of Public Education, Ministry of Health, Ministry of Higher and Secondary Specialized Education, Higher and Secondary the Center for Secondary Special and Professional Education of the Ministry of the Special Education and the Off-budgetary Pension Fund under the Ministry of Finance of the Republic of Uzbekistan, as well as Karakalpakstan Ministry of Public Education, Ministry of Public Health, Department of Secondary Special, Professional Education, Provincial Directorate

of Public Education, Health, Secondary Special, Vocational Education and Public Education, Main Departments of Public Education, internal audit and financial control services were set up.[2].

It is possible to say that in the legislative order it is planned to establish an internal audit service in the state-financed organizations.

LITERATURE REVIEW. The experience of foreign countries shows that the effective functioning of state financial control mechanisms directly depends on the internal audit functioning in the state-funded organizations. Therefore, internally developed countries, including the United States, Great Britain, Japan, Germany, introduced an internal audit system in budget organizations.

First of all, it is important to properly understand the definition of this concept when talking about internal audit. Internal Audit is an independent and objective assurance and advisory body to improve the performance of the organization, as described by the Institute of Internal Auditors. Internal Audit helps the organization achieve its objectives through a systematic, consistent approach to risk management, monitoring and evaluation of the effectiveness of corporate governance processes ". [3].

This definition describes the objectives and functions of the internal audit, which are generally stated. According to international experience, the internal audit scope is divided into two sections: internal audit in the public sector and internal audit in the private sector.

When we talk about the role of internal audit in the public sector, we have to define its goals and objectives

In our opinion, internal audit in the state-funded organizations is a system that specializes in the provision of professional advice on the targeted expenditure of budgetary funds, the legitimacy of financial transactions and the fair control of the financial control system, the fundamental planning and expenditure of an organization's expenditure.



Prof. S.Mekhmonov's dissertational work has been studied the organizational and practical aspects of the internal audit service in budget organizations, the development of methodological support for internal audit in the budgetary organizations and the effectiveness of the internal audit service.[4].

RESEARCH METHODS. The research paper used comparative and statistical analysis, structural and functional approach, grouping, comparison, generalization and other methods.

MAIN PART. In 2013-2014, the United Nations Development Program "Budget System Reform in Uzbekistan" has assisted in reforming the accounting and reporting system in the public sector, the main focus of which is to assess and report the International Accounting Standards (IAS) adaptation to the national accounting system.

In the "Public Finance Management Reform Program" adopted by the Government of the Republic of Uzbekistan, achieving the mainstreaming of accounting in the public sector in accordance with Public Finance Statistics 2001 and the International Accounting Standards for Public Sector Accounting as it is considered.

In order to implement international standards, the project elaborated a concept for improving international accounting and reporting systems. As a result, Uzbekistan has already developed 12 Budget Accounting Standards (SBUs) and posted on the Ministry of Finance's website. Some of them are officially registered by the Ministry of Justice, while others are in the process of registration. The introduction of national accounting standards in budgetary institutions in accounting practice of the country requires skilled and targeted work with experts. [1.] At present, the state financial control system in our country is mainly comprised of external financial control, and the competent authorities, including the Chamber of Accounts of the Republic of Uzbekistan, the Ministry of Finance, the Tax Committee and the General Prosecutor's Office. Despite the implementation of a number of measures and normative and legal acts aimed at strengthening and effective functioning of the state financial control, deficiencies and violations are ineffective in the effective use of funds from state-funded organizations. However, the Resolution of the President of the Republic of Uzbekistan "On further improvement of the mechanism of financing of educational and medical institutions and the system of state financial control" from August 21, 2017, pursuant to the Resolution PR-

3231, ensures the control and transparency of budget funds implementation and the sharp positive making changes. With this Resolution the Main Department for Control and Audit of the Ministry of Finance of the Republic of Uzbekistan was reorganized into the Main Department of State Financial Control of the Republic of Uzbekistan and assigned the following additional tasks:

- permanent monitoring of the financial activities of the state-financed organizations through the special automated software products for budgetary funds management and budgetary accounting in the organizations financed from the State Budget;
 - carrying out preventive works on systematic basis with the state budget-financed organizations on budget compliance;
 - in-depth analysis of cases of spoilage of monetary funds and material values, disclosure of deficits, calculation of expenditure estimates and state schedules, and other violations of the budget legislation, determined by state-financed organizations, and conditions of their creation elaborate concrete measures for elimination;
 - increasing the effectiveness of inspections of state-funded organizations simultaneously with the minimization of inefficient audits by identifying objects and targets of wide-scale use of remote control, modern information technologies and database. [3]
- In addition, in accordance with paragraph 9 of the Decree, the Department of Budgeting and Treasury Execution, Internal Audit and Financial Control Methodology was established within the Central Office of the Ministry of Finance of the Republic of Uzbekistan.
- Improvement of the budget process methodology in the directions aimed at increasing the effectiveness of using budgetary funds on the basis of advanced international experience, self-sufficiency of the budget of the Republic of Karakalpakstan, local budgets of provinces and the city of Tashkent, as well as increasing the interest of local authorities in the field of budget revenues and rational use of their resources;
 - Further improvement of the system of budgetary accounting and reporting using modern information technologies, treasury execution of budget system budgets and development of the system of state financial control;
 - organizational and methodological support and coordination of internal and external internal audit and financial control services, implementation of international standards of internal audit and financial control.[3] .



