

STRATEGIC IMPORTANCE OF INTERNAL AUDIT IN THE MANAGEMENT OF NON-STATE HIGHER EDUCATIONAL INSTITUTIONS

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Abstract

This article examines the strategic importance of internal audit in the management of non-state higher education institutions. In the context of the rapid development of the non-state higher education sector in Uzbekistan, the issues of financial stability of universities, effective use of resources and ensuring the quality of educational services are gaining relevance. The study considers internal audit as an important element of the corporate governance, internal control and risk management system. The article analyzes the main risks arising in the activities of non-state higher education institutions - such factors as reduced contract revenues, academic quality and reputation risk, IT and cyber risks, and inefficient use of resources.

Keywords: Internal audit, non-state higher education institutions, corporate governance, internal control system, risk management, strategic management, educational services market, financial stability, audit recommendations, resource efficiency.

Introduction

During the years of independence, the education system in Uzbekistan was radically reformed, and the establishment of non-state higher education institutions (NHEIs) was an important stage in this process. Today, dozens of non-state higher education institutions operate in our republic, playing an important role in training modern specialists, developing competition in the educational services market, and expanding opportunities for young people to obtain higher education. In particular, in recent years, the state has provided incentives and support to non-state educational institutions, which have been driving the rapid development of this sector. However, non-governmental of universities activity to conduct conditions state from universities fundamentally difference The state universities mainly budget funds at the expense of if financed and their stability state guarantee with provided , non-governmental universities oneself financing principle based on They work . own of income main portion - usually 80-90 percent - of the students payment contract funds at the expense of This is NOTMs financial in terms of very thin and external factors , including demographic changes ,

population payment ability , education in the market competition and even migration to the processes very related does .

Exactly this dependency non-governmental universities under the management financial control and strategic planning issues first to the seat Most NOTM leaders and founders for internal audit concept still only accounting account check or tax organs to the inspection preparation see tool as acceptance is done. In fact and modern internal audit is traditional control from the function much wider and deeper is a concept .

International experience this shows that developed of countries private in universities internal audit service not only financial operations checks , maybe whole university of activity efficiency evaluates , exists risks determines and them management according to recommendations working That is , internal audit is transformed from a simple " controller" to a " strategic "advisor " level This is university to the leadership not only today's problems solution to do , maybe tomorrow day for right strategic decisions acceptance to do opportunity gives .

Today on the day In Uzbekistan education in the field done increasing reforms , especially in education quality evaluation new systems current being done one at the time , non-governmental of universities own management system improvements vital to necessity is turning . Competition increasingly intensifying going one under the circumstances only financial reports right to conduct with limited remaining universities at the market own instead loss danger under Therefore , in NOTMs internal audit strategic importance understanding and him/her to practice current to grow issue current scientific and practical importance profession will reach .

Internal audit organization under management place and importance many local and foreign scientists by research International in experience internal audit corporate management system inseparable element as is seen and his/her main task organization of activity efficiency assessment , risks determination and internal control system from improvement is considered to consist of .

Literature review

Foreign in research internal audit education institutions in the activity importance separately studied . In particular , Adetoso and In the research of Akinselure (2016) internal audit system at universities internal control efficiency in increasing important role play based on given . Authors internal audit activity financial discipline strengthening , resources effective use provision and management of decisions quality to increase service to do they emphasize .

Local scientific in the literature, audit and internal control system theoretical and practical aspects wide covered . Do'smuratov (2003) audit farm driver subjects of activity reliability assessment and financial reports justice to determine aimed at independent control shape as

describes . Karimov, Islamov and Avlokulov (2007) in international audit practice internal audit main task organization risks assessment , internal control system efficiency increase and management decisions from support consists of that emphasizes .

Also, Orlov (2006) defines internal audit risks as: during the audit process to the surface arrival possible was methodological and organizational risks analysis did . His in my opinion , at risk based audit approach organization in the activity important importance has It is strategic . management system with directly depends .

With this together, available scientific research mainly enterprises and state in organizations internal audit system to study aimed at to be , non-governmental supreme education institutions under the management internal audit strategic importance enough at the level research not yet reached . Therefore this in the article exactly non-governmental supreme education institutions in the activity internal audit strategic management tool as application issues scientific in terms of analysis will be done.

