

T. Kopotiienko

*PhD in Economics, Associate Professor of the
Department of Financial Analysis and Audit*

V. Datskevych

*auditor, master's student at the
Department of Financial Analysis and Auditing
State University of Trade and Economics
Kyiv, Ukraine*

INTERNAL AUDIT IN THE PUBLIC ADMINISTRATION SYSTEM

Control over compliance with budget legislation aims to ensure effective management of budget funds and is carried out at all stages of the budget process by participants in accordance with this Code and other regulatory acts. This control includes:

1. assessment of budget funds management (in particular through state financial audit);
2. verification of the correctness of accounting and the reliability of financial and budget reporting;
3. ensuring the economy of budget funds, their targeted and effective use through the adoption of sound management decisions;
4. analysis and assessment of the financial and economic activities of budget fund administrators;
5. prevention of violations of budget legislation and protection of the interests of the state and local communities in the process of managing facilities.

Control over the receipt of funds to the State Budget and their use on behalf of the Verkhovna Rada of Ukraine is exercised by the Accounting Chamber. The activities of central executive bodies that ensure state policy on control over the implementation of budget legislation are coordinated and controlled by the Cabinet of Ministers of Ukraine. Budget administrators, through their managers, organize internal control and audit and ensure their implementation in their institutions, enterprises, and organizations that belong to their sphere of management.[1]

Internal audit is an activity aimed at improving the management system, internal control, preventing illegal, inefficient, and ineffective use of budget funds, errors, or other shortcomings in the activities of the budget funds administrator and enterprises, institutions, and organizations under its management, and which provides independent conclusions and recommendations. To carry out an internal audit, the budget administrator, represented by its head, establishes an independent internal audit structural unit that is subordinate and accountable directly to that head. [1]

According to Article 26 of the Budget Code of Ukraine, internal audit is an independent activity that involves providing conclusions and recommendations with the aim of improving the management and internal control system. The main purpose of internal audit is to prevent the misuse, illegal or inefficient use of budget funds,

and to eliminate shortcomings and errors in the work of budget administrators and their subordinate organizations, institutions, and enterprises.

To ensure such activities, the head of the budget administrator creates a separate structural unit that reports directly to him and acts as an independent unit within the structure of the organization.

According to the definition of internal audit given in paragraph 2 of Order No. 1001, the following categories are subject to internal audit:

1. The activities of a state body, including an audit of the main work of the body itself, its regional or territorial divisions, as well as subordinate enterprises, institutions, and organizations. This ensures the assessment of the effectiveness of these structures, their compliance with legislative requirements and internal regulations.

2. The activities of enterprises and business entities, with particular attention paid to those enterprises where the state's share in the authorized capital exceeds 50%. This also applies to entities in which the state has the ability to exert a decisive influence on management or economic activity. This approach makes it possible to control the effective use of state resources and compliance with the principles of transparency and integrity.

3. Specific issues or stages of the activities of these entities, as well as the full scope of their operations.

4. Measures taken by the heads of these bodies and organizations to ensure the effective operation of the internal control system, in particular:

- compliance with the principles of legality,
- effective use of budget funds and assets,
- achievement of results that meet the set goals,
- fulfillment of tasks, plans, and requirements established for their activities.

The domestic internal audit document system consists of four levels. The first level of regulatory control of internal audit is the Budget Code of Ukraine, which has the highest legal force in this area. Article 26 of this code defines the essence of internal audit as an activity aimed at improving management and internal control. It also establishes the obligation to implement internal audit by all budget administrators. In addition, it establishes the responsibility of the head of an institution for organizing and conducting internal audit both in their institution and in enterprises, institutions, and organizations belonging to the sphere of management of the relevant state body.

The second level of regulatory control of internal audit is represented by Resolution No. 1001 of the Cabinet of Ministers of Ukraine and Procedure No. 1001 approved by it. These regulatory acts were adopted to ensure compliance with the provisions of Article 26 of the Budget Code of Ukraine. They define the basis for the creation and operation of internal audit departments, including the procedure for their establishment, requirements for the number of auditors, tasks, functions, powers of employees, as well as rules for reporting and assessing the quality of audits.

At the third level, to implement the requirements of Resolution No. 1001, the Ministry of Finance has approved:

1. National internal audit standards that establish a unified approach to organizing internal audits, covering planning, conducting, documenting, reporting, conclusions, and recommendations, as well as the procedure for reporting to management and conducting internal audit quality assessments.

2. The procedure for assessing the functioning of the internal audit system, which defines the mechanism for organizing, conducting, documenting, and implementing the results of the system assessment, including conducting an external quality assessment.

3. Code of Ethics for Internal Auditors, which regulates the professional and ethical principles of internal audit staff, in particular the rules of conduct for auditors in the performance of their duties.

4. Reporting form on the results of internal audit departments, which introduces unified requirements for the preparation and submission of reports to the Ministry of Finance.

The fourth level of regulatory control of internal audit includes methodological guidelines, internal documents on internal audit, as well as international standards and regulatory acts, in particular the Internal Audit Charter. An important role is played by the certification of internal auditors, which ensures their compliance with international requirements and harmonization with domestic documents in the field of internal audit.

