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ORGANIZATION OF INTERNAL AUDIT OF INVESTMENT ACTIVITIES

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A B S T R A C T	K E Y W O R D S
This article analyzes the importance and methods of organizing internal audit of investment activities. Internal audit is considered an important tool for improving the efficiency of investment processes, ensuring the rational use of financial resources, and minimizing risks. The article covers key areas such as planning investment projects, reviewing financial reports, and improving the internal control system. Additionally, recommendations are provided for identifying and eliminating shortcomings in investment activities through internal audit. This study aims to develop internal audit to enhance effective management of investments and reduce financial risks in organizations.	Investment activity, internal audit, financial control, investment risks, internal control system, financial resources, investment projects, efficiency.

Introduction

Investment activity is one of the main factors for the financial stability and development of any company or organization. Effective management of investments allows a company to increase its resources, invest in new projects, and improve its competitiveness. Therefore, internal audit of investment activity holds great importance as it helps to assess the company's financial condition, eliminate errors and deficiencies, and ensure targeted and efficient use of investments.

In today's global economy, the importance of investment activity is growing. The financial stability and growth of organizations largely depend on the effective and purposeful management of investments. Deficiencies and errors in investment processes may lead to financial losses, which pose a threat to the organization's stability. Therefore, organizing internal audit of investment activities and improving its efficiency are among the key tasks.

The organization of internal audit plays a vital role in enhancing the effectiveness of a company's governance, risk management, and control processes. Internal audit serves as an independent and objective assurance function that evaluates the adequacy and efficiency of internal controls, identifies potential risks, and helps ensure compliance with policies and regulations. By providing management with timely and reliable information, internal audit supports informed decision-making and promotes organizational transparency and accountability.

In today's dynamic business environment, where risks and regulatory requirements are constantly evolving, the proper organization of internal audit is essential to safeguard assets, improve operational efficiency, and strengthen financial reporting. This introduction aims to explore the key principles, frameworks, and best practices involved in establishing and maintaining an effective internal audit function within organizations.

Internal audit plays a crucial role in properly directing investment activities, identifying and minimizing risks, and ensuring efficient use of financial resources. Effective organization of internal audit ensures transparency of investment projects and reliability of reports, which facilitates external audit and financial control. Additionally, internal audit ensures compliance of investment activities with internal regulations, company policies, and standards. This process serves as an important tool for achieving the organization's strategic goals in the investment sector.

Analysis and Results

A systematic approach to studying the issues of organizing audit and internal control primarily involves identifying the characteristics of the investment process. These characteristics directly or indirectly influence the organization and effectiveness of external audit and internal control systems by setting specific goals and tasks, or indirectly through accounting records, control environment, and control tools.

Internal audit is a critical component of an organization's control system, designed to provide independent assurance that business processes are operating effectively and risks are being managed appropriately. The organization of internal audit involves establishing clear structures, responsibilities, and procedures to ensure that audits are conducted systematically, objectively, and efficiently.

Effective internal audit functions contribute to enhancing corporate governance, improving risk management practices, and safeguarding an organization's assets. As businesses face increasing complexity and uncertainty, organizing internal audit with well-defined policies and a strategic approach becomes crucial for achieving organizational goals and maintaining stakeholder confidence. This introduction outlines the fundamental aspects of organizing internal audit, emphasizing the importance of aligning audit activities with the company's objectives and regulatory requirements, while ensuring continuous improvement and adaptability.

Research shows that the main features affecting the organization of audit for the investment process, as well as the formation and development of the internal control system, are as follows: the diversity of investment activity subjects; the broad scope of investment objects; the duration of investment projects; inability of the investment process subjects themselves to control the preservation of assets; the execution of inspections by multiple entities; and that project work is carried out both by internal forces and with the involvement of external organizations.

Many participants are involved in the investment process, each setting different goals and objectives. Consequently, on one hand, the intermediate and final information they consume varies, and on the other hand, the auditor uses various procedures aimed at ensuring the reliability of this information.

At least the following groups of information users related to investment projects can be identified: Primarily those who use the investment object, including internal users with administrative authority (such as the director of a commercial organization, project manager, financial director, etc.) and other employees who use information on investment projects in one way or another (economists, financiers, accountants, etc.); External users of information: Entities making decisions to invest or not invest in a particular investment activity or project; Users outside the project: Banks, insurance companies, intermediary and other service providers; Users belonging to government institutions: Tax inspections, judicial authorities, state financial control bodies, municipal administrations, and others.

Identifying groups of information users related to the investment process allows dividing the audit and internal control objectives into stages and ensures confidentiality of information. Information can be segmented based on characteristics such as the volume presented to certain groups of users and the subject of control. Through this segmentation, information directly audited by external auditors and internal control is distinguished. It is considered that internal control forces can ensure control over the reliability of information for internal users, while government authorities should work with information that has passed independent audits.

Because information varies, different auditing procedures (methods) are used, and it is also appropriate to apply internal control procedures to organize audits of different information segments. Thus, one of the systematic factors in organizing audits of investment processes is that control measures are conducted in the interests of the various groups of information users.

