

NECESSITY OF INTERNAL AUDIT ORGANIZATION ON ENTERPRISES OF UKRAINE

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Bring an opinion on the need to organize an internal audit in accordance with the current needs of Ukrainian enterprises.

Internal audit is a type of independent activity that is conducted at a separate enterprise in order to establish the actual state of affairs of the business entity and to find effective solutions to existing problems [1].

The management bodies of the company use the services of internal auditors as an additional resource that will enable them to carry out the functions of management of the enterprise. Proceeding from this, one can determine the main tasks of internal audit in modern conditions [2]:

1. assessment of compliance with existing rules and procedures;
2. evaluation of the effectiveness of elements of the internal control system;
3. assistance to the management of the enterprise in improving business processes;

4. Assisting management in implementing an acceptable business strategy.

Like any activity, internal audit is characterized and regulated by law.

The internal audit is carried out by auditors who work directly at this enterprise [4, c 16]. The internal audit service at the enterprise in any case should consist of highly skilled specialists who can fulfill the obligations and tasks of the enterprise, namely:

1. verification of internal control and accounting systems, as well as their monitoring and improvement;
2. verification of operational and accounting information, taking into account, at the same time, an examination of the methods and means that can be used for the assessment, identification, special study of individual reporting items, taking into account detailed checks of transactions and balances on accounting accounts;

Table 1

Advantages and disadvantages of introducing a permanent auditing service at the enterprise

Advantages	Disadvantages
1. Internal audit is an effective system of control over the economic activity of an entity;	1. The principle of independence of an auditor is not sufficiently fulfilled;
2. internal audit is an effective system of control over the economic activity of the entity;	2. there is a possibility of constructing a false representation of external auditors about the financial condition of the enterprise on the basis of familiarization with the reports of internal auditors;
3. internal audit is an effective system of control over the economic activity of the entity;	3. one-time audit services from the party are cheaper than permanent control by internal audit services.

Source: compiled by authors

3. monitoring compliance with laws, regulations, instructions, accounting policy requirements, as well as guidance and decisions of managers or owners.

In our opinion, in order to significantly improve the audit services, the employees concerned should demonstrate maximum initiative and interest in the process through proposing the choice of audit objects, methods and timing for carrying out the audit, both scheduled and unscheduled.

The decision to create an internal audit service at the enterprise is the responsibility of the owner and the top management of the company. Conducting internal audit helps to establish the accuracy of the information reflected in the financial statements, to identify existing deviations from the actual credential that improves process efficiency analysis, forecasting and planning, and, consequently, of the enterprise as a whole. [5]

External audit is carried out periodically (once or twice a year), internal audit is carried out more often, which significantly increases efficiency activities of structural divisions of the enterprise.

Despite the obvious advantages of introducing internal audit at an enterprise, there are problems and prospects for the development of internal audit in Ukraine. In our time, only a small number of enterprises sees the need and the benefit of introducing an internal audit [7].

The Internal Audit Service of the Armed Forces of Ukraine (hereinafter – the Internal Audit Service) in January-August 2017 carried out 229 audits (out of which 98 were unscheduled) in 223 controlled entities. In addition, internal auditors participated in 98 other control activities (54 inspections, participation in commissions – 28, participation in official investigations – 16) [8].

Audits covered 47.4 billion UAH resources. In 136 controlled entities (almost 59.4% of the audits covered) violations were found that resulted in loss of financial

and material resources amounting to UAH 203.7 million. 35.3 million UAH was reimbursed. and, in addition, 39.7 million UAH were warned by visiting audits. illegal losses and losses, as well as a decision on compensation of 5.0 million UAH [8].

At the moment it is possible to identify the following main areas of improvement of internal audit in Ukraine:

1. creation of the profession “internal auditor” and development of the corresponding institution;
2. formation of interest and necessity of development of this profession both at the state level and at the level of enterprises of different industries;
3. development and improvement of regulatory and legal regulation of audit;
4. formation of organizational structure of internal audit services;
5. development of organizational and technological schemes and procedures for conducting internal audit;
6. improvement of the internal audit methodology;
7. professional training of specialists in internal audit.

Summarizing the results of the study to substantiate the need for organizing internal audit in accordance with the current needs of Ukrainian enterprises, we have established that the organization of internal audit is carried out in the interests of owners of the economic entity and regulated by its internal documents. Internal auditors perform the main task – helping enterprise management achieve its goals, expanding business capabilities, improving its operational processes, and reducing risks in the process of performing audit tasks for providing guarantees and advisory services.

Thus, the introduction of an internal audit system with a specific responsible person or special department at each enterprise in all sectors of the economy will contribute to reducing costs and improving the efficiency of enterprises.