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Internal Financial Control and Internal Financial Audit: Tools for Eliminating Financial Misconduct

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ABSTRACT

This research aims to identify or cover the development of the theory of financial control and audit as well as the development of methodological ways to evaluate how internal financial control and internal financial audit affect the severity of financial misconduct. The following tasks must be completed in order to reach the goals set: analyses the main trends in the development of financial control and audit activities; propose methodological approaches of evaluating the impact of financial control and audit activities on the severity of financial misconduct and irregularities; and create of a set of recommendations for enhancing the system of support. System analysis, which is used to evaluate financial control and audit procedures as a complex multi-component structure from the aspect of eradicating and preventing misbehavior, served as the basic research method in this subject. The results are presented in the form of tables and figures that show the structure of an efficient financial control system. The paper discusses the elements required for the system of internal financial control and internal financial audit to be successfully implemented, and it makes the necessary recommendations based on its analysis.

INTRODUCTION

In the context of globalization and a complex economic environment, modern organizations and government structures face significant challenges in ensuring transparency and efficiency in the management of financial resources. Internal financial control and internal financial audit are key tools that help prevent, detect, and address financial irregularities, as well as enhance trust in financial management. The effective functioning of internal financial control and audit systems plays a crucial role in ensuring financial discipline, preventing corruption and misconduct, and supporting sustainable economic development. These tools not only allow for the timely identification of deviations and violations but also facilitate the development of measures to eliminate them, thereby contributing to improved management efficiency and enhanced financial reporting. The importance of internal financial control and audit in today's economic realities is also driven by the need to comply with international standards of financial reporting and management. With their help, organizations can not only minimize risks associated with financial violations but also increase their competitiveness and resilience in the market. The aim of this study is to examine internal financial control and internal financial audit as tools for eliminating financial irregularities and to identify their role in ensuring financial transparency and management efficiency. The study will analyze the key aspects of the application of these tools, consider examples of their successful use, and offer recommendations for their improvement in the face of current challenges.

Internal financial control and financial audit are effective tools for addressing financial irregularities. Tax administration, the balance of the state budget, and the public finance management system are closely linked and are essential components of financial stability and the effective functioning of the state. The performance evaluation system of government bodies generally contributes to the improvement of internal processes, organizational development, and the growth of their efficiency (Sri et al., 2020). The public finance management system encompasses the processes of planning, execution, control, and audit of government financial operations. It ensures the effective and efficient use of public resources, transparency in financial processes and reporting, as well as oversight of budgetary funds. A well-organized and efficient public finance management system contributes to financial stability, improved quality of life for the population, and the economic development of the country. Law enforcement agencies and auditors can be considered components of the external control system for financial reporting (Quagli et al. 2021). Indeed, research in accounting shows that the enactment of laws alone is insufficient to achieve the desired outcomes if not accompanied by effective enforcement (Leventis and Humphrey, 2021). Similarly, independent auditors play a crucial role in the effective functioning of capital markets by assessing the reliability of firms' financial statements (Brasel et al., 2019; Kassem, 2023). Insufficient oversight and enforcement of financial reporting requirements can delay the detection of fraud, severely undermining investor confidence in capital markets and their supervisory function. On the other hand, effective enforcement and auditor oversight can reduce the incentives and opportunities for accounting fraud, impacting a critical element of the fraud triangle model. The literature on financial reporting increasingly explores the interaction between various means of financial reporting control, expanding the analysis to include controlling entities beyond auditors, such as accounting enforcement bodies (di Fabio et al., 2021) and audit oversight bodies (García Osma et al., 2017; Gipper et al., 2020; Goelzer, 2020). Control, which includes oversight, evaluation, and the communication of results for decision-making and prompt correction of errors, is carried out to ensure national security, coordinate the interests of the country and its entities, and improve public administration (Liu, 2023). In the development of the digital economy, technologies that enable data-driven decision-making play an essential role, and one of the critical functions of state control is to inform and facilitate information communication among management entities, standardizing and improving their behavior (Hepworth, 2023). Research in this area is crucial for the development of performance audit methodology, the determination of evaluation criteria, and the development of recommendations for better use of public funds. This helps ensure more effective and productive government management, ultimately contributing to the improvement of citizens' quality of life and the achievement of strategic state objectives. The importance of performance audits of public funds and the evaluation of government bodies' activities within strategic management is recognized by many scholars: a) Performance audit is a tool that allows for the assessment of the appropriateness and rationality of budget spending, which is important for ensuring the best possible use of limited financial resources (Sutopo et al., 2017); b) The institutionalization of a performance evaluation system for government bodies contributes to increased efficiency and organizational development, allowing for the identification of areas needing improvement and the implementation of appropriate measures; and c) The creation of a system for external evaluation of government institutions by society is important for ensuring transparency and trust, allowing the public to more closely monitor government actions.

Overall, the performance audit of public funds and the evaluation of government bodies' activities play a key role in improving public financial management, enhancing transparency and trust in government, and ensuring the achievement of strategic objectives. These aspects are vital for improving the quality of public services and ensuring the well-being of citizens. Internal audit is a free, objective review and consulting process that aims to raise an organization's productivity. By using a methodical, disciplined approach to assessing and enhancing the efficacy of risk management systems, it aids organizations in achieving their objectives (Chernysheva et al., 2019). Financial audit is regarded as a crucial tool for safeguarding the organization from risk factors in the present economic environment and its activities that aim for effective and efficient functioning (Bozek and Emerling, 2016). Both in the public and private sectors, the internal audit service is an important and irreplaceable component of the control mechanism (Dzomira, 2020; Gupta and Mehta, 2020). Long-term sustainable economic growth is influenced by investors' capacity to make informed capital allocation decisions, which is facilitated by the availability of accurate and trustworthy information in the financial markets. In this context, auditing firms that examine the financial accounts of publicly traded companies on secure financial markets are playing an increasingly important role (Hategan, 2019). If fraud is discovered and the investigation's findings are made public, the audit results may bring about financial penalties (Eryigit, 2019). Avoiding intervention in an investigation or trial is crucial, according to generally accepted government audit standards, in order to spot fraud, abuse, and non-compliance with contracts, grant agreements, laws, and regulations (Harrell and Barbacci, 2018). Big business accountants and financiers deal with a lot of pressure and challenges. Financial managers are particularly more likely to encounter discrepancies and confusion in the finan-cial statements as the number of subsidiaries rises. The centralized financial management system has developed into a potent tool that is frequently employed in major corporations and plays a significant role in managing the finances of businesses. A system of financial internal control must be established in order to manage and oversee subsidiaries effectively (Deng, 2020). Big business accountants and financiers deal with a lot of pressure and challenges. Financial managers are particularly more likely to encounter discrepancies and confusion in the financial statements as the number of subsidiaries rises. The centralized financial management system has developed into a tool that is frequently employed in major corporations and plays a significant role in managing the finances of businesses. A system of financial internal control must be established in order to manage and forecast subsidiaries effectively; monitoring changes in the business environment (changes in the environment calls for a reorientation of the goals formulated by the firm's management in accordance with the changes that have occurred, with a focus on the future rather than the past); readiness to bolster competition between businesses that operate in the same industry.

The goal of this study is to identify or discuss how the theories of financial control and audit have evolved, as well as how methodological approaches have been developed to evaluate the effect of internal financial control and internal financial audit on the severity of financial wrongdoing. In summary, the results of the study suggest that internal financial control and financial audit are essential tools for preventing and addressing financial irregularities, thereby promoting transparency and efficiency in public finance management. These mechanisms are closely linked with tax administration and the balance of the state budget, ensuring financial stability and the effective functioning of the state. The analysis shows that a well-organized public finance management system, encompassing planning, execution, control, and audit processes, contributes to the rational use of public resources and the achievement of strategic goals, such as improving the quality of life for the population and fostering economic development. Effective enforcement and oversight by auditors reduce the risks of financial violations, strengthen investor confidence, and ensure proper order in financial reporting. Furthermore, the performance audit of public funds and the evaluation systems of government bodies play a critical role in enhancing public financial management. These processes contribute to increased transparency, trust, and efficiency within government structures, which is crucial for successfully achieving strategic goals and improving the quality of life for citizens. Thus, internal financial control, financial audit, and the public finance management system form an integrated structure that ensures sustainable development and stability in public administration, which, in turn, serves as the foundation for the long-term well-being of society.

1. METHODOLOGY

The research methodology is based on a systematic and comprehensive approach, encompassing the following key aspects:

A) Review of existing methodologies and models for public finance management and their application in the context of auditing.

B) Economic and mathematical modeling:

- Development and application of models for analyzing financial data, identifying violations, and assessing the efficiency of public fund management;
- Construction of integrated indicators to assess financial stability and the effectiveness of budgetary resource utilization.

