

The Advantage of International Standardization and Integration in Control and Audit in the Public Sector

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Abstract-The article discusses the international experience of control and the application of international auditing standards in the public sector.

Keywords: Control, audit, budgetary organization, states, budgetary funds, auditor, standard, financial reporting, accounting.

I. INTRODUCTION

The development of international integration in the field of financial control and audit provides as its most important task to increase the efficiency of public financial resources management by providing the public with objective information about the work of public institutions. In modern conditions, world practice, the main priorities of audit in the public sector are determined by the assessment of the legal justification and correctness of the use of budgetary funds and the maintenance of accounting accounts, the assessment of the effectiveness and savings in spending on public funds. All this necessitates the implementation of international financial reporting standards for the public sector, the quality and reliability of accounting and reporting, the most complete accounting of financial transactions that create conditions for analyzing the dynamics and level of budgetary debt, tax benefits, and evaluating the effectiveness of budget services provided.

II. METHODOLOGY

It is generally accepted that government bodies are accountable for all financial resources they control, commitments made and the results of managing these resources and commitments, including financial resources of state-owned enterprises and extra-budgetary funds of budgetary organizations. They are accountable to taxpayers, creditors, legislatures, and other users of financial information. All this obliges them to include in the financial statements analytical indicators characterizing financial indicators in the field of public administration. [1-3]

Issue of statistics of competition of small business and private entrepreneurs assessment methods were studied by Odilov R.[5], the empirical research on causal relationship between export and foreign investments in the economy of Uzbekistan based on granger test were made by Mustafakulov S. I.[6], econometric model of production capacity usage of textile enterprises in Uzbekistan were researched by Tursunov B.O. [7,10], Modernization and intensification of agriculture in the republic of Uzbekistan were investigated by Yuldashev N. K., Nabokov V. I., Nekrasov K. V. [8,11], Regional features of industrial production dynamics in the research of textile enterprises financial security in Uzbekistan were studied by Zarova E.V.[9] and et.al.

As you know, financial statements reflect the financial position and results of the financial activities of government organizations. In particular, the annual report of a budgetary organization should characterize the performance of the state functions assigned to it - the supply of ordered public services, as well as the results of its financial and economic activities. Financial performance information is intended to show the results of public financial management. An important role is played by the assessment of the achievement of goals and objectives that guide the authorities in the distribution and use of financial resources, including budgetary funds. These indicators are formed and determined within the framework of the system for assessing the performance of these budgetary organizations. If such information is available, the qualitative and quantitative indicators of budgetary services can be compared with the dynamics of financing of the corresponding areas. [13]

According to international legal and regulatory principles, the reliability of the financial statements of public organizations should be subject to an independent and reputable auditor, not directly or indirectly associated with the authorities. Auditing standards are the main focus of the budget control guidelines. Modern auditing standards are aimed at ensuring the unification of audit procedures, increasing confidence in the audit results. In addition, the standards define the most important audit methods that contribute to improving the quality of audit activities.

The peculiarities of audit engagements in the public sector are that the appointed auditor must take into account the specifics of the requirements of the relevant regulations, instructions from ministries and departments, decrees and directives affecting the activities of a public institution. At the same time, auditing standards should be applied by all professionals who assume responsibilities for performing audit engagements. A professional auditor may be required to report on the reliability and appropriateness of the public sector entity's performance, such as the level of productivity, quality and volume of services offered.

He may also be required to provide the following conclusions:

- Compliance with the legal and other regulatory requirements of the relevant authorities;
- On the adequacy of accounting and control systems;
- About the economy, efficiency and effectiveness of programs, projects and various activities.

In engaging in public sector engagements, the professional auditor forms an opinion on the financial statement or compliance with reporting assertions, or directly prepares a report on the appraisal of specific transactions. He may be required to report not only on the reliability of financial statements, but also on the performance indicators for the implementation of a particular state program.

