

## ASSESSMENT OF INTERNAL AUDIT FOR THE MANAGEMENT OF ENVIRONMENTAL QUALITY AND WAYS TO IMPROVE THEM

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### **ABSTRACT**

*The article describes the analytical procedures used in auditing the environmental aspects of the company. The features of audit companies that pollute the environment carried out detailed environmental performance as objects of an audit of financial statements. Determined the specific analytical procedures of audit of environmental costs. Proposed environmental quality criteria of the internal control system are represented by matching types of harmful effects on the environment.*

**KEYWORDS:** *Internal Control, Analytical Procedures, Audited Financial Statements, Procedures for Environmental Costs, Harmful Effects on the Environment, Environmental Costs*

### **INTRODUCTION**

The first environmental reports began to appear in the late 80s, they are represented by companies such as BASF, Norsk Hydro and British Airways. Additional stimulus to the development of the system environmental reports gives the Program of Environmental Management and Auditing (PEMA) of the EEC (European Economic Community). Under this voluntary program, focused on the use of individual companies, it is proposed to put in place an environmental management system, which must be certified by an independent expert. To obtain a registration, PEMA Company must also publish a report on the environmental situation.

#### **The Complex Monitoring System of Company**

The system of production and environmental monitoring is a part of a system of nature management, and is currently in the process of its implementation. The highest level of depreciation of fixed assets of enterprises require constantly updated information about the dynamics of the state of the equipment, the adoption of measures to prevent accidents having including the release into the environment. To find solutions to these and many other problems should be oriented system of production and environmental monitoring company.

An integrated monitoring system should be established as a company within the inner strict confidentiality. Its main task - to create a management and operational structures of the dynamic picture of the current and future state of the company at all levels of evaluation of industrial, financial and social consequences of the evolution of this state (emergency nature). Together with the system software and analysis of the control action monitoring system should be the basis for making management and production decisions at all levels of the company.

The complex monitoring system is designed to ensure the receipt, processing, organization of information at a higher level. This system must be certified in the prescribed manner an official confirmation of its compatibility with the state monitoring and control system. An important component of this system is audited. The system can also be applied for the examination of claims.

The system of internal monitoring (audit) pays off in 2-3 years due to the increasing efficiency of management and operational decision-making; prevent damage from accidents and emergency situations, as well as in commercial orders, etc.

Production and environmental monitoring should be built as a multi - level system that allows providing reliable and timely information on the status of all zones of the environmental air and water, soil, geological and social environment, falling under the influence of technogenic enterprise of company. The monitoring covers all the main production units of the company.

The lower level of the system production and environmental monitoring (PEM) is a part of ASM companies providing their engineering and technology service information on the status of major equipment and situations associated with elevated levels of emissions into the environment as a result of its operation. On the lower level of the system shall be provided, in addition to standard procedures, the software implementation of key tasks, such as:

- Regular assessment of the ecological state of the object;
- Identification of the preliminary situations;
- Carrying out the operational environmental monitoring during emergencies, forecasting its development, damage assessment as a result of an accident or other emergency situations, etc.

Information generated as a result of the system of production and environmental monitoring can be used by different departments of the company to justify the dispensation of works related to upgrading production facilities. In connection with this system PEM be used in the process of forming a database associated with the evaluation level state of equipment of the company. Estimation of economic efficiency PEM system is based on the following assumptions:

A general indicator of efficiency - the result of a comparison of costs and benefits;

From the use of information about the state of the environment in terms of environmental performance should be considered as the prevention of damage from pollution produced by anthropogenic influence of enterprises. These figures are calculated as the difference between the damage calculated before and after the environmental protection measures;

In cases of really prevented environmental damage should include the system's ability to predict the occurrence of emergencies associated with the release into the environment;

The lower level of production and environmental monitoring is provided to generate evidence of changes in the background level of background contamination of the environment over a long period of substances produced in one or another form of equipment. Summary information in this area allows the engineering services of the enterprise to make an informed decision about the providence of measures to upgrade production facilities and process improvements;

Analysis of the costs of environmental measures shows that the system requires strengthening environmental monitoring accidents on enterprise lines, leading to the need for a large amount of work on land reclamation and return

them into economic circulation;

Information accumulated eco-system monitoring over a long period of its operation, it may serve as a basis for the organization of public health monitoring, both for employees and for the residents of settlements within the area of its human impact.