C) Analysis of international experience and practices in internal financial control and audit to identify best practices and adapt them to the research context. To achieve the research objectives, the following methods were used:

- Economic analysis – assessing financial indicators and the effectiveness of public fund management.
- Statistical methods – collecting and processing statistical data to analyze the use of budgetary funds and identify trends in their allocation.
- Modeling and forecasting:
- Development and application of models for forecasting financial indicators based on past and current changes in the budgetary system;
- Use of forecasting models to assess the prospects and potential risks in public finance management.

The use of a comprehensive methodology, including economic analysis, mathematical modeling, and comparative analysis, allows for an in-depth study of internal financial control and audit, evaluation of their effectiveness, and the provision of recommendations for improving public finance management. A combination of statistical, natural, and financial indicators should be used when evaluating how internal financial control and internal financial audit have affected the eradication of financial violations. System analysis, which examines financial control and audit techniques as a complex multi-component structure from the aspect of eradicating and preventing misbehaviour, serves as the study's main methodological tool. The logical analysis method, comparative method, synthesis and deduction method, and classification method were also used in this study. The object of the research was thoroughly examined as a system with numerous interconnected and interacting aspects using the system analysis method. A framework of the components of efficient financial control was used to convey the findings of the system analysis conducted for this study. The growth of a complicated system or entity can be replicated using the logical analysis approach and theoretical analysis. It was used to gain a deeper understanding of the conditions necessary for the emergence and growth of the internal financial control and audit system. The comparative technique is used to detect common and different features in the items under investigation for the goal of further classification and typology. The objects of comparison can be phenomena, thoughts, or research findings.

The comparative technique was applied in this study to evaluate the efficacy of various internal financial control methods. The synthesis approach allows for the collection of the functioning elements into the whole, giving insight into the relationships between the subject matter's constituent parts. Information about the interactions between financial control and audit procedures was organized using the synthesis method. Deduction is a research technique where information about processes and occurrences is gathered as one moves from generalizations to specific and personal judgments. Methods for combating financial fraud were described as deduction. The classification method is a general scientific approach to systematizing knowledge that aims to group together a particular set of studied objects from different fields of study and activities into a system of subordinate groups and distribute them based on their similarity in key characteristics. The classification approach was utilized in this study to determine the elements that influence the detection and eradication of financial infractions in the category. A theoretical examination of recent scientific articles was also part of the investigation. Internal financial control and internal financial audit's effects on the process of preventing financial errors are frequently taken into account and studied by academics and researchers in the fields of finance and audit. In order to reduce the number of irregularities in financial reports and to prevent the possibility of financial data manipulation, scientists have been investigating issues with and ways to enhance the development and implementation of the system of internal financial control and internal financial audit.

1.1 Key Methods and Tools Used in Internal Financial Control and Financial Audit Processes

The key methods and tools used in internal financial control and financial audit processes collectively contribute to the creation of an effective internal control system, which minimizes the likelihood of financial violations and ensures the reliability and transparency of financial reporting. The main methods and tools used in these processes are illustrated in Figure 1.

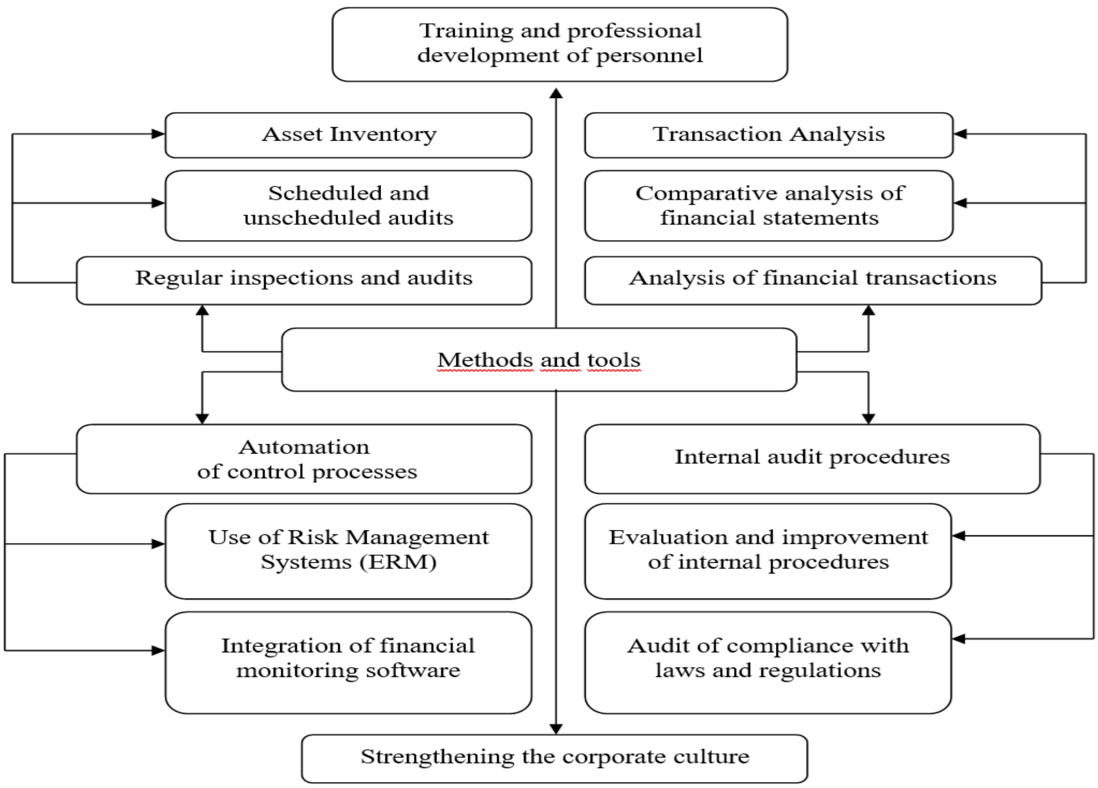


Figure 1. Methods and tools of the internal financial control and financial audit process
Source: own

Regular inspections and audits include:

- Scheduled and unscheduled audits – Regular audits allow for the early detection of potential financial violations or errors. Unscheduled audits are generally more effective, as they eliminate the possibility of preparation and concealment of violations.
- Asset inventory – Periodic inventory of tangible and intangible assets helps to detect shortages or surpluses, which may indicate financial irregularities.

Financial operations analysis includes:

- Transaction analysis – Continuous monitoring of all financial transactions, including receipts and expenditures, allows for the identification of suspicious or abnormal transactions that may indicate fraud or other violations.
- Comparative financial reporting analysis – Comparing current financial indicators with those from previous periods or with planned data helps to identify discrepancies and conduct detailed investigations.

Automation of control processes includes:

- Use of Enterprise Risk Management (ERM) systems – Implementing automated risk management systems allows for the prompt identification and mitigation of financial risks and the prevention of potential violations.
- Integration of financial monitoring software – Specialized programs and systems, such as ERP systems, enable the automatic monitoring of budget compliance, the detection of violations in real-time, and responsive actions.

Internal audit procedures include:

- Evaluation and improvement of internal procedures – Ongoing audits of internal procedures and policies, including accounting and financial control procedures, help identify weaknesses and suggest measures for their remediation.
- Legislative and regulatory compliance audits – Verifying that a company's activities comply with current legal norms and accounting standards helps to avoid fines and sanctions and minimize the risk of financial violations.

Strengthening corporate culture includes:

- Transparency and accountability – Implementing corporate standards aimed at enhancing the transparency of financial reporting and employee accountability reduces the likelihood of financial violations.
- Ethics and compliance – Developing and implementing corporate ethics codes and compliance programs helps to foster a culture of adherence to regulatory requirements and the prevention of financial misconduct.

Engaging internal audit specialists in investigations of identified violations facilitates their prompt resolution and minimizes the risk of recurrence. Effective internal control and management mechanisms help reduce the likelihood of risks and mitigate their severity in the event they occur. International experiences in financial control and audit, as presented in figures, demonstrate how different countries apply financial control and audit methods and the results they achieve in this area (Table 1).

