
ISSUES OF INCREASING THE EFFICIENCY OF FINANCIAL ACCOUNTING BY IMPROVING THE COMPLIANCE CONTROL SYSTEM IN THE HIGHER EDUCATION

MAMATOV ILKHOM

Abstract

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This article describes the role and importance of the compliance control system in the activity of economic entities, especially in the higher education system. Also, the scientific and methodological works of foreign and local scientists related to its content were analyzed and the content of new scientific views related to compliance control was clarified. In the article, together with the above, special attention is paid to the issues of assessing and accounting for the efficiency of financial processes, and ensuring efficiency through the organization of compliance control in these processes.

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Author correspondence:

MAMATOV ILKHOM

Independent Researcher in Economical Sciences, Tashkent Institute of Finance, Tashkent, Uzbekistan

Email: mamtov_ilkhom@gmail.com

INTRODUCTION

World experience shows that the more standardized the work activities in any company, the higher the efficiency and quality of the company's work. Therefore, today the "compliance control" system of companies in foreign countries is giving its positive results. At the same time, it should be noted that although the "compliance-control" system is used in the activities of many companies, its role in corporate management and the relationship between the "compliance-control" system and the corporate management, as well as the impact on the quality of corporate management, have not been widely studied.

In addition, it is also important that any company attracting investment must have a "Chief Compliance Officer" in the company's statutes, as required by the New York Stock Exchange since 2004. It is known that the word "Compliance" (derived from the English word compliance) is Compliance (from English - consent, compliance; from the verb to perform) - verbatim in accordance with a word or request (Oxford English Dictionary); means compliance (in English, compliance is an action according to a request or command, obedience). "Compliance" refers to compliance with internal or external requirements or standards (Dictionary, 2015).

As information: the formation of the "Compliance" system in the world experience and the history of its development is connected with the establishment of the Ministry of Health and Social Services of the USA in 1906 (Food and Drug Administration). But the first period of development of the "Compliance - control" system is the origin of many corruption scandals of the 60s and 70s of the 20th century. In particular, in the Watgate

scandal in 1972, the facts of buying foreign officials and receiving bribes from them were revealed by large American corporations. Among the beneficiaries, such monsters as Mobil, EXXON, Phillips Petroleum are visible. But in 1977, the United States adopted the Foreign Corrupt Practices Act (FCPA) and the Foreign Corrupt Practices Act. The rules of conduct of civil servants at the international level are confirmed in these laws. This United States law, the first in the world to prohibit bribery of foreign officials, was enacted in 1977. The second period of development of the "Compliance-control" system is after the adoption of the law by the FCPA organization, in the USA in the late 70's, a ministry was established to regulate legal relations in various areas of business. In the 80s, the "compliance control" system was considered to be an "ethical norm for conducting business". The third period of development of the "Compliance control" system can be associated with the collapse of the largest US energy company at the end of 2001. As a result of bankruptcy of Enron (Enron), World Com, Parmalat corporations due to debt concealment and fraud, since then, the "compliance - control" system has become an integral part of the management of US companies.

The implementation of the compliance control system in the anti-corruption legislation of the Republic of Uzbekistan dated 27.05.2019 No. PF-5729 "On measures to further improve the system of combating corruption in the Republic of Uzbekistan" is one of the main tasks set in this field, and the state share in the charter fund In order to strengthen the anti-corruption measures in enterprises and organizations, the task of implementing the compliance control system for combating corruption and systematic monitoring of its effectiveness was determined. For the first time, these regulatory documents raise the issue of introducing the compliance control system at the national level.

Based on the decree, starting from 2019, within the framework of the implementation of the project of the UN Development Program "Fighting corruption in Uzbekistan through effective, accountable and transparent management institutions", in cooperation with the General Prosecutor's Office, the Ministry of Justice and other interested agencies, the state share in the charter fund is 100% or more than 50% international tender processes were held with the participation of the international auditing companies "White and Case" (USA), KPMG (Italy) as an experiment in the activities of economic entities whose activities are integrated with the foreign market.