The main provisions of international auditing standards in their application to the public sector allow us to conclude that, in general, the general requirements of professional standards can be quite applicable to the public audit system. At the same time, the priority is those provisions that should be spelled out in more detail at the national level requirements for the audit of financial statements and performance audit. This is especially true for such provisions as the participation of public and private auditors in the governmental audit process; expansion of requirements in the field of the volume and range of audited information, presentation and publicity of the results.

III. ANALYSIS AND RESULTS

A comprehensive analysis of international requirements in the field of methodology and standards of public audit as a modern progressive form of public financial control allows identifying such priorities in the field of implementation of international financial reporting and public sector accounting standards as opportunities to achieve a high quality level of control. National auditing standards do not contain sections related to the public sector, therefore, when checking, for example, water management enterprises, the executive bodies have to develop additional methodological documents and requirements, which often contradict the provisions of the adopted standards and their international counterparts. This causes an urgent need for scientifically grounded and legislative formation of standards for the control of public funds and property and giving them the status of national standards. In such standards on government audit, it is necessary to consolidate common terminological and methodological approaches that should be applied by all subjects of relations within the public sector. At the same time, the relevant sections of international auditing standards, taking into account national characteristics and applied interpretations, can be taken as a basis.

In this respect, the international experience in the field of the so-called executive control is interesting. Basically, it is implemented through specialized financial executive bodies that exercise certain control powers at various stages of the budget process when planning, executing or approving a report on budget execution. At the planning stage, these are the ministry of finance or budget administration, line ministries and departments. From the experience of the development of the control system in Sweden, it is clear that up to 2006. there existed only the leading executive control body - the state audit service, that is, control was concentrated at the executive level. The system of state financial control bodies in Russia is complex, numerous and not typical for most countries. [12]. The organization of the system of executive control within the US departments shows that in each of them there is a Chief Inspector who performs the functions of the chief controller and representative of the state. He constantly monitors the activities of the department, evaluates the current decisions made, forms opinions and endorses the annual reports. This ensures state control, independent of the department, and since it is of a current nature, it is quite effective. In countries with a federal structure, the system of state financial control is built similarly to the federal level. Follow-up control functions are often combined with up-front control within the regional administrative and budget offices or executive control within the regional treasury. Various schemes of interaction between the National Accounts Chamber and similar regional bodies are used - from fairly strict guidance to general methodological cooperation. However, at the local level, there are no special bodies of state financial control, and private auditors are involved in such control. The main function of state financial control is recognized by law to revise accounts; authorization of the allocation of funds. Thus, in Great Britain the following are recognized: approval of financial statements; case management control; assessment of the effectiveness of the use of public funds. In France, the National Audit Office has been given certain law enforcement functions and the right to impose punishments, to issue a court decision; for this, the

Prosecutor General is included in the board of the Audit Chamber. In Sweden, the priority is to assist in establishing an optimal financial management system for a public organization. Sweden and the UK use joint auditing with public and private auditors. In foreign practice, mixed forms of state control are allowed. [13]

In France, there are regional control institutions, the presidents of which are also members of the National Audit Office. Regional chambers meet under the chairmanship of the President of the National Audit Office and determine their tasks for conducting thematic audits. In Austria, the regulation for individual federal states differs. Some control bodies are integrated into the regional management system. Other institutions are organized as audit chambers or control committees, have more autonomy and are subordinate to the state parliament. The control measures are approved together with the Chamber of Auditors of the Federation, which reports to the parliaments of the Federation and the Lander. [4]

IV. CONCLUSION

The main priority is the transition of the system of state financial control to the form of state audit. This process takes place all over the world and is a general direction of development of the methodology of control activities in the field of public finance [7-8]. This development of control is due to the active operation of the modern mechanism for financing expenditures from budgets, the process of its unification and optimization. This improvement is facilitated by international accounting and reporting standards, including those related to the public sector. The process of transferring, through international standards, the best practices in budget technologies, which makes it possible to effectively carry out public spending, have more complete information on the results of the implementation of government programs, and evaluate the reliability of information provided by participants in the budget process, is becoming more and more priority.

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