Table 1. Key indicators and data reflecting foreign experience in financial control and auditing / Source: own

No	*Country*	*Amount of funds covered by the audit*	*Saving money*	*Audit result*
1	USA	In 2023, the U.S. Accounting Chamber (GAO) conducted an audit of federal programs worth more than $4.7 trillion.	According to the GAO, due to the audits conducted, about $55.6 billion of budget funds were saved in 2022.	Every dollar invested in the GAO audit brings about $100 in savings.
2	UK	The National Audit Office (NAO) evaluates the efficiency and cost-effectiveness of using public funds. In 2022, the amount of funds verified by the NAO amounted to more than £1 trillion.	In 2021-2022, GAO auditors helped save $1.1 billion, which provided significant improvements in financial management.	On average, the NAO provides savings of £10 for every £1 spent on auditing.
3	Germany	The German Federal Accounting Chamber (Bundesrechnungshof) in 2022 checked more than €400 billion of government spending.	Thanks to the recommendations of the Federal Accounting Chamber, the German federal government was able to save about €2.7 billion in 2022.	About 90% of all government expenditures are audited annually.
4	France	The French Chamber of Accounts (Cour des Comptes) evaluates programs with a total funding of more than €300 billion annually.	In 2021, the audit recommendations saved about €1.5 billion.	On average, more than 85% of government expenditures are regularly audited.
5	South Korea	The Accounting Chamber of Korea (Board of Audit and Inspection) verifies govern-	In 2022, the audit recommendations resulted in savings of about	The Accounting Chamber of South Korea has

		ment spending, which in 2022 amounted to about $570 billion.	$1.2 billion.	revealed inappropriate and inefficient spending in the amount of more than $3.4 billion over the past three years.
6	Australia	The Australian Audit Office (ANAO) in 2022 reviewed government programs worth more than AU$550 billion.	In 2021-2022, ANAO recommendations resulted in savings of about AU$800 million.	About 95% of all federal government expenditures are audited annually.

Source: Own

These data demonstrate the significance and effectiveness of financial control and audit systems in various countries. Nations with robust audit systems achieve substantial cost savings and enhanced transparency, contributing to improved financial management and the sustainability of their public finances. Canada has been one of the leading countries in the informatization and digitalization of public administration functions for several decades. The active development of digital preventive methods in public financial control has been particularly evident since the COVID-19 pandemic, which necessitated adaptation to remote work. According to the 'Guide for Audited Organizations on the Performance Audit Process,' published by the Office of the Auditor General of Canada, there is now a preference for digital sources and corresponding methodologies in financial control (AICPA, 2020). For effective preventive analysis in the field of public auditing, the IT system CaseWare is utilized—a comprehensive yet user-friendly software for data analysis developed by audit experts. This system allows for the importation of data from primary sources in PDF, Excel, and CSV formats. The software also integrates with over 50 application solutions (QuickBooks, Sage, Xero, etc.), visualizes final information, and conducts analysis using built-in automated tests. CaseWare directly interacts with the databases of control entities and, utilizing its analytical tools, enhances productivity, improves risk management, saves both money and time, and ensures data integrity through the use of cloud technologies. This software product is highlighted in the 'Review of Practice and Internal Audit' by the Auditor General of Canada for 2023–2024 as one of the promising tools for implementing new forms of digital control (Office of the Auditor General of Canada, 2023). The relationship between financial control and audit with fiscal policy is a crucial aspect of economic management, particularly in the context of the efficient use of public resources and ensuring the sustainability of the financial system (Table 2).

Table 2. The relationship of financial control and audit with fiscal policy / Source: own

No	Relationship	Financial control and audit	Fiscal policy
1	Effective use of budget funds	This helps to assess and monitor the effectiveness of the use of public funds, allowing to identify inappropriate expenditures and direct budget resources to more productive and priority areas, which is one of the key tasks of fiscal policy.	It is aimed at distributing government revenues and expenditures in such a way as to stimulate economic growth, maintain stability and ensure social justice. Effective financial control and auditing ensure that these goals are achieved with minimal loss of resources.
2	Ensuring fiscal discipline	This contributes to strengthening fiscal discipline by identifying cases of inefficient use of budget funds, corruption and abuse, allowing the state to maintain a balance between income and expenditure, which is critically important for the sustainability of fiscal policy.	It requires strict compliance with budget constraints and effective debt management. The results of financial control and audit help to adjust budget policy in case of deviations from planned indicators.
3	Optimization of fiscal processes	Analyzes the effectiveness of tax collection and execution of budget programs, helping to optimize fiscal processes. This may include improving tax administration, reducing the shadow economy and increasing budget revenues without increasing the tax burden.	Based on data on real incomes and expenditures of the state. Financial control ensures the reliability of this data, allowing the government to adjust tax policy and budget plans in accordance with the economic situation.
4	Maintaining economic stability	Identify the risks associated with inefficient management of public resources, which can lead to financial crises or deterioration of the economic situation. Timely measures taken on the basis of audit reports help to prevent negative consequences for the economy.	It plays a key role in ensuring economic stability through the regulation of tax revenues, government spending and public debt. Reliable financial control and audit mechanisms ensure that these management tools are used effectively and do not lead to overheating of the economy or debt crises.
5	Accountability and transparency	Increases the transparency of the budget process, ensuring accountability of government agencies to citizens and international organizations, strengthening confidence in fiscal policy, both among the population and among investors.	It requires a high degree of transparency and accountability to achieve sustainable economic results. Financial Control supports this process by ensuring public control and participation in the discussion of budget priorities.

Source: Own

Financial control and audit are closely linked to fiscal policy, ensuring effective management of public resources, maintaining fiscal discipline, optimizing tax and budgetary processes, and fostering economic stability. This relationship allows governments to not only achieve their economic and social objectives more efficiently but also to strengthen confidence in their financial policies. Fiscal policy is one of the key tools of economic management, alongside monetary policy. An increase in government spending stimulates business activity, while higher taxes can restrict it, and reductions have the opposite effect. Based on data from the United States, it should be noted that in 2022, the U.S. budget issue was exacerbated by geopolitical risks. A positive factor, however, was the post-pandemic economic recovery. The budget deficit amounted to 5.8% of GDP, compared to 12.4% in 2021 (Deficit 2023) (Figure 2).

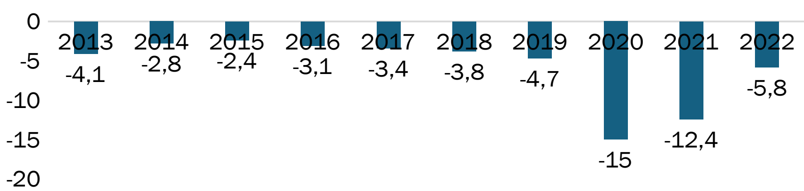


Figure 2. Methods and tools of the internal financial control and financial audit process

Source: own

In the first half of the 2023 fiscal year, the U.S. federal budget deficit increased to $1.1 trillion, representing a $430 billion rise compared to the same period the previous year. Government spending grew by 13%, while revenue decreased by 3%. Higher interest rates were the primary driver of the high budget deficit. In 2023, $90 billion was paid in interest. Social spending increased by 10%, and spending on health insurance rose by 14%. Interest payments, social expenditures, and taxes are difficult to manage. Over the past decade, the national debt has nearly doubled to $32.3 trillion. Since the pandemic year of 2020, the debt-to-GDP ratio has surged from 107% to 129%, and in 2023, it may exceed 130%. A mitigating factor has been the relatively low interest rates set by the Federal Reserve.

According to the Congressional Budget Office's forecast, the federal debt held by the public could rise from 98% to 118% by 2033 (Debt 2023 - Figures 3, 4).

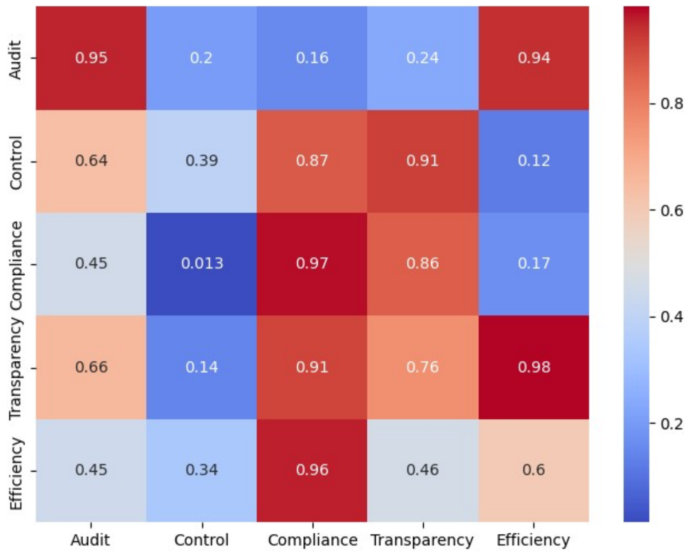


Figure 3. Risk Areas in Financial Control
Source: own

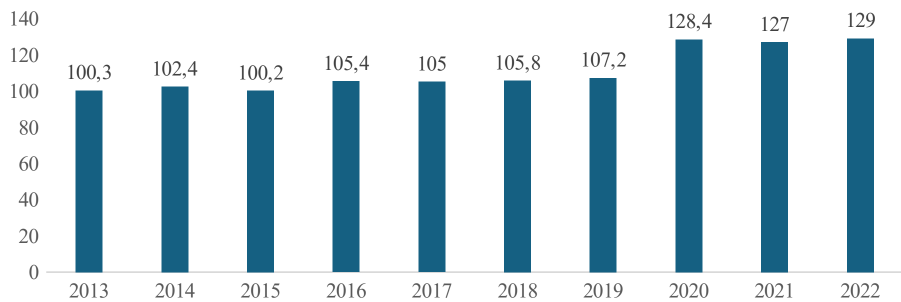


Figure 4. GDP debt
Source: Compiled by the authors

The debt-to-GDP ratio is a critical indicator of a country's fiscal health. The following diagram shows the projected debt-to-GDP ratio over the next ten years, highlighting the sustainability of current fiscal policies (Figure 5).