RESEARCH METHODOLOGY

The current state of the financial accounting in the Higher Education system and its analysis in the form of a scientific abstract, experiment, modeling, analysis with results, analysis, synthesis, grouping, as well as inventory, comparison when collecting audit evidence, arithmetic calculations and various methods of mathematical and statistical modeling. In all methods, analytical operations are carried out and information is obtained as evidence and evidence. However, it should be noted that the audit methodology should include accounting, statistical, analytical, mathematical and philosophical methods that ensure the effectiveness of its results and the reliability of the evidence obtained.

ANALYSIS AND RESULTS

It is worth noting that based on the efficiency and effective aspects of the compliance control system, which is widely used at the international level, in preventing the risks of corruption, the Ministry of Construction of the Republic of Uzbekistan, the Ministry of Higher and Secondary Special Education, the Ministry of Health, as well as the Tashkent city administration, Tashkent regional administration, Mirzo Ulugbek district and the implementation of the project as a pilot project is being carried out in state organizations such as Boka district hokimities.

Also, on March 15, 2020, at the initiative of the General Prosecutor's Office of the Republic of Uzbekistan, in cooperation with 9 state agencies, such as the Ministry of Internal Affairs, the Ministry of Transport, the Ministry of Pre-school Education, the Ministry of Energy, the Ministry of Employment and Labor Relations, the Ministry of Agriculture, the State Customs Committee, and so on, corruption in these areas in order to further improve anti-corruption effectiveness, the procedure for introducing the compliance control system was agreed upon and the "Roadmap for further improvement of the fight against corruption for 2020" was approved.

It should be said that the gradual implementation of the compliance control system in the public and private sector today shows that the study of this field is relevant in all respects.

While every organization will have its own specific goals for financial management, risk assessment and mitigation, budgeting, etc., it's important to make sure you're covering the most critical areas with the most common financial controls. Establishing compliance controls like these will, over time, help your business create lasting value through high-quality data, continuous improvement, and reduced risk.

An internal risk assessment like this makes it easy to identify those areas that need your attention most quickly. Given their potential impact and the high likelihood of occurrence, both of these risks would likely fall into the —Very High Risk category, and therefore require immediate development and deployment of policies and practices to curtail them effectively.

Table 1**Risk matrix in the organization of compliance control**

	Low Impact	Medium Impact	High Impact
Likely	Medium Risk	High Risk	Very High Risk
Unlikely	Low Risk	Medium Risk	High Risk
Very Unlikely	Very Low Risk	Low Risk	Medium Risk

General Financial Management Controls. Strict qualifications and role assignments for creating, approving, and implementing financial management policies and practices. Perform in-depth reference and background checks on all potential financial team members. A clear and concise chain of command, from the CFO down through senior management, finance managers, department/project managers, and accounting staff. Delegation and segregation of financial duties so as to maintain the chains of command and operation, maximize efficiency and accuracy, and minimize risk to financial and operational health. Frequent, regularly scheduled training and education sessions to keep all stakeholders up to date on the latest industry, legal, and internal requirements for compliance. Regularly scheduled financial analyses and review of all internal controls, with additional analyses and reviews whenever significant discrepancies are found. Tracking the typical daily, weekly, monthly, and annual volume and aggressively investigating deviations is instrumental in driving compliance and engagement while reducing fraud. Effective cross-training for all staff, ensuring complete coverage of essential workflows while maintaining both accountability *and* segregation of duties.

Incoming Cash Flow Controls. Comprehensive credit checks on all potential customers before credit is extended. Regular reconciliation of bank statements with the company's general ledger, as well as comprehensive annual reporting to meet compliance

requirements and provide strategic insights necessary to financial and operational planning. Regular policy reviews with all customers who have been extended credit in order to confirm their creditworthiness and reduce the chances of acquiring or increasing bad debt. A secure, centralized, and regularly backed-up database of all financial data, protected by role-appropriate, leveled access.