Research in the process scientific of knowing general and special from the methods used . Including systematic approach , comparison , analysis and synthesis methods through non-governmental supreme education in institutions internal audit system place and importance studied . Also , corporate management , internal control and between internal audit mutual dependency determination for the purpose structural analysis method applied . Risk audit concept based on based on non-governmental Universities in the activity occurring main risks - financial , operational and reputational risks - identified and their management to the system impact was evaluated .

Corporate management , internal control and internal audit non-governmental The “ direction -execution-independent” approach of the university "evaluate " logical chain organization In this triad corporate management system interested sides in front of responsibility providing institute as strategic direction , control environment (tone at the top), powers and accountability architecture In particular , internal audit standards define “ interested " side " concept wide in a circle interpretation and then " The Council , the executive management , employees , customers , suppliers issuers , shareholders , regulators eater bodies , finance institutions , independent auditors , society and others " cover " to be taken shows . In this context corporate management functional border - OTM mission and strategic goals , risk appetite and policies confirmation , control " who" what for answer gives the " model" installation , audit committee / monitoring council through independent assurance channels is to form .

Internal control and corporate management by designated goals and requirements within daily operational , financial and compliance " execution " of processes as " mechanism " works : procedures , limits , powers matrix , documentation , information flows , monitoring and correction measures own inside takes . Internal of control functional border is that it is the

leadership and divisions by directly is done ; that is internal control " organization " to grow and "use " responsibility first in line management and process owners is responsible for . Therefore internal control system strong Even when it is , it is by itself does not provide independent assessment - it is mainly for “ performance ” is built ; an independent assessment is triad third element was through internal audit is provided .

Internal audit in the triad place - corporate management and internal control efficiency independent , risky based in approach assessment and value to create service to do recommendations International in internal audit standards internal audit purpose direct " value " " creation " concept with is connected to : “ Internal audit of the organization value create , protect to do and storage potential strengthens ; Council and to the management risk based independent , objective assurance , feedback , recommendation and forecasts presented " This approach internal audit not just a " check " , but strategic to management service doer institute as sees : “ Internal audit is a management (governance), risk management and internal control processes to improve helps , decisions quality and oversight strengthens , interested sides trust increases . " In the context of non-state universities this is especially true for education services quality , contract income and grants , expenses estimate , IT platforms , academic honesty , license / accreditation requirements such as risks spectrum wide happened for current is considered .

Main part

State Audits in universities are often budget of funds targeted use to check Non - governmental in the sector and priorities different . Here internal audit three in the direction develops :

- protection function - financial losses , fraud and fine sanctions prevent to take .
- operational function - use of resources (auditoriums , equipment , personnel) efficiency assessment .
- strategic function - university development to their goals achieve level assessment .

Exactly third to the function transition audit strategic importance has .

Private of the university from the state main difference - self cover Internal audit is a necessity for management (Supervision Council or to the founder) the following important to questions answer in giving help gives :

price policy (payment-contract amount of education quality and population payment ability with Is it balanced ?

from the budget outside from funds (paid) services , scientific developments , funds income) how much effective is being used ?

education to the quality damage without delivering expenses optimization for hidden reserves is there ?

Below presented done table modern internal audit theory three main to the column - risk, resource and stability - relies on .

Non-governmental Universities state to universities relatively more external and internal risks to the effect occurs . Contract of payments one a little The decline is also due to the university financial to the state serious impact to show possible .

NOTMs limited resources under the circumstances activity The state from universities different as if they were dead from the budget additional to get funds to the possibility has not . Therefore , there is maximum use of resources (financial , human , material and technical) to efficiency to achieve - university at the market living of staying main is a condition .

Table 1. The strategic importance of internal audit in the management of non-state higher education institutions: audit focuses on the risk - resource - sustainability axis

Strategic direction	Typical risks (non-state HEIs)	Key audit questions	KPIs/indicators for decisions	Expected audit result
Risk-based decisions	Contract fee decline; academic quality and reputation risk; IT/cyber risk; compliance breach	Are the risk register and controls appropriate? Is the risk prioritization aligned with the strategy? Is the plan based on risk assessment?	Risk heat-map; control coverage; number of incidents; complaint dynamics	Risk-based assurance, recommendations, forecasts (IIA, 2024).
Resource efficiency	Uncontrolled growth of cost drivers; procurement risks; asset protection; process inefficiencies	Are there reserves for cost reduction? Is the cost classification and accounting information sufficient?	1 student cost; budget variances; procurement savings	Recommendations that serve efficiency through "increasing quality and reducing costs" (Team of authors, year).
Stability (financial/legal /reputational)	Cash flow disruption; staff turnover; regulatory compliance disruption; reduced data reliability	Is the "information-decision-action-control" chain working? Is the accounting information sufficient for decisions?	Liquidity indicators; contract payment discipline; personnel turnover; dynamics of audit findings	Reliable accounting information and conclusions supporting management decisions (Timofeeva, 2009).