On June 1st, the U.S. House of Representatives voted to raise the debt ceiling, helping the country avoid a technical default. The law raised the debt limit for two years and also capped non-defense spending for the 2024 and 2025 fiscal years at the current year's levels. Additionally, it includes several measures to reduce federal spending, including cuts affecting the tax service, programs related to aid for migrants and refugees, and COVID-19 response efforts. Short-term borrowing of $1.1 trillion may also be considered. In March, the White House presented a federal budget proposal for the 2024 fiscal year. It envisions spending of $6.883 trillion, with revenues totaling $5.036 trillion. The fiscal year begins on October 1st. The budget plans to raise approximately $5 trillion over ten years from new taxes, primarily targeting highly-paid corporations and workers. The administration aims to reduce the budget deficit by nearly $3 trillion over the same period. According to the Congressional Budget Office's forecast, the deficit could reach 6.1% in 2024 and 2025.

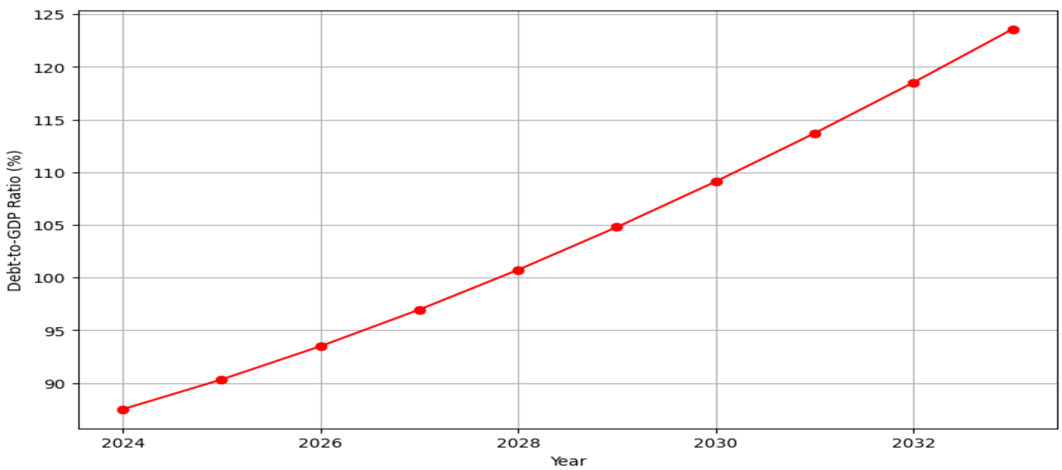
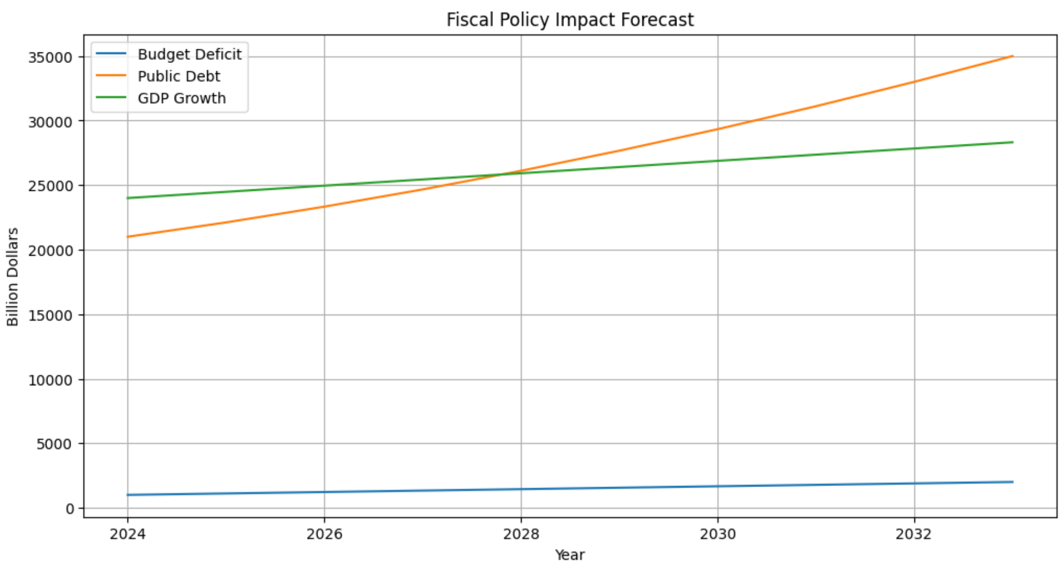


Figure 5. Debt-to-GDP Ratio Over Time
Source: own

Inflation is expected to gradually slow down to the Federal Reserve's target range of 2% to 2.2% by 2025, although it may be higher than previously anticipated in 2023 and 2024 due to broad-based price pressures and supply chain disruptions. The probability of a recession in the U.S. within the next 12 months exceeds 50%. This could exacerbate the budget issue and lead to the initiation of an additional government spending program. The risks of a correction in the U.S. stock market are increasing. Keeping the Federal Reserve's interest rate low could limit the cost of debt servicing. Under current conditions, the debt problem is unlikely to trigger a financial crisis before 2030. To forecast the impact of fiscal policy on the U.S. economy, a mathematical model could be developed, incorporating key parameters such as government spending, tax revenues, interest rates, national debt, and GDP. The model should account for the relationships between these variables as well as the influence of external factors, such as geopolitical risks and economic cycles. Understanding the impact of fiscal policy on the economy is essential for effective financial management. The following diagram forecasts the evolution of the budget deficit, public debt, and GDP growth over the next decade, illustrating the potential outcomes of different fiscal policies.



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Source: own

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Figure 7. Fiscal Policy Impact Forecast
Source: Compiled by the authors).

The main parameters of the model

Gt - government spending in the year t;
Tt - tax income year t;
Dt - budget deficit in year t;
it - interest rate per year t;
Bt - public debt in year t;
GDPt - gross domestic product t;
rt - ratio of public debt to GDP per year t

$$r_t = B_t / GDP_t \tag{1}$$

Forecasting model:
A) The evolution of the budget deficit:

$$D_{t+1} = D_t + \alpha_1 \left(G_{t+1} - G_t \right) - \alpha_2 \left(T_{t+1} - T_t \right) + \epsilon_1 \tag{2}$$

where: $\alpha 1$ and $\alpha 2$ are the sensitivity coefficients of the budget deficit to changes in government spending and tax revenues, respectively; $\epsilon 1$ is the forecast error, reflecting the impact of external factors.

B) Evolution of public debt:

$$B_{t+1} = B_t + D_{t+1} + i_t B_t + \epsilon_2 \tag{3}$$

where: it is the interest rate; $\epsilon 2$ is the forecast error accounting for unforeseen borrowing.

C) GDP Forecast:

$$GDP_{t+1} = GDP_t + \beta_1 + \left(G_{t+1} - G_t \right) - \beta_2 \left(T_{t+1} - T_t \right) - \beta_3 i_t \tag{4}$$

where: $\beta 1$, $\beta 2$, $\beta 3$ are the coefficients reflecting the impact of government spending, taxes, and interest rates on GDP, $\epsilon 3$ is the forecast error.

D) Debt-to-GDP Ratio:

$$r_{t+1} = B_{t+1} / GDP_{t+1} \quad (5)$$

The budget deficit Dt increases with the growth of government spending Gt or a decrease in tax revenues Tt. This also affects the national debt Bt, causing it to grow over time. GDP $GDPt$ increases with higher government spending but decreases with higher taxes or interest rates. The debt-to-GDP ratio rt is a critical indicator of fiscal sustainability. An increase in this ratio indicates a growing debt burden. By using historical data to estimate the coefficients $\alpha 1$, $\alpha 2$, $\beta 1$, $\beta 2$, $\beta 3$, it is possible to forecast the budget deficit, national debt, and GDP for the coming years. The model allows for an assessment of how changes in fiscal policy (e.g., increased spending or higher taxes) will affect the overall economy and the debt-to-GDP ratio specifically.