Effective management of the internal audit department is key to complying with audit standards, enhancing the value of the institution, and supporting management in achieving its goals. This is achieved through a systematic approach to audits and the provision of sound recommendations. It is important to properly direct the work of the department to support the institution's goals, establish interaction with management, use resources effectively, and ensure the development of auditors' professional skills. The role of department heads in this process is crucial.

For effective planning and execution of audit tasks, the head of the internal audit department must form a team of specialists who have the necessary knowledge and experience to achieve the set goals. It is also important to clearly define the roles, tasks, and responsibilities of each team member.

The head of the internal audit department may seek assistance from other specialists within the institution if he or she lacks the necessary knowledge to conduct audits. Assistance may be needed in areas such as IT systems, engineering, or other specialized fields related to a specific industry. When deciding whether to seek assistance from internal or external specialists, the audit manager should assess their competence, independence, and objectivity, particularly in the context of possible conflicts of interest.

According to the Association of Certified Fraud Examiners, since 2010, the three most common means of detecting fraud have been:

- tips/hints (40%);
- internal audit (15%);
- management analysis/review (13%).

International and national internal audit standards do not place full responsibility for detecting fraud on auditors. In particular, section 3.2 of Chapter 3 of Standard 3

“Professional Competence and Diligence” of the ISSAI (1210.A2 ISSAI) states that internal audit staff should have sufficient knowledge to assess key risks that could adversely affect the achievement of the institution's objectives and the performance of its functions, including risks. [1]

In most foreign countries, the establishment of audit committees in government agencies is common practice. According to the conceptual documents of the European Commission and the Global IIA, these committees serve as a platform for discussing management, control, and audit issues in the public sector. To ensure the proper organization and qualification level of such committees in a state body, an audit committee may be established by decision of the head. This body, which is advisory in nature, is designed to provide expert recommendations, analyze issues related to internal audit, and develop proposals for its improvement.

In Ukraine, the role of coordinating and harmonizing the system of state internal financial control is performed by the Department for Harmonization of Internal Financial Control, which operates within the Ministry of Finance.

It is an integral part of state control and links internal control and internal audit. The main tasks of the department are to implement state policy in this area and harmonize internal control and audit in accordance with international standards. In accordance with regulatory and legal acts, the department is engaged in:

- methodological support for internal control and audit;
- providing advice and explanations;
- assessing the functioning of the internal audit system;
- monitoring the activities of internal audit departments;
- cooperation with international institutions.

A precondition for effective internal audit in public administration is shifting from checkbox compliance to risk-based, value-adding assurance. Plans should stem from a documented risk assessment aligned with objectives and risk appetite, using management input, prior findings, and data signals (red flags, anomalies). Engagements need a blend of assurance and advisory work-process/performance audits, IT and cybersecurity, and focused reviews of high-risk programs-with disciplined follow-up that assigns owners, deadlines, and escalation. Impact must be evidenced through KPIs: implementation rates, financial effects (savings, loss prevention), control-maturity gains, and time-to-remediate. Independence and quality are safeguarded by an Internal Audit Charter, annual independence statements, and periodic internal/external quality reviews under recognized standards and the “three lines” model. Targeted training and pragmatic analytics tools further expand coverage and improve timeliness.

Internal audit in the system of public administration is an important tool for ensuring the efficiency, transparency, and accountability of public institutions. It contributes to improving the quality of management decisions, prevents possible violations of the law and abuse, and ensures control over the use of public resources. The role of internal audit is not only to identify shortcomings and violations, but also to formulate recommendations for improving management processes. It is also important to integrate internal audit into the overall management reporting system, which allows for the creation of mechanisms for timely response to identified

problems. In this regard, internal audit is an important element in ensuring the stable development of public authorities and achieving public goals through the effective management of public resources.

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Андренко І. Б.
*кандидат економічних наук, доцент, доцент кафедри
туризму і готельного господарства*

Лук'янчук А.І.
*здобувач,
Харківський національний університет
міського господарства імені О. М. Бекетова,
м. Харків, Україна*

ГЛЕМПІНГИ ЯК ІННОВАЦІЙНИЙ ЗАСІБ РОЗМІЩЕННЯ

Сучасна туристична індустрія перебуває на етапі активної трансформації, що зумовлено пошуком нових форм відпочинку, орієнтованих на гармонію з природою, комфорт та унікальний досвід. Одним із найперспективніших напрямів цього розвитку є глемпінги (glamping) – інноваційний формат розміщення, який поєднує переваги традиційного готелю з автентичністю природного середовища.

Попит на такі засоби розміщення зростає під впливом глобальних трендів сталого розвитку, екотуризму та бажання туристів отримати емоційно насичений, але водночас безпечний і комфортний відпочинок. Після пандемії COVID-19 спостерігається підвищений інтерес до індивідуальних і малолюдних форм відпочинку, що робить глемпінги актуальною альтернативою традиційним готелям і базам відпочинку.