This table shows how internal audit can be strategically important in non-state higher education institutions (NHEIs). The table includes three main strategic areas:

Risk directed decisions - risks determination and management

Resources efficiency - available funds and from opportunities productive use

Stability - long term financial and legal strength

Strategic direction typical risks importance :

Contract collection decrease - this NOTMs for the most big danger . If students number if it decreases or payments own on time If you don't pay , the university income sharp fall departure It is possible . reasons diverse : demographic situation , competition , economic crisis or university reputation decrease .

Academic quality and reputation risk - today on the day students and their parents education to the quality very demanding . If the university good knowledge if not , this about information fast spreads and new students attraction to do It gets harder . Just one dissatisfied student's social online without post whole university to the image damage to deliver possible .

IT and cyber threats - universities digitized . Students personal data , estimates , financial operations - these all electronic in systems If this is systems unprotected if , data theft or loss possible .

Compliance Violation - NOTMs license requirements , accreditation indicators , labor and tax to the legislation compliance to do condition . If this requirements if it breaks , the university activity suspension or to a fine weight possible .

Costs uncontrolled growth - sometimes universities income increase with expenses are also unreasonable accordingly increasing For example , unnecessary employees to get , expensive offices for rent to get , luxury events transfer . As a result income increased with benefit does not change .

Procurement risks - training weapons , computers , furniture purchase in doing prices market from the price expensive to be or unnecessary products buy to be taken possible . Sometimes this in the field corruption There is also a risk .

Assets storage - laboratory equipment , computers , projectors theft or wrong use as a result fast wear and tear possible . Their account right If not maintained , university how much damage without even knowing what he saw remains .

Processes ineffectiveness - some in universities documents circulation , students with work , dean's office activity very slow and bureaucratic . These employees time gets , students to the discontent reason will be and ultimately as a result university efficiency reduces .

Staff flow - good teachers and of employees often from work This is education . to the quality damage conveys and new employees teaching for additional It requires cost .

Regulator demand violation - education ministry or other state of the organs requirements compliance This license until the stop take progress possible .

Information reliability decrease - if in college calculations wrong if it is carried out , the management wrong decisions acceptance to do For example , students number wrong if calculated , budget wrong is planned .

Each typical The auditor is responsible for the following risks : to the results achieves :

As a result of the audit university leadership at risk based trust has will be . That is they which industries safe , which ones dangerous that clear knows . With that together , auditors future risks about forecasts gives and them prevent to take according to recommendations working It comes out . This international fully compliant with standards (IIA, 2024) suitable is coming . Auditors " quality increase and the cost " reduction " according to clear recommendations gives . That is education to the quality damage not delivered without how as expenses reduce possible shows . This through university efficiency increases .

Auditors reliable account information existence confirms and this information based on management decisions supportive conclusions gives . As a result leadership of the university real status knows and right decisions acceptance do takes .

Conclusion

In the article cited table based on NOTMs for internal audit strategic at the level organization of reaching practical model offer It does not only audit past mistakes to determine , perhaps future risks forecast to do , from resources effective use and far term stability provision tool as is considered . Each strategic direction to oneself specific KPIs and indicators through This is measured by the audit results . clear and understandable does . Most Importantly , the audit is simple. inspection not , maybe to the management strategic decisions acceptance in doing help giving reliable consultant task It will pass .

NOTMs for such approach at the market competitive to be , financial stability provision and far term development strategy done increases and they the following :

- modern internal audit main principle - activity value is to add . for NOTM this in the following manifestation will be :
- education programs and their prices optimization according to offers working exit ;
- financial discipline reinforcement through university reputation increase (this investors or partners attraction in doing important);
- employees own to the tasks responsibility with approach culture to form.

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