Suppose the government decides to increase public spending by 5% and raise taxes by 2%. By substituting these values into the model, one can forecast changes in the budget deficit, national debt growth, and GDP, as well as assess how this will affect the debt-to-GDP ratio in the coming years.

After increasing public spending by 5% and raising taxes by 2%, the projected indicators change as follows:

National debt will increase to $21,220 billion;
GDP will grow to $25,098 billion;
The debt-to-GDP ratio will decrease to 84.55%.

These results indicate that despite the increase in national debt, GDP also rises, helping to maintain the debt-to-GDP ratio at a relatively stable level.

To perfor m a detailed analysis, including calculating changes in the budget deficit, national debt growth, and GDP with a 5% increase in public spending and a 2% increase in taxes, let's start with a basic mathematical model.

Initial data and model:

- Government spending (G): $10,000 billion;
- Tax revenues (T): $9,000 billion;
- GDP (Y): $24,000 billion;
- National debt (D): $20,000 billion;
- Budget deficit (DEF): $1,000 billion;
- Debt-to-GDP ratio (D/Y): 83.33%.

Key formulas:

- Budget deficit:

$$¿ = G - T \quad (6)$$

- National debt:

$$D_{new} = D_{old} + ¿ \quad (7)$$

- Debt-to-GDP ratio:

$$\frac{D_{new}}{Y_{new}} * 100\,\% \quad (8)$$

Projected Changes:

- Increase in government spending by 5%:

$$G_{new} = G_{old} * 1.05 \quad (9)$$

- Increase in tax revenue by 2%:

$$T_{new} = T_{old} * 1.02 \quad (10)$$

Calculations:

A) New Government Expenditures (G): G_{new}=10,000×1.05=10,500 billion dollars

B) New Tax Revenues (T): T_{new}=9,000×1.02=9,180 billion dollars

C) New Budget Deficit (DEF): $DEF_{new}=G_{new}-T_{new}$=10,500−9,180=1,320 billion dollars

D) New National Debt (D): D_{new}=20,000+1,320=21,320 billion dollars

E) Projected GDP Growth:

Let's assume that a 5% increase in government expenditures leads to a 4.58% GDP growth (as per the model): Y_{new}=24,000×1.0458=25,099.2 billion dollars

F) New Debt-to-GDP Ratio: D_{new}/Y_{new}×100%=21,320/25,099.2×100%≈84.93%

Summary:

- The increase in government spending by 5% resulted in the budget deficit growing to $1,320 billion. Despite a 2% increase in tax revenues, the significant rise in expenditures caused the budget deficit to increase by 32% compared to the previous level.
- The national debt increased to $21,320 billion due to the new deficit. Although the growth of national debt has slowed compared to previous years, its overall level continues to rise.
- GDP increased by 4.58%, which is a positive effect of the increase in government expenditures. This suggests that increased government spending stimulates the economy, positively impacting GDP.
- The debt-to-GDP ratio increased slightly to 84.93%. This indicates that despite the rising national debt, GDP growth helps maintain the ratio at a stable level, preventing a sharp increase.

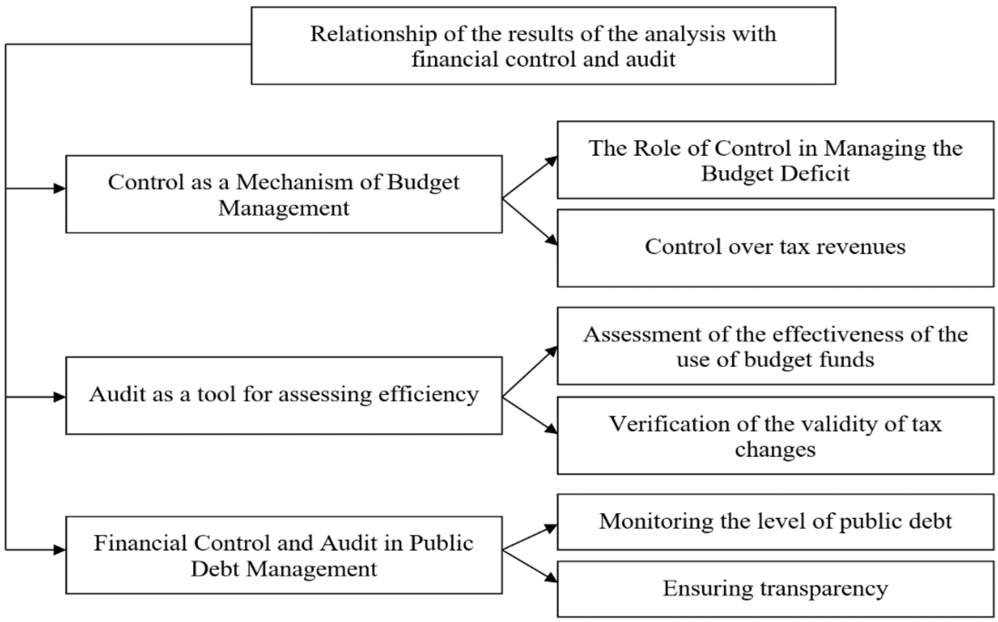

Figure 8. The relationship of the analysis results with financial control and audit
Source: own

The analysis shows that increasing government expenditures stimulates economic growth, which is reflected in the GDP increase. However, it also raises the budget deficit and national debt. It is essential to balance increased spending with tax revenues to avoid excessive national debt growth and deterioration of the state's financial position.

The connection between the analysis results and financial control and audit is evident through several key aspects (Figure 8).

In accordance with Figure 8, the relationship between the analysis results and financial control and auditing is manifested through several key aspects:

A. Financial Control as a Mechanism for Budget Management:

- Role of Control in Managing Budget Deficit: The analysis showed that an increase in government spending without a corresponding rise in tax revenues leads to a higher budget deficit. Financial

control plays a crucial role here, helping the government to monitor and optimize budget expenditures to avoid excessive deficit growth.
- Control over Tax Revenues: The 2% tax increase helped partially offset the rise in expenditures. Effective financial control ensures accurate accounting of tax revenues, minimizes tax evasion, and improves collection, thereby reducing the deficit.

B. Audit as a Tool for Evaluating Efficiency:
- Evaluation of Budgetary Expenditure Efficiency: Auditing financial statements and expenditures allows for an assessment of how effectively the additional government spending was utilized. It identifies areas where spending did not lead to the expected economic growth and provides recommendations for optimization.
- Assessment of Tax Changes Justification: Auditing can evaluate the impact of tax changes on the budget and the economy. This helps the government make informed decisions about the need for further tax increases or reductions to achieve a balanced budget.

C. Financial Control and Auditing in Managing Public Debt:
- Monitoring Public Debt Levels: The analysis results showed that an increase in public debt, driven by a rising deficit, can lead to risks for the country's financial stability. Financial control includes monitoring and analyzing public debt levels, while auditing helps assess long-term risks associated with its increase.
- Ensuring Transparency: Transparency in managing public debt and budget expenditures is achieved through regular audits and controls. This fosters trust among investors and the public, thereby reducing economic risks.

