



## DEVELOPMENT OF INTERNAL AUDIT IN THE CONDITIONS OF DIGITALIZATION OF THE ECONOMY

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### ANNOTATION

The digitization of the economy has led to significant changes in business operations, which has created an increasing need for robust internal audit processes. This article explores the evolution of internal audit in response to digitization, focusing on key areas such as data analytics, risk management and compliance. It discusses how internal audit functions have adapted their methodologies to address the challenges and opportunities presented by digital transformation. In addition, it explores the role of internal auditors in ensuring the integrity, security and efficiency of digital systems and processes. The article also highlights the importance of continuous learning and professional development for internal audit professionals to remain relevant in the digital age. Overall, it demonstrates the critical role of internal audit in protecting organizational assets and increasing value in a rapidly digitized economy.

### KEY WORDS

landscape, cyber security, anomalies, trends, IT systems.

### INTRODUCTION

The rapid digitization of the world economy has fundamentally changed the way business works. From automated processes and data-driven decision-making to advanced analytics and artificial intelligence, organizations are using digital technologies to improve efficiency, improve customer experience and drive innovation. However, this digital transformation has also introduced new complexities and risks that require careful oversight and management. In this article, we explore the evolving role of internal audit in response to digitization, focusing on key trends, challenges and opportunities.

### MAIN PART

Audit control is divided into two in practice: internal and external audit. Internal audit is similar to external audit according to the method of audit control, and it is a source of information for external audit performed by independent auditors or audit firms. A significant difference between external and internal audit is distinguished by their status, main tasks and time of audit. Internal audit mainly serves the interests of the owners, and its main task is to prepare information for the owners of a particular enterprise about the economic situation of the enterprise.<sup>1</sup> The external audit serves not only the interests of the owners, but also the state and creditors, and its main purpose is to prepare an unbiased conclusion on the financial condition of the enterprise for the external users of this enterprise: shareholders, investors, banks, tax and other state authorities, and partners.<sup>2</sup>

<sup>1</sup> Островская О. Банковское дело. Толковый словарь. Гелиос АРВ. М.2005

<sup>2</sup> Макальская А.К. Внутренний аудит. Уч. ДиС. М.: - 2005. 170 стр.

Specific aspects of the audit of banks are determined by the Central Bank of the Republic of Uzbekistan. A significant difference between external and internal audit is distinguished by their status, main tasks and time of audit. About the difference between internal and external audit, professor Z. Mamatov, i.f.d., distinguished as follows. Internal audit activities are based on flexible audit rules, widely implemented and adapted to the units of each country, covering the management of activities of various sectors and the culture of individuals. Based on this tariff, the internal audit system defines the internal audit tariff (elements that include internal audit), the principles of internal audit confidence and advice, as well as its level of coverage (risks, i.e. control and personnel management) and its benefit to banking activities. includes such things as citation.<sup>3</sup>

**Digitization and Internal Audit Trends:** With the proliferation of data in digital ecosystems, internal audit, audit functions are increasingly using advanced analytics tools and techniques to gain meaningful insights. This enables auditors to more effectively identify trends, anomalies and potential risks, thereby improving audit quality and decision-making.

**Cybersecurity and risk management:** The digital landscape has created a host of cybersecurity threats, including data breaches, ransomware attacks, and insider threats. Internal audit plays a critical role in assessing and mitigating these risks by assessing cybersecurity controls, conducting penetration tests, and fostering a culture of security awareness within the organization.

**Compliance and Regulatory Challenges:** As regulatory frameworks evolve to accommodate technological advances, internal auditors must stay abreast of regulatory requirements and ensure compliance across digital initiatives.<sup>4</sup> This includes areas such as data privacy, consumer protection and financial reporting standards.

**Challenges facing internal audit in the digital age:** The rapid development of technology requires internal audit professionals to acquire a variety of skills that cover data analysis, cyber security and other areas. Upskilling auditors is essential to effectively address digital challenges.

**Data Integrity and Reliability:** Ensuring the integrity, accuracy and reliability of digital data is particularly challenging for internal audit in environments with complex IT systems and interconnected data sources. Establishing data management systems and controls is critical to maintaining confidence in audit results.

**Agility and flexibility:** Digital transformation initiatives are often fast-paced, requiring internal audit functions to be nimble and flexible in their approach. This includes the use of automated auditing tools, the use of continuous auditing methods, and close collaboration with IT and business stakeholders.

**Opportunities for Internal Audit in the Digital Economy:** Internal audit has the potential to move from a traditional assurance role to a strategic partner that provides valuable insights and recommendations to support business objectives. This includes aligning audit plans with organizational priorities, contributing to strategic decision making and operational improvement.

**Embracing Innovation and Technology:** Internal audit can harness the power of emerging technologies such as robotic process automation (RPA), machine learning, and blockchain. By automating routine tasks and using data analytics, auditors can focus on high-value activities and areas of risk.

**Continuous learning and development:** To succeed in the digital age, internal audit professionals must embrace a culture of continuous learning and development. This includes obtaining certifications, attending training programs, and staying abreast of industry trends and best practices.

## **CONCLUSION**

The digitization of the economy presents both challenges and opportunities for internal audit functions. By embracing technological advances, improving auditor skills, and adopting a strategic mindset, internal audit can become a trusted advisor that adds value, drives innovation, and protects organizational assets in a rapidly digitizing world.

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<sup>3</sup> <https://www.sciencedirect.com>. "Current Trends in Internal Audit" Victor Munteanua, Dragos Laurentiu Zaharia, 5th World Conference on Educational Sciences 2013

<sup>4</sup> Шеремет А.Д. Аудит. Учебник. Инфра-М.: - 2006й. 220 стр.

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