One of the important characteristics of auditing investment activities is the diversity of investment objects, which determines the variety of audit objects. As mentioned, the main objects of investments are: newly established facilities or existing enterprises undergoing reconstruction; expansion of existing enterprises (i.e., the construction of second and subsequent phases); expansion of existing workshops; technical re-equipment of enterprises.

Enterprises' modernization mainly involves fixed production assets, working capital; securities, targeted monetary funds; new scientific and technical products; production of new types of products within existing manufacturing sites; intellectual property; property rights; tangible personal property; and property contributions to the company's real assets all of which can be investment objects. Considering this, it can be noted that in economic literature, the division of audit into organizational stages should be clarified from the perspective of the features of investment activity objects.

Investment activity is a process of continuous and targeted investment of an organization's financial resources. To ensure its efficiency and security, organizing internal audit is necessary. Internal audit in analyzing and controlling investment activity encompasses the following aspects:

Table 1 Some Aspects of Organizing Internal Audit of Investment Activities

Regulation and Management of Investment Processes	Rational Use of Financial Resources	Identification and Minimization of Risks	Accuracy and Reliability of Financial Reports	Effectiveness of the Internal Control System
During the internal audit, the processes of planning, approval, and implementation of investment projects are reviewed. The completeness of documents, agreements, and investment contracts is checked. Any violations or deficiencies in these processes are identified, and recommendations are provided to address them.	Internal audit evaluates the purposeful and efficient use of investments. By preventing the loss of investment funds and verifying cash flows and settlements, the financial stability of the organization is maintained.	Risks in investment activities, such as market risk, credit risk, and project delays, are assessed through internal audit. Measures aimed at eliminating and controlling these risks are developed.	Internal audit ensures the accuracy and reliability of financial reports related to investment activities. This supports the company's investment decisions and provides trustworthy information to external auditors.	The effectiveness of the internal control system in investment activities is analyzed. Strengths and weaknesses of the control are identified, and recommendations for improving internal control are developed.

Internal audit of investment activities plays a crucial role in the purposeful, efficient, and secure management of an organization's financial resources. Based on the analysis results, internal audit helps improve investment processes, reduce risks, and increase the effectiveness of investments. Therefore, properly organizing and continuously improving the internal audit of investment activities is one of the key tasks.

Investment activity is one of the priority areas for any organization, and its efficient and targeted implementation plays an important role in ensuring the company's financial stability. Internal audit is an essential tool for ensuring the proper and effective management of investment processes, rational allocation of financial resources, and prevention of investment losses. Through internal audit, shortcomings and errors in investment activities are timely identified, and appropriate measures are taken to eliminate them. This helps increase the efficiency of the organization's investment projects, minimize risks, and ensure the reliability of financial reports.

Moreover, effective organization and continuous improvement of internal audit make it possible to control investment processes, ensure compliance with the company's investment policies, and identify future investment development. These processes contribute to strengthening the company's financial stability and overall strategy. In conclusion, organizing internal audit of investment activities is not only a control tool but also a robust system necessary for achieving the company's strategic goals in the investment sector.

In some cases, large-scale investment audits cover almost all aspects of the commercial organization's financial and economic activities. However, when defining the purpose of investment audit, the focus is more on determining the accuracy and quality of information related to investment projects rather than the overall financial statements; uncovering hidden reserves and achieving planned indicators are also emphasized. Research into the labor resources required to achieve these goals shows that while external audit efforts can achieve these results, they require excessively high labor costs.

Therefore, it is advisable to systematize the goals and objectives of investment audits and distinguish between tasks performed by internal control and those conducted by external auditors. Additionally, it is important to consider that different tasks, even when performed with similar control procedures, affect the scope and application of these procedures. For example, inventory procedures to confirm balances in the "Materials" account may be selectively carried out, while continuous inventory is used to confirm the presence of assets with the person responsible for material accountability.

Conclusion

Internal audit allows timely detection and elimination of errors and deficiencies that may arise in investment activities. This process helps the company manage its financial resources wisely and ensures targeted and efficient allocation of investments. Additionally, internal audit plays an important role in minimizing risks in investment activities and in the proper planning of future projects. Therefore, organizing and improving internal audit of investment activities is a priority task for any organization.

The internal audit of investment activities is a critical component in ensuring the efficient, targeted, and secure management of an organization's financial resources. By systematically evaluating investment processes, internal audit helps to identify and eliminate errors and shortcomings in a timely manner, thereby enhancing the effectiveness and reliability of investment projects. It plays a vital role in minimizing risks, safeguarding assets, and ensuring the accuracy and transparency of financial reporting related to investments. Moreover, a well-organized internal audit system supports continuous improvement in investment management, compliance with internal policies, and strategic decision-making. This contributes significantly to the financial stability and long-term success of the organization.

In summary, organizing internal audit in investment activities is not merely a control mechanism but a fundamental part of the organization's strategic framework that drives sustainable growth and competitive advantage.

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