Effective financial control and auditing are indispensable tools for managing the economy amid changes in fiscal policy. They help the government not only use budgetary funds efficiently but also prevent the growth of the deficit and public debt, ensuring financial stability and sustainable economic development. Public debt increases due to the budget deficit. A budget is in deficit when expenditures exceed revenues. The last time the U.S. had higher revenues than expenditures was in 2001. To cover the deficit, the government increases public debt. As of 2023, the largest share of funds was allocated to social security (35%). Healthcare ranks second, and national defense third.U.S. public debt is divided into two parts: intragovernmental and public, which as of July 2024, amounted to $7.2 trillion and $27.8 trillion, respectively:

- The former is due to the U.S. budget's debt to governmental structures, such as pension funds;
- Public debt refers to obligations to state governments, foreign countries, private individuals, corporations, and the Federal Reserve System (Figures 9, 10).
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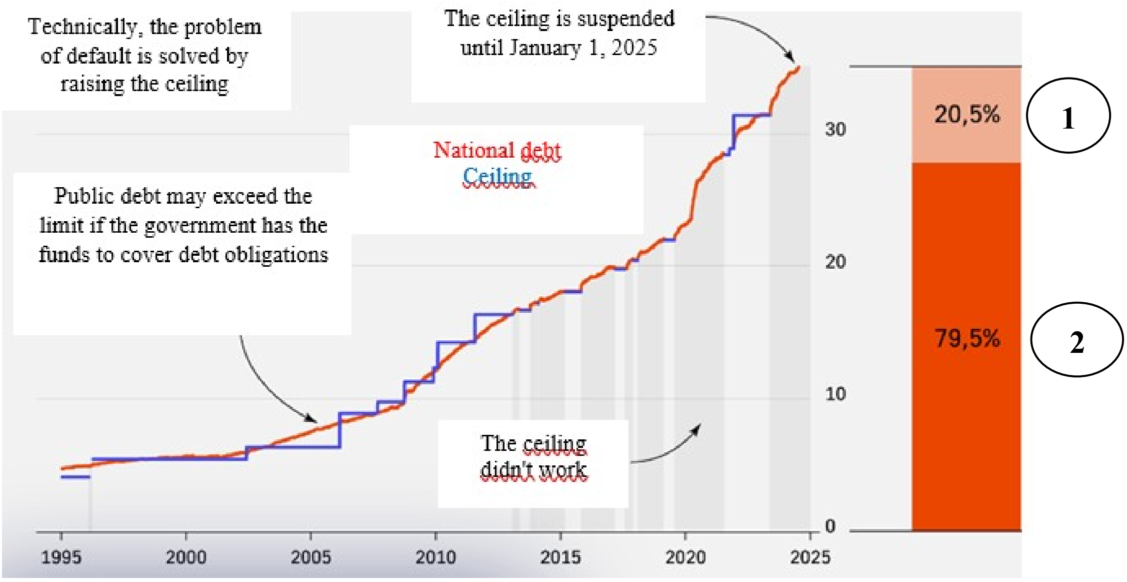
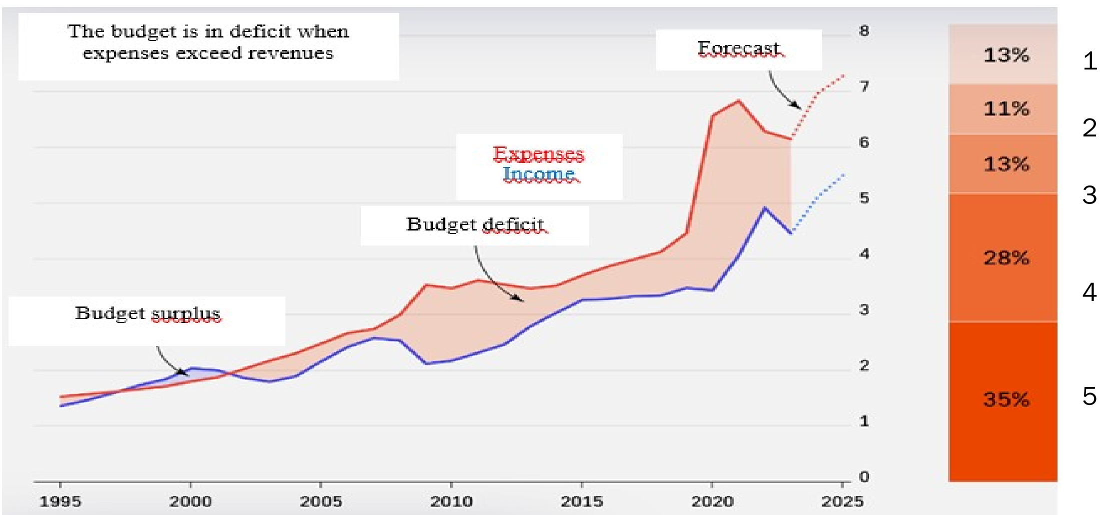


1 - Domestic government agencies (pension funds, etc.)

2 - Public to foreign states, individuals, corporations

Figure 9. Dynamics of the US national debt and changes in its ceiling, trillion $
Source: own



1 – Other / 2 - Payments on the national debt / 3 - National Defense / 4 – Healthcare / 5 - Social security

Figure 10. Dynamics of revenues and expenditures of the US budget, trillion
Source: own

The research established that fiscal policy plays a crucial role in managing the economy and maintaining the financial stability of the state. Increases in government spending and changes in tax policy significantly impact the budget deficit, the growth of public debt, and GDP dynamics. It is important to note that financial control and auditing are effective tools for minimizing risks associated with these changes and ensuring transparency and efficiency in the use of budgetary funds. Financial control helps the government monitor and manage expenditures and revenues, preventing excessive increases in the deficit and public debt. In turn, auditing allows for the assessment of the effectiveness and justification of budgetary decisions, identifying violations, and proposing measures to optimize financial management. Thus, the integration of strict financial control and independent auditing into the budget management process is essential for ensuring economic sustainability and achieving the state's strategic goals. The effective use of these tools contributes to enhancing public trust in government institutions, improving the quality of public services, and fostering sustainable economic development.

3. RESULTS

This study investigates the extent to which internal financial control and internal financial audit affect the compliance of the company's employees and management with the rules for the implementation of financial processes, and also determines the probability that the organisation will receive an audit opinion on the continuity of operations. For a deep understanding of the internal financial control process, it is necessary to consider the possible levels of process management (Ivanyos, 2021 - Table 3).

Table 3. Company process management levels

Optimised			
Level 5	1	Process innovation	The process is constantly being improved to meet current and projected business goals
	2	Process optimisation	
Predictable			
Level 4	1	Process measurement	The process is carried out sequentially within certain limits
	2	Process control	
Installed			
Level 3	1	Process definition	The established process is organised based on the standard process
	2	Process deployment	
Adjustable			
Level 2	1	Performance management	The process is managed, and the result is set, monitored, and maintained
	2	Result management	
Completed			
Level 1	1	Process implementation	The process is implemented and achieves its goal
Level 0	Imperfect		The process is not implemented or has not reached its goal

Source: Own

The diagram demonstrates that the higher the level of management of a process (including financial control), the more predictable and preferable the result will be received by the management. The diagram also suggests that simply performing pre-defined functions and responsibilities is not enough for proper performance, since in this way the final result of the action remains unpredictable. The result of successful financial control and audit should not only include an accurate report, but also the prevention of further violations, which can be achieved by increasing the level of process management. The corporation must concentrate on enhancing the system of financial supervision and control while developing a system of internal financial control (Figure 11). The operation of this system has a significant role in directing the pertinent activities and is directly tied to the follow-up work on internal control. The company's management should first concentrate on the financial audit mechanism based on the development and improvement of the financial supervision and control system, start the process of creating a perfect and workable financial audit system, send the CFO and the relevant staff of the financial department to conduct the necessary audits of financial accounting, as well as financial and accounting information in order to find problems and defects and achieve the most. Additionally, internal audit is a crucial component of the supervision and control system. The internal audit function should be the main focus when developing a firm's internal financial control system. The pertinent staff must be able to conduct a thorough audit examination of the financial accounting information of the company and promptly repair false financial statements and errors.

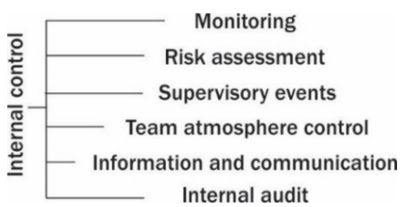


Figure 11. Internal audit components / Source: own

Audits are often divided into three main categories: financial audit, compliance audit, and operational audit. Each of these audits should be conducted regularly to avoid all types of financial errors. In general, effective financial control is a complex system with many interrelated components (Figure 11); it includes not only the obvious components in the form of financial statements, audits and inspections, but also working with staff, improving the professional qualities of employees, establishing an atmosphere in the team, providing reliable means of communication (Figure 12).

