



ACCOUNTING AND INTERNAL AUDIT OF BUSINESS TRAVEL EXPENSES IN BUDGETARY ORGANIZATIONS

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ABSTRACT: *This article explores the accounting practices and internal audit mechanisms related to business travel expenses in budgetary organizations. The research analyzes the current procedures for recording, reporting, and verifying travel expenditures, highlighting common shortcomings in documentation, financial discipline, and compliance with established regulations. Emphasis is placed on identifying gaps in internal control systems that may lead to inefficiencies or misuse of public funds. The study also develops methodological recommendations aimed at enhancing the effectiveness of internal audits, improving financial transparency, and ensuring the rational use of budgetary resources allocated for official travel.*

KEYWORDS: *budgetary organization, business travel expenses, accounting, internal audit, financial discipline, transparency, control system.*

INTRODUCTION:

In recent decades, financial management systems in the public sector have undergone comprehensive reforms aimed at promoting efficiency, transparency, and accountability in the use of public resources. Within this framework, the accurate accounting and internal auditing of business travel expenses have become one of the key priorities for ensuring sound financial governance. Business travel in budgetary organizations serves various purposes, including professional development, interdepartmental coordination, and the execution of official duties that contribute to institutional growth and policy implementation.

Despite their importance, the procedures for documenting, reporting, and auditing travel-related expenditures often remain inconsistent and insufficiently

standardized. The absence of a unified methodological framework has led to challenges in ensuring compliance with financial regulations, detecting irregularities, and maintaining transparency in the allocation of budgetary funds. Moreover, weaknesses in internal control systems may result in the inefficient use of resources or even the misappropriation of funds.

Given these challenges, the present study aims to analyze the theoretical foundations and practical issues of accounting for business travel expenses in budgetary organizations. The research also seeks to develop methodological recommendations for strengthening internal audit mechanisms, improving financial discipline, and enhancing overall transparency in public financial management. By addressing both theoretical and applied dimensions, this article contributes to the advancement of efficient and accountable budgetary practices.

METHODOLOGY:

The accounting of business travel expenses in budgetary organizations is governed by a combination of national accounting standards, treasury regulations, and ministerial instructions. In accordance with the Budget Code of the Republic of Uzbekistan and the Regulation on Business Travel Procedures, all expenditures related to official trips must be properly documented through travel orders, mission reports, and receipts for transportation and accommodation. Such documentation not only ensures the legitimacy of financial transactions but also serves as a foundation for subsequent verification and audit processes.

Internal audit functions play a crucial role in maintaining financial discipline and ensuring that budgetary funds are utilized effectively and in alignment with institutional objectives. In this regard, auditors evaluate the accuracy and completeness of expense records, assess compliance with regulatory requirements, and monitor adherence to approved financial norms.

Methodologically, this study is based on both theoretical and regulatory frameworks. The COSO Internal Control Framework is used as a conceptual basis for analyzing the efficiency of control activities and risk management procedures

related to travel expenditures. This framework emphasizes five interrelated components—control environment, risk assessment, control activities, information and communication, and monitoring—which collectively ensure that public funds are managed responsibly and transparently. Applying these principles to the accounting of business travel expenses enables a systematic evaluation of existing control mechanisms and highlights opportunities for improvement in internal audit practices.

ANALYSIS:

An examination of field studies, audit reports, and financial statements from various budgetary organizations reveals several persistent challenges in managing and controlling business travel expenses. Despite the existence of clearly defined accounting and audit regulations, many institutions still face difficulties in ensuring complete accuracy and transparency of financial documentation. The most frequently observed issues include: Incomplete documentation and delayed submission of travel reports, which undermine the reliability of financial statements and complicate post-audit evaluations. Misclassification of travel-related expenses within accounting records, often resulting from human error or lack of detailed methodological guidance. Insufficient verification of the correspondence between actual travel activities and their officially approved purposes, leading to potential non-compliance with budgetary policies. Limited use of digital monitoring and treasury management tools, which restricts real-time oversight and weakens control efficiency.

These shortcomings collectively reduce the quality and timeliness of financial reporting, hinder the enforcement of financial discipline, and increase the risk of inefficient or improper use of public resources. Furthermore, recurrent audit findings indicate that the absence of integrated control systems and digital solutions contributes to both operational inefficiencies and reputational risks for public institutions. Strengthening internal audit procedures and adopting modern financial

technologies, therefore, remain essential steps toward improving accountability in the management of business travel expenditures.