### Assessment System of Internal Controls for the Management of Environmental Quality

Critical analysis of the theoretical developments convinced that such an audit before performing an environmental audit procedure, as evaluation of the existing internal control system (ICS) for the management of the quality of the environment (OS) of the internal environmental control, is necessary to conduct a survey to assess the environmental performance of the enterprise. Environmental auditors to give an overview of the environmental policy of the company, may proceed with the study and evaluation of CRS (SIEC) environmental subject, which should include a proper accounting system (in our case, and ecological) accounting control environment and the individual controls.<sup>1</sup>

Specific activities are reflected in relevant standards of Enterprises and operating instructions for specific types of equipment and process units. To assess the overall structure of SUKOS established by the company can be offered the test - a questionnaire (see. Appendix 1).

### Appendix - 1

**Table 1: Test-Questionnaire «Assessment SIC (SIEC) Enterprise»**

| General questions  | Yes | No | Comments |
|--|-----|----|----------|
| 1. Does the company has its own environmental department or environmental service, or it uses the services of specialized firms?   |     |    |          |
| 2. Is there in the staff officer, to which would be vested with the authority to establish requirements for the system of environmental protection, their implementation in accordance with ISO 14000? |     |    |          |
| 3. Do the number of environmental workers scale and specificity of production?   |     |    |          |
| 4. Are there special provisions in the companies or programs in the field of operating systems and methods to implement them?  |     |    |          |
| 5. Has control over the observance of standards in the production process?   |     |    |          |
| 6. If not, what regulations are not complied with, and how this affects the GC?  |     |    |          |
| 7. Are the activities Enterprises Environmental Compliance?  |     |    |          |
| 8. In what form the reporting is made on the environmental costs?  |     |    |          |
| 9. Are the established statistical forms of environmental reporting, or the company has developed its own forms of accountability?   |     |    |          |
| 10. Can it be compared the data from the underlying documents with summary reports?  |     |    |          |
| 11. Is there a computerized version of companies conducting environmental reporting?   |     |    |          |
| 12. How often is compiled environmental reporting?   |     |    |          |
| 13. Is it controlled by MPC, MPE, MPD for Companies?   |     |    |          |
| 14. Who does control it?   |     |    |          |
| 15. From what sources there is a basic pollution?  |     |    |          |

<sup>1</sup>Sheremet A.D., Suyts V.P. Audit: Manual. – 2<sup>nd</sup> edition., ext. and reedit. – M.: Infra-M, 2001. – P. 131.

| Table 1: Contd.,  |  |  |  |
|---|--|--|--|
| 16 .Whether or not the conformity assessment of environmental performance indicators required by law?   |  |  |  |
| 17. Are being developed any programs on the prevention of further contamination of the GC?  |  |  |  |
| 18. Is the analysis of the current environmental management system?   |  |  |  |
| 19. Is there a systematic control of those aspects of your business that have an adverse impact on the SE, and what measures are being taken? |  |  |  |

Evaluation of the structure of the system of environmental management established by the company, it is possible to carry out the following test -questionnaire. In the test - a questionnaire has sections: General questions, answers and comments. Common questions are divided into organizational, regulatory developments, to comply with environmental legislation, drafting reporting forms, the presence of a computerized version of environmental reporting, MPC, MPE, MPD in the enterprise, identify the sources of pollution, the analysis of the current system of environmental management. The results of the test - a questionnaire analyzed in the course of pre-planning and are the audit documentation of the audit.

Basic organizational structure of, units are included in the management structure, which are part of a system for monitoring environmental indicators. Environmental issues are the responsibility of the Department of Nature Protection and the Department of Safety. Environmental protection department evaluated data on the environmental situation, related to the impact on the environment, monitoring and EIA under the operational control of regulatory compliance. In terms of environmental issues to be considered at meetings of the Technical Council, includes measures for the prevention and elimination of emergency situations, the study plan of action in emergencies.

Thus, evaluation of internal environmental control (SIEC) can be built on the basis of standards laid down in the general rules of the audit examination and evaluation of accounting systems and internal controls, but taking into account the peculiarities of the audited environmental object.

## CONCLUSIONS

Conclusion of environmental audit is the final document drawn up by the results of an environmental audit. The minimum information to be included in the conclusion of an environmental audit of any facility shall include: the study and analysis of the exploded state of the environment, sources of toxic, chemical, physical and other impacts, the establishment of all kinds of effects on the audit object components of the natural environment, the definition of environmental, social and economic effects of the activities of the audit object, the development of proposals for technical, technological and environmental measures aimed at protecting the environment and natural resource management, recommendations for prospective mode of operation of the audit object.

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