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REPLACE INTERNAL AUDIT IN ENSURING SUSTAINABLE ECONOMY***Zokirjonova Sarvinovz Shokirjon qizi****"Tashkent Institute of Irrigation and Agricultural Mechanization Engineers" National Research University, 3rd stage "Accounting and auditing" direction, Uzbekistan*

ABOUT ARTICLE**Key words:** Catalyst function, agent, ESG reporting, investors, competitive advantage.**Received:** 01.06.2024**Accepted:** 06.06.2024**Published:** 11.06.2024**Abstract:** Internal audit plays an important role in ensuring a sustainable economy by providing independent and objective assurance of the organization's management, risk management and control processes. This article explores the importance of internal auditing in ensuring sustainability in organizations, focusing on its role in identifying and addressing environmental, social and governance (ESG) risks. By assessing risks, assessing compliance with regulations and standards, and recommending improvements to sustainability practices, internal audit helps organizations reduce risk, improve their reputation, and create long-term value. The article discusses the challenges and opportunities faced by internal audit in achieving sustainability goals, highlighting the need to collaborate with other functions and stakeholders to achieve significant impact. Overall, internal auditing is a key enabler of sustainable economic growth by promoting transparency, accountability and responsible business practices.

INTRODUCTION

In today's global landscape, the concept of sustainability has emerged as a key focus for businesses and economies. A sustainable economy aims to balance economic growth, social development and environmental responsibility by ensuring that current needs are met without compromising the ability of future generations to meet their own needs. In this context, the role of internal audit in promoting and protecting sustainability efforts is becoming increasingly important. Internal audit functions within organizations are tasked with providing independent and objective

assurance, risk assessment, internal control assessment, and offering consulting services. These functions are integral to ensuring the integrity of operations, effective risk management and compliance with regulations and standards. When it comes to sustainability, internal auditing plays a multifaceted role beyond traditional financial auditing. One of internal audit's main contributions to sustainability is its ability to assess and mitigate risks associated with environmental, social and governance (ESG) factors. Through a thorough risk assessment, internal auditors can identify weaknesses and gaps in sustainability practices such as supply chain management, carbon footprint, social responsibility initiatives, and ethical behavior. This proactive approach helps organizations address sustainability issues before they become critical issues.

Main Part

In addition, internal audit acts as a catalyst for integrating sustainability issues into strategic decision-making processes. By assessing the alignment of business strategies with sustainable development goals, internal auditors provide valuable insights to management and board members. This includes assessing the impact of sustainability initiatives on long-term value creation, stakeholder relations, brand reputation and operational performance. Internal audit is involved in monitoring and ensuring compliance with sustainability regulations, industry standards and reporting systems. also plays an important role. As the focus on ESG reporting and transparency increases, internal auditors are helping organizations navigate complex compliance requirements, verify the accuracy of sustainability information, and identify areas for improvement in data collection and reporting processes. In addition, internal audit works as a change agent in organizations, helping to continuously improve sustainability practices. By conducting sustainability performance audits, internal auditors promote accountability, encourage innovation, and foster a culture of responsible business conduct. This includes assessing the effectiveness of sustainability management systems, evaluating the integration of ESG considerations into business processes, and recommending improvements to sustainability strategies.

The absence of an internal audit function in organizations can have a significant impact on efforts to achieve and maintain a sustainable economy. Internal audit plays a critical role in providing independent assurance, assessing risk management practices, monitoring compliance, and encouraging responsible business behavior. Without this oversight and accountability mechanism, a number of challenges and deficiencies can arise that hinder sustainable development initiatives and potentially threaten long-term economic, social, and environmental well-being.

Lack of risk assessment and mitigation: Internal audit plays an important role in comprehensive risk assessment, including those related to environmental, social and governance (ESG) factors. Without internal audit, organizations may struggle to effectively identify and address sustainability risks. This can lead to increased vulnerability to environmental degradation, social conflict, regulatory non-compliance and reputational damage.

Limited transparency and accountability: Internal audit enhances transparency by independently evaluating and verifying the accuracy of financial and non-financial information, including sustainability disclosures. In the absence of internal auditing, there may be a lack of transparency regarding sustainability performance, impact and progress. This can undermine stakeholder trust, investor confidence and the credibility of sustainability reporting.

Compliance and regulatory risks: Internal audit helps organizations navigate complex sustainability-related regulatory requirements, industry standards and reporting systems. Without internal audit controls, there is a high risk of non-compliance with environmental regulations, labor standards, human rights principles and other mandates related to sustainability. This can lead to legal obligations, fines, penalties and damage to corporate reputation.

Ineffective management and control: Internal audit plays an important role in strengthening corporate governance, risk management and internal control. Without internal audit functions, there may be gaps in governance structures, inadequate oversight of sustainability practices, and a lack of accountability mechanisms. This can lead to inefficient decision-making, mismanagement of resources, and suboptimal allocation of capital for sustainable development initiatives.

Missed opportunities for improvement: Internal audit serves as a catalyst for continuous improvement by identifying areas for improvement, recommending best practices, and encouraging organizational learning. Without internal audit, organizations may miss opportunities to optimize sustainability performance, innovate sustainable practices, and adapt to changing stakeholder expectations. This can lead to stagnant progress, missed opportunities for competitive advantage, and reduced resilience in a rapidly changing business environment.

CONCLUSION

In short, the role of internal audit is indispensable in ensuring a stable economy. Internal auditors serve as guardians of an organization's integrity, stability, and long-term viability. By proactively addressing sustainability risks, promoting responsible business practices and supporting strategic alignment with

the Sustainable Development Goals, internal audit makes a significant contribution to creating a more resilient and sustainable economy for current and future generations.

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