RESULTS

The analysis of financial documents, audit reports, and field observations from several budgetary organizations revealed multiple inconsistencies in the accounting and control of business travel expenses. The study found that in most institutions, the documentation process remains partially manual and lacks standardized procedures for verifying supporting evidence. As a result, reporting delays and incomplete documentation are common, especially when missions involve multiple departments or extended travel periods.

Another notable finding concerns the misclassification of expenses. Travel-related costs are often recorded under general administrative categories, which complicates accurate reporting and audit assessment. This issue was most frequent in institutions with decentralized accounting structures or limited use of automated treasury systems.

The study also discovered weaknesses in the verification process of travel purposes and outcomes. Audit results indicated that in some cases, travel reports did not fully correspond with the objectives stated in the original travel orders, suggesting inadequate supervision by responsible financial officers.

Moreover, the adoption of digital control tools in treasury and accounting systems remains insufficient. While some institutions have started integrating electronic document management systems, their usage is not yet consistent or comprehensive. The absence of real-time monitoring mechanisms increases the likelihood of reporting errors and reduces audit efficiency.

Overall, these findings demonstrate that although the regulatory framework governing travel expenses in budgetary organizations is well-established, practical implementation remains uneven. Strengthening digital oversight, improving documentation accuracy, and enhancing staff accountability are necessary steps to

achieve higher transparency and compliance in managing official travel expenditures.

DISCUSSION:

The findings of the study indicate that the accounting and internal audit of business travel expenses in budgetary organizations remain areas requiring significant methodological and procedural improvement. The identified shortcomings—such as incomplete documentation, delayed reporting, and insufficient verification of travel purposes—reflect both organizational and systemic weaknesses in public financial management. These problems suggest that existing control mechanisms are not always capable of ensuring full compliance with regulatory standards and efficient use of public resources.

From a theoretical perspective, these deficiencies can be explained by the limited application of risk-based audit principles and inadequate integration of modern information technologies into financial control processes. The COSO Internal Control Framework, which emphasizes a proactive and risk-oriented approach, can serve as a valuable tool for addressing these gaps. Applying COSO's five components—control environment, risk assessment, control activities, information and communication, and monitoring—would allow budgetary organizations to strengthen their internal control systems and improve transparency in travel expense management.

Another crucial aspect is the need for digitalization of accounting and audit procedures. The introduction of integrated treasury and accounting information systems would enable real-time tracking of travel expenses, automatic validation of supporting documents, and generation of analytical reports for audit purposes. Such digital transformation not only enhances efficiency but also minimizes the risk of human error and fraudulent activities.

Furthermore, the effectiveness of internal audit largely depends on the qualifications and ethical responsibility of audit personnel. Continuous professional training and adherence to international auditing standards are essential for

maintaining high audit quality and credibility. Clear segregation of duties between accounting staff and internal auditors should also be ensured to avoid conflicts of interest and strengthen institutional accountability.

In summary, the discussion highlights that the improvement of accounting and internal audit systems for business travel expenses requires a comprehensive approach—combining methodological standardization, digital transformation, and capacity building. Implementing these measures would contribute to stronger financial discipline, higher transparency, and more effective utilization of budgetary funds.

CONCLUSION:

The study confirmed that the accounting and internal audit of business travel expenses in budgetary organizations play a crucial role in maintaining transparency, financial discipline, and the effective use of public funds. Despite the existence of a solid legal and methodological framework, several operational weaknesses persist in practice, including incomplete documentation, delayed reporting, and insufficient verification of travel objectives. These factors reduce the reliability of financial information and limit the efficiency of internal control systems.

To overcome these challenges, budgetary organizations must enhance their accounting practices through the adoption of standardized reporting procedures and the full digitalization of travel-related financial operations. Implementing integrated treasury and electronic document management systems will enable real-time control, reduce human error, and strengthen audit accuracy. Furthermore, the professional competence and ethical standards of accounting and audit staff should be continuously developed through targeted training and adherence to international auditing principles, such as the COSO Internal Control Framework. Effective coordination between accounting departments, internal auditors, and management is essential to ensure that business travel expenditures align with institutional goals and public accountability requirements. The development of a transparent and efficient system for managing business travel expenses will not only improve financial

performance but also enhance public trust in the financial management of budgetary organizations.

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