Outgoing Cash Flow Controls. Proactive and comprehensive vendor management, including a secure database of all transactions protected by role-appropriate, leveled access. Implementation of controls such as guided buying, full integration of vendor catalogs and contract data, and detailed, context-sensitive approval workflows to minimize the risk of maverick spend, invoice fraud, embezzlement, etc. Regular reconciliation of the company's bank statements with its general ledger. Clear and comprehensive expense management policies, including detailed guidelines on reimbursement, expense reports, and spending practices to curtail waste and fraud. Clear standards and policies for petty cash management, including assignment of a specific –petty cash monitor to audit, reconcile, and replenish the petty cash account as needed.

Risks both internal and external need to be identified and prioritized as you develop your financial controls. One very effective way to do so is with a risk assessment matrix, which helps you prioritize a risk based on both the likelihood it will occur and the potential impact on your organization if it does.



Fig.1. Steps of Internal Control Compliance

Steps of Internal Control Compliance as following (Figure 1).

1. Internal controls are designed to provide reasonable assurance regarding the achievement of operational objectives, such as the effectiveness and efficiency of operations, accurate and reliable financial reports, and compliance with applicable laws and regulations.

2. An effective internal control environment ensures an organization's resources are used for their intended purposes, minimizing the risk of misuse. It also allows for greater efficiencies when clear processes and guidelines are outlined.

3. Controls are owned by key members of your organization. These individuals are responsible for monitoring and performing internal controls throughout the year, not just during an audit.

4. C-level executives will now have better control and visibility into how the company is operating and what processes are being followed.

5. Stakeholders will have more confidence in your financials. Internal controls and/or they indicates a stronger investment. By implementing internal control structures prior to going public or being purchased, the company can save costs and reduce the number of challenges during a sale.

6. Organizations with established internal controls may be able to reduce the external auditor's scope, time, and fees. You can also reduce the need for revisions and rebuilding the program after an external auditor review.

7. If your company is private, it is becoming increasingly common for lenders and other businesses to require companies to sign off on specific internal controls as part of their periodic certification process. Be ready. If your company already certifies controls then managing PBC requests and certifications can be time-consuming if not given the appropriate attention.

Financial Controls Policy. While they've always been important, the lingering impact of the COVID-19 coronavirus pandemic on global commerce—including more remote workers collaborating and communicating across not just time zones but potentially different platforms and applications—has made understanding and enforcing financial controls more important than ever. The ideal financial controls policy acknowledges the complexity of the modern economy and workplace, and strives to achieve accountability, compliance, transparency, and risk assessment and management supported by continuous improvement. It is written to be clearly understood, regularly updated as appropriate, and distributed to all stakeholders, who are asked to affirm their understanding of, and compliance with, the policy. For optimal effectiveness, make sure your policy covers five key areas:

1. A clear chain of command and hierarchy of accountability. This should include monitored delegation where appropriate, and multiple contingencies for separation of duties while ensuring coverage of all essential processes.
2. A clear, regularly reviewed policy regarding issues such as corporate governance, insider transactions, conflicts of interest, embezzlement, fraud, etc.
3. Clear spend authority standards and practices related to all financial transactions. This includes approvals, check signing, payroll, credit cards, borrowing of funds, etc.
4. Detailed standards for, and description of, those positions approved to enter into contracts, and under which conditions.
5. Detailed information on the positions responsible for maintaining accurate, complete, and transparent financial records.

CONCLUSION

It can be concluded from the above that the fight against corruption in the activities of the public and private sectors, in higher education and other sectors of the economy serves as a number of effective factors for the introduction of the "compliance control" system.

In particular, this system serves to timely identify and stop the risks of corruption, to eliminate their consequences, the causes and conditions that enable them, and to reduce them to a minimum level.

To increase the accountability and transparency of the activities of state bodies and organizations, to strictly observe the rules of professional ethics by employees, and to regulate the issues of reporting and resolving conflicts of interest in the performance of official duties, generally recognized international standards and foreign positives in the field of combating corruption. introduction of experience and other priority results.

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