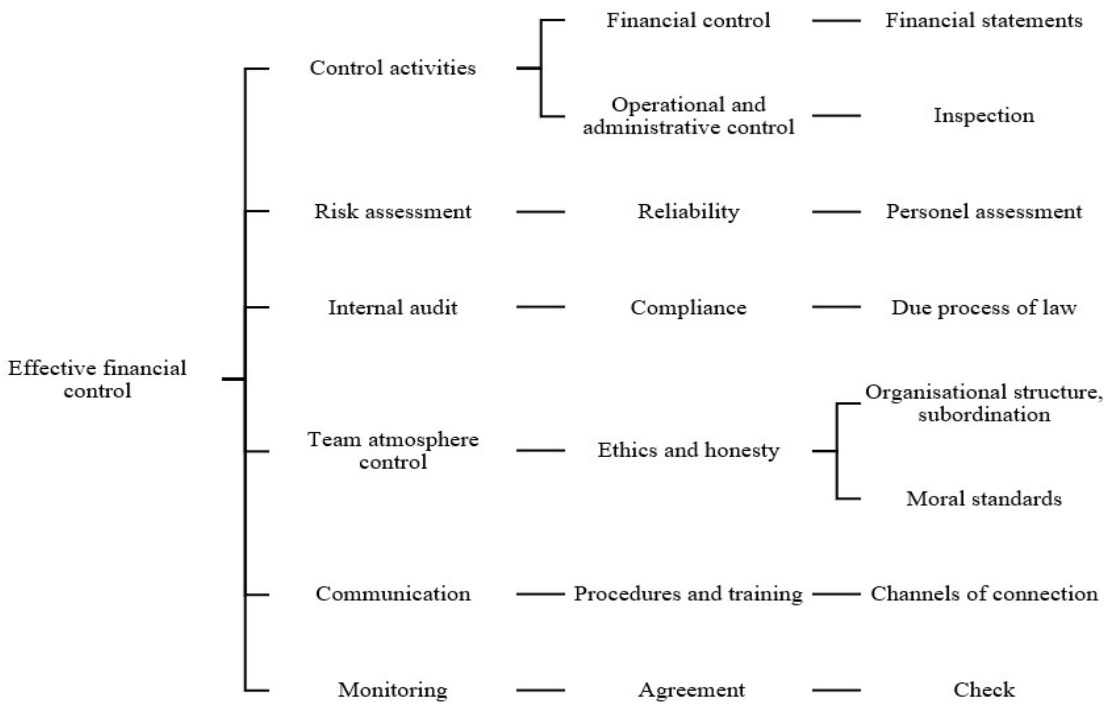


Figure 12. Components of effective financial control
Source: own

The presented data do not exhaust the subject matter, but they bring closer an understanding of the role of audit in relation to risk in the organisation. Audit as a control tool is a really important protective tool associated with the risk management process in the organisation. In particular, the link between internal audit and risk management stems not only from the guidelines that can be found in the definition of audit, but also from the growing awareness that every business activity is at risk. To reduce risk exposure through a thorough audit, risks must first be properly diagnosed, i.e., identified, during a comprehensive risk assessment. Only by making diligent and sustained efforts can an organisation protect itself from the serious risks of financial fraud (IIA, AICPA, ACFE 2021) (Table 4). The key principles of creating a control mechanism to effectively manage the risk of fraud in the organisation include a consistent system of methods aimed at preventing, investigating, identifying, and correcting the risks of financial fraud.

Table 4. Five principles for preventing financial fraud in organisations / Source: own

Principle 1	The organisation's governance structure should include a financial fraud risk management programme, as well as written policy (or policies) that reflect the expectations of the board of directors and senior management regarding fraud risk management
Principle 2	Financial fraud risk exposure should be periodically assessed by the organisation to identify specific potential schemes and events that the organisation should prevent
Principle 3	Methods should be developed to prevent key financial fraud risks, where possible, to mitigate possible reputational losses to the organisation.
Principle	Monitoring and detection methods should be developed to identify cases of financial fraud where

4	preventive measures do not work or the situation has not previously been identified as carrying potential risks.
Principle 5	There should be a reporting process in place to collect information about potential financial fraud, and a coordinated approach to investigation and corrective action should be used to help ensure that situations of potential financial fraud are dealt with appropriately and in a timely manner.

Source: own

A suitable control system and an integrated risk management system must be established in order to guarantee the organization's use of risk reduction techniques. It is believed that the internal audit will concentrate on evaluating the efficiency with which such a risk management system operates as well as the potential for making adjustments and enhancements. An audit examining the process used to design the risk management system and its operational efficacy. The role of financial control over the development and use of budget resources in each element of the economy is somehow related to the budgeting process. The use of the existing scientific potential with adequate financial support will enable the development of research-based proposals for solving emerging practical problems. It is extremely important for the economy to ensure proper control over the allocation and use of budget resources at different levels of enterprise management and self-government. The development of new methods, procedures, and control actions aimed at identifying effective control over the development of the distribution and use of budget funds will give a positive result for the development of the economic potential of Kazakhstan. Governmental financial control over public institutions and businesses is an essential step that enables the state to ensure the effective and efficient use of budgetary resources. In its current form, the control of public finances is an effective tool for supporting public authorities and ensuring the efficient operation of public monies. The various financial control bodies must participate in the creation and implementation of budget decisions through legislation and new management approaches to advance public administration and modernize administration while ensuring internal financial control and audit in order for this process to continue and improve.

4. DISCUSSION

The standard theory of accounting and auditing defines internal control as a systematic and purposeful policy that is part of the organisational structure and reflects the direction of work, the level of control, the chain of command and information management systems. Internal financial controls are carefully designed to coordinate the organisation's resources in accordance with management's vision and mission for a specific period. The internal control system is broadly described as a set of mechanisms and procedures that the management of an organisation establishes and uses to protect its assets, ensure the reliability of accounting information, encourage adherence to management policies to achieve maximum contribution and result, which are evaluated from time to time to make the necessary changes and to ensure that there are no deviations from the overall goals (Lartey et al., 2017). Quality control of the audit procedure has become extremely important in modern corporate environment against the background of accounting misconduct and internal audit irregularities leading to the company's bankruptcy. Accounting firms monitor the quality of the audit procedure using a quality control standard and a special audit standard. These standards provide reasonable assurance about compliance with applicable statutory requirements and the submission of an audit report by the audit team (Saha and Roy, 2016).

Forced restatements are corrections made to published financial statements at the request of auditors or regulators due to non-compliance with generally accepted accounting practices. Forced restatements caused by aggressive financial irregularities reduce investor confidence in the quality of financial statements, increase investor concerns about managerial opportunistic decisions, and result in considerable losses for shareholders. Forced recalculation is a major concern not only in developed countries, but also in developing countries, which threatens local and foreign investment in these markets. Efforts to early identify firms whose reports require investigation and recalculation remain significant (Othman et al. 2020). A budget is a tool that can be applied to a number of objectives. Since it needs to generate revenue and pay expenses in order to accomplish the objectives set forth, the government of any state cannot operate without financial resources. Public entities, especially the state, must mobilize sizable financial resources in order to administer broad areas of economic and social activity. Lossless programs should be financed with these money, which are derived in part from taxes paid by taxpayers, which explains the existence of stringent regulation of income and expenditure activities (general tax code, public debt recovery code). For this reason, lawmakers have passed public accounting laws and guidelines to control budgetary and financial processes (Mouden and Omar, 2020).

The involvement of the consumer in the production process is the essential element of economic services. When a customer or client is required to serve as a co-executor, there is more heterogeneity introduced into the service delivery process than there is in the manufacturing of goods. This leads to a conflict between the effectiveness and quality of the service. This inconsistency has the effect of making it impossible to increase the audit's quality through process standardization. It is further stated that in order to enhance audit quality, audit research should focus more on the unique characteristics of audit assignments and the significance of effective cooperation between the service provider (audit company) and the client (Knechel et al., 2019). The adoption of the basic principles of corporate governance stems from transparency, engagement, and accountability through a system of rules, regulations, and disciplinary decisions to change the concept and content of the state budget, from simple legislation to the legalisation of state revenues and public expenditures in its conventional numerical indicators. Terms and processes related to the conventional role of governments also refer to firm legislation that reflects medium and long-term plans, programmes, and strategies aimed at achieving political, economic, social, and development goals, as well as the extent to which these programmes can monitor the required progress and sustainable growth of the infrastructure and public services sectors of a rational modern state. This development is consistent with the content and objectives of the state budget.

Owning valuable assets and subsidiaries helps businesses financially by boosting revenue and profitability as well as reducing issues with profit management, audit agencies, and inconsistencies in financial reporting. High brand equity companies are less likely to make discretionary accruals that exaggerate earnings, disclose profit restatements, or become the focus of financial inquiries. The likelihood of manipulation through channels of incentives and opportunities that are reflected in CEO performance and remuneration as well as in corporate governance indicators is decreased by brand equity (Ismail, 2020). One of the most often used terms in the contemporary business and IT is "big data" (BD). Accounting and financial auditing have been impacted by the attention-grabbing emergence and potential application of BD, which has replaced long-used mechanical data collection and processing processes with automated ones, comparing and searching for correlations between data of various structure and nature. Meanwhile, the disadvantages of applying BD are related to the additional requirements for professional supervision and proper data analysis for the correct interpretation of the results.