As for the foreign experience of the introduction of the internal audit system in the state-financed organizations, the main aspects of the implementation of the internal audit system are given below (Table 1). An Internal Audit Institute in the United States, which is home to internal audit, incorporates 150,000 members in over 165 countries and has about 65,000 certified internal auditors. The following two important documents are used in the US Internal Audit Regulation: The Internal Auditors Institute's Internal Audit International Standards (IAA). (The IIA's International Standards for the Professional Practice of Internal Auditing). [5]

Table 1. Foreign experience of internal audit in state budget organizations

	USA	Great Britain	
rs	Common public sector auditing standards	Public sector internal audit standards	International Internal Audit Practice at Intern
n	Government auditing office	Internal Audit Standards Advisory Board	Financial
n	Certified internal auditor, Diploma of Public Audit Standards in Public Sector (DipIPSIAS)	Certified internal auditor	Certified P

Source. Author's development

General accepted government auditing standards. An Internal Audit of Internal Audit Standards is developed by the UK Advisory Board in State-financed organizations. A distinctive feature of these standards development is that the requirements set out by the Internal Audit Standards setters are taken into consideration in their development. The components of the internal audit standards include the Public Finance and Accounting Institute (CIPFA), the Treasury of the HM Treasury, the Ministry of Health and the Ministry of Finance. These organizations, based on their own interests, define the requirements of internal audit standards for organizations financed from the State Budget. [6]

Organization, certification and control of internal audit in Japan is carried out by Certified Public Accountants and Auditing Oversight Board (Certified Public Accountants and Auditing Oversight Board), an independent body of the Financial Services Agency. [7] The internal audit system in the state budget-financed organizations is being developed on the basis of modern requirements. In accordance with the Decree of the President of the Republic of Uzbekistan № PR-3231, this system was originally instituted by the Ministry of Public Education, the Ministry of Health, the

Ministry of Higher and Secondary Specialized Education, the Center for Secondary Special and Professional Education of the Ministry of Higher and Secondary Specialized Education, and the Ministry of Finance of the Republic of Uzbekistan and the off-budget Pension Fund. Now, the above-mentioned ministries will establish an internal audit and financial control service at the national level consisting of 3 states and their main tasks will be as follows:

- at the republican level and in the area of internal audit and financial control services - prevention and suppression of illicit spending and looting of budgetary funds in the following ways:
- Monitoring of planning and implementation of expenditure estimates at the institutions undergoing supervision, budget accounting, tender (competitive bidding) and contracting arrangements;
- The heads of the subordinated institutions and centralized financial and accounting services should be able to improve budget accounting and reporting system, prevent unreasonable receivables and payables, strengthen budget discipline, Preparation of recommendations on strengthening the structure of accountants;
- Providing information that is subject to compulsory enforcement of the cases of violations of the law and the causes and conditions that enable them to do so. [2]

CONCLUSION. In summary, it is natural that the system of internal audit and financial control in the state-financed organizations is a new direction of public financial control, and it is quite natural that there are different approaches to its organization. It should be noted that, nowadays, the efficiency of the use of budgetary resources in the country is improved on the basis of advanced international experience, and special attention is paid to the internal audit and financial control system in the state-financed organizations.

Therefore, based on the international experience, the following conclusions and recommendations were made in introducing the internal audit system to the activities of budget organizations:

1. According to international experience, the internal audit system must be certified regardless of the direction (private or public). Therefore, in our country, it is desirable to introduce the Internal Audit and Financial Control Officer Certificate (IAFCOC) based on the qualification requirements of internal audit and financial control staff.
2. It is necessary to develop National Standards of Internal Audit and Financial Control (NSIAFC) for



state-funded organizations. It is necessary to create a group of national stakeholders, using the UK experience, with representatives of the relevant ministries and agencies involved in the country's internal audit and financial control system. Based on the requirements of this group, we believe that not only development of national standards, but also the qualification requirements, curricula and programs of the national standards certification applicants.

3. Regular organization of training courses for certified internal audit and financial control staff. World experience shows that the certification process in the audit system is carried out in two stages: a certification program, and a certificate of in-service training after obtaining a certificate. Particular attention should be paid to distance learning in determining the forms of professional development.

4. When establishing internal audit and financial control services, special attention should be paid to independence, which is one of the commonly recognized audit trails. Unless their independence is achieved, their effectiveness can not be achieved. For this purpose it is necessary to regulate the subordination of internal audit and financial control service employees in territorial subdivisions of ministries and departments only to the head of the Ministry of Internal Audit and financial control of the relevant ministry.

5. Enhancement of personal responsibility of the internal audit and financial control staff and the requirement to establish the legal status of the reporting system at the higher bodies (collegiums) of the ministries and agencies, based on international requirements.

6. Introduction of the Scoring system in assessing the effectiveness of the internal audit and financial control service staff. This system is assessed by evaluating each employee's contribution to the government (budget recommendations, recommendations on how to properly calculate state property, etc.) and in proportion to the scores obtained Additional prizes are encouraged.

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