The role of financial control plays a substantial role in shaping the company's performance, despite the fact that it is less recognised in the literature than the role of financial instability. It has been demonstrated that financial instability, on average, has less impact on well-being outcomes than financial control. The results of a study by a group of scientists indicate that financial control plays a protective role for complete well-being. There is less evidence for the detrimental role of financial instability for well-being (Bialowolski et al., 2021). The pursuit of particular objectives guides each business's operations. No business will enter the market without having a clear understanding of its objectives and how to get there. Setting goals is therefore the cornerstone of each company's business plan and future growth. Every business must plan its actions, carry them out, and keep track of the results. Even functional departments that organize this work exist in large companies. Financial control gathers data from each of the aforementioned processes and suggests what steps should be made to ultimately produce the anticipated outcomes outlined. Financial regulation within the company is sometimes misunderstood as unwarranted control. Despite its adoption, financial control frequently results in subpar performance from the organization due to a lack of clarity around what it is and what its duties are. When this occurs, financial control is viewed as a management strategy that is overly sophisticated and results in a higher level of control (Krastev, 2019).

Providing a well-structured and functioning financial control model that will be a strong foundation for the government in the management of the state, in terms of changing the internal control environment, is the main goal of the existence of state internal financial control. This method should improve the control system in the public sector of the economy. The model of state internal financial control is widely accepted and widely used in many countries. The advantages of well-established state internal financial control can be identified by the following fact: a well-established system of state internal financial control in institutions will be implemented in an appropriate, efficient, economical, and optimal manner, property and other resources will be protected from losses caused by mismanagement, employees will comply with the law, and responsibility for non-performance of tasks will be strengthened (Dionisijev, 2020). In another study, the authors recommend that reasonable measures be taken with respect to financial controls, especially in the areas of asset management, financial system controls, and capital adequacy. The study also recommends the development of a policy to protect member funds in relation to the efficient market hypothesis and the creation of a sustainable market economy (Bashaija et al., 2020).

The execution of multi-component activities with the aim of serving the national interests of national importance cannot be ensured by the modern state alone; as a result, the completion of such tasks involves numerous organizations. The state allocates some responsibilities of common interest to financial autonomy. It is not only in the state's economic and social interests to maintain its power and to defend its legitimacy and continuity that public authorities have a duty to carry out tasks of common interest. A. Akinola has researched the value of financial reporting and control in public sector organizations. He studied and documented how public money are now managed in order to determine whether the control of public funds is suitable and to point out the existence of pertinent accounts. The author concluded from the findings that financial responsibility and control existed in the public sector. The study discovered that there was a direct association between the state government's revenue and its outlays (Akinola, 2019).

A properly applied code of conduct is one of the most important mechanisms for informing employees about acceptable standards of their activities and drawing attention to the obligations assumed by management to maintain the integrity of the organisation (a clear organisational structure, the formulation of principles regarding conflicts of interest, the presence of an internal audit department). Additionally, a well-executed communication and training program will improve staff members' comprehension of their responsibilities with reference to the control implemented in relation to professional fraud and offenses (for example, regular discussions of professional ethics or the establishment of a hotline for reporting fraud). Recognizing early warning indicators of potential fraud is another technique for preventing and detecting fraud.

The creation of a suitable internal control system that is tasked with this duty is a crucial step in the prevention and detection of financial fraud. The following should be the department's main priorities: conformity with the principle of functional separation (no position should give an employee the authority to handle both front- and back-office tasks); regular evaluations of staff members' performance; and checks on staff members' credentials, competence, education, and prior experience; access to publicly accessible resources for comparing accounting data with their actual availability; thorough investigations of the deeds of workers and third parties, particularly when these people hold key positions in the financial reporting process. Proactive fraud data analysis tools can assist in identifying potential financial fraud and professional misconduct that might otherwise go unnoticed by management (for instance, searching databases to identify links between different individuals, checking employee biographies in terms of criminal records, financial incidents, loans, etc.). A thorough analysis of the risks of financial fraud and professional misconduct can also assist management in better understanding the particular risks that their business faces, spotting gaps and weaknesses in their controls, and developing a strategy to find the right control resources and procedures.

The way the frauds are viewed is another factor that can be used to prevent it. Taking consistent action when economic infractions are found is a crucial first step in fostering a culture of zero tolerance for fraud. The personnel is aware of the repercussions of potential fraud involvement as well as the fact that fraud will undoubtedly be detected as a result of an efficient risk management and control system. Most potential offenders can be discouraged by such an approach. Finally, the company's response to fraud discovery is equally crucial because it must behave in a way that allows for the public disclosure of the facts surrounding fraud and professional misconduct. Following the discovery of fraud or wrongdoing, the accountable party should take steps to rectify the situation, including making a voluntary disclosure of the investigation's findings to the regulatory authority or any other appropriate authority, making amends for any errors made, and looking into the causes to ensure that the likelihood of financial fraud is minimized going forward. The matter needs to be handled with the relevant individuals and any leaders who were powerless to stop or notice these occurrences. Additionally, the business needs to let its staff know that management handled a scenario involving fraud or a violation properly. To successfully prevent financial fraud and professional misconduct, as well as to maintain employees' faith in the steady and trustworthy operation of the risk assessment system, a disciplinary system outlining the accountability procedure is required (OECD, 2017).

The analysis highlights the critical role of internal financial control systems in safeguarding organizational assets, ensuring the accuracy and reliability of accounting information, and aligning operations with the strategic vision of management. Effective internal control, supported by clearly defined policies and procedures, is essential not only for achieving organizational objectives but also for maintaining transparency and accountability, especially in today's complex corporate environment. The analysis also underscores the importance of audit quality and the necessity of applying robust standards to prevent financial misconduct. Instances of forced restatements due to aggressive financial practices pose significant risks to investor trust and market stability, emphasizing the need for early detection and corrective action.

Budgeting and financial control in public organizations are also critical, as they ensure the effective mobilization of financial resources to achieve broad economic and social objectives. Strict regulation of revenues and expenditures is necessary to maintain financial discipline and protect public funds. Discussing the involvement of consumers in the service production process illustrates the challenges of maintaining audit quality due to the heterogeneity of services provided. This necessitates a focus on the unique characteristics of audit engagements and the importance of effective collaboration between audit firms and clients.

The analysis also points to the positive impact of brand equity on financial reporting practices, as companies with high brand equity are less likely to engage in earnings manipulation or become targets of financial investigations. Additionally, the emergence of big data in accounting and auditing presents both opportunities and challenges, requiring enhanced professional oversight to ensure accurate data analysis and interpretation. It is proven that financial control plays a protective role in ensuring organizational well-being, with evidence suggesting it has a more significant impact on performance outcomes than financial instability. However, the complexity of financial control systems can sometimes lead to suboptimal results due to misunderstandings of their goals and responsibilities.

In conclusion, the development of a well-structured internal financial control model is fundamental for both private and public sector organizations. Such a model ensures the efficient, economical, and optimal use of resources, compliance with laws, and the prevention of financial fraud and professional misconduct. Implementing proactive fraud detection tools, combined with a culture of zero tolerance for fraud, is crucial for maintaining the integrity and reliability of financial systems. The findings highlight the need for continuous evaluation and enhancement of financial control to adapt to evolving risks and challenges in the modern economic environment.

CONCLUSIONS

In conclusion, the work of audit committees and internal audit units can be successful if the internal audit units have enough resources, audit committees keep track of and support financial transactions, and accountants and senior management take the findings and recommendations of the auditors seriously. Management and other accountable parties should also consider the conclusions of internal and external audits and put their recommendations into practice. Plans of action that will be carried out by management should be developed based on these results. To guarantee that both departments operate efficiently, audit committees must enhance their supervision of internal audit employees. An efficient control mechanism is a dynamic, systematic process that is purposefully designed to measure and compare current performance levels with the organization's standards and make ongoing changes to ineffective, out-of-date procedures and policies that do not add value or are unable to address current challenges. The public is one of the primary stakeholders in the provision of services in the management of the public sector, playing the function of corporate governance in the public services sector. The fact that the public sector has an effective audit committee and internal auditing components attests to the prudent and effective use of resources for the benefit of all parties involved. Typically, internal audit has a favourable opinion of the company where it operates. Through the audit committee, internal audit can advise senior management, important public sector organizations, and the organization's management board on the management team, operations, and risk management.

As a result, even though it is an important duty, maintaining an organization's financial accounting is difficult. The company should gradually improve its internal financial control system in light of a centralized financial distribution system, evaluate and modify financial statements, and rely on the internal control mechanism to swiftly identify unusual circumstances, errors, and cases of financial fraud. This will enable the company to operate in its best interests as a business and guarantee the company's consistent growth. In the current situation of the global financial crisis and pandemic, companies still face many challenges to achieve the goal of preventing and eliminating financial misconduct, but managers, financial managers and accountants must take into account and apply all aspects of the methods of implementing centralised financial control.

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