

**THE REPUBLIC OF AZERBAIJAN**

*with right of manuscript*

**PROBLEMS OF APPLICATION OF THE ADVANCED  
TECHNOLOGIES ON IMPROVEMENT OF THE  
EFFICIENCY AND TRANSPARENCY OF BUSINESS  
ENVIRONMENT**

Specialty: **5308.01 – “General economy”**  
Scientific scope: **Economic sciences**  
Applicant: **Novruzova Nuriyya Zakir**

**ABSTRACT**

of the dissertation work presented for obtaining  
of degree of Doctor of Philosophy

**Ganja-2022**

Dissertation work has been executed in Azerbaijan Cooperation University.

**Supervisor:** Full member of Azerbaijan National Academy of Science, Doctor of Economics,  
**Samadzada Ziyad Aliabbas**

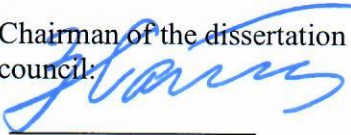
**Official opponents:** Doctor of Economics, professor  
**Vahid Tapdıq Novruzov**

Ph.D. in Economics, Ass. Prof  
**Ramina Ramiz Mustafayeva**

Ph.D. in Economics, Ass. Prof  
**Fazil İsmayıl İsmayilov**

Azerbaijan State Agrarian University and Azerbaijan Cooperation University ED 2.42 Joint Dissertation Council of the Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at the Azerbaijan State Agrarian University.

Chairman of the dissertation council:



Member of ANAS. D.Es. Prof

**Ziyad Aliabbas Samadzade**

Scientific Secretary of the dissertation council:



Ph.D. in Economics, Ass. Prof.

**Parvin Elman Mukhtarova**

Chairman of the scientific seminar:



Doctor of Economics, Professor

**Maharram Calal Huseynov**

## GENERAL OVERVIEW OF THE WORK

**Relevance and degree of development of the topic:** Consistent reforms realized in the economic sphere in our republic serve for the development of the financial control mechanisms and their conforming to the principles of market relations and improvement of the transparency and efficiency in the financial sphere. The improvement of laws in the sphere of the development of the business environment in the state, by comprising the basis of the reforms, referred for the providing of the rights of business subjects. In accordance with State Programs, law and decrees certified by the head of state, ungrounded inspections in production, service, tax and financial credit sphere were prohibited, and hindrances to the development of the entrepreneurship were eliminated. The regulation of the inspections realized in the protection of rights of entrepreneurs to the international standards, and avoiding of the misuse while performing the inspections, providing of the transparency aimed for the extension of the entrepreneurship, opening of new places of work, providing of employment and development of the social infrastructure. Acceptance of such documents shows positive affection for the improvement of the image of the Republic of Azerbaijan among world states.

Organization of the financial control by considering the new requirements of quality in the increasing of efficiency and transparency of business environment in the developed world states and as well as in Azerbaijan in modern age is very significant in point of settlement of national, global development problems view. All of these bring forward the application of the control system, internal supervision, modern mechanisms of audit in conformity with the requirements of market economy in economic administration and application of world standards in this sphere, elimination of the cases of corruption, formation of the open government, informed society, and improvement of the significant factors such as risks management in economic sphere in accordance with modern requirements. By considering it, the execution of the dissertation work on topic “Problems of application of advanced technologies in improvement of

efficiency and transparency of business environment” is objectively significant.

Studies were performed in connection with the improvement of business environment, development of the financial control mechanisms in direction of the improvement of efficiency and transparency in financial sphere. The factors affecting the improvement of the efficiency and transparency of the financial sphere in terms of market relations have been reflected in the scientific research works of economic scientists – Z.A.Samadzada, V.T.Novruzov, B.Kh. Atashov, A.F. Musayev, G.A. Abbasov, S.M.Sabzaliyev, I.M.Abbasov, J.B. Namazova and others and also the researchers of the foreign states such as P.Adams, L.A.Ovchinnikova, P.P. Taburchak, A.E.Vikulenko, J.H. Orlov and others.

The mentioned researches and received results played significant role of the development of that scope and used in the executed dissertation work. But, the studying of the theoretical and practical sides of financial control mechanism in the new economic terms, systematic study of the analysis and assessment of the modern level keep its relevance up to date. Thus, it is very necessary to study the problem comprehensively, in conformity with international practice and scientific bases in market economic terms in our state.

**Object and subject of research:** The objective of the study is to study the theoretical- methodological bases of the application of the financial control mechanisms, advanced technologies in the sphere of business, improvement of the legal basis, application of foreign practice, and giving of corresponding offers on improvement and the role of internal control and risks management in the activity of enterprises and organizations.

**Objectives and tasks of the research:**

The purpose of the research was to study the mechanisms of financial management and advanced technology in the field of business, investigate the theoretical and methodological foundations of the application of logic improvement of the legal framework, application of foreign experience, enhancing the role of internal control in the activities of enterprises and organizations and relevant proposals on risk management.

The following tasks are defined in the dissertation:

- to study the importance of digital control in increasing the efficiency of our business;
- to clarify the legal aspects of financial management mechanisms;
- to show the influence of the development of the legal basis to the improvement of sphere.
- to explain the significance and essence of the internal control
- to substantiate the role of financial control in the effective operation of the enterprise;
- to study the risks management in the providing of the sustainability of business.
- to assess the modern stage of the financial control mechanisms
- to study the international standards in the scope of the management of audit
- to analyze the ways of application of the advanced foreign experience, to study the comparative advantages of the countries;
- to determine the methods of improvement of the financial control mechanisms.
- to determine the methods of the development of the management in improvement of efficiency and transparency of business environment
- to show the significance of conformance of the profession of accountant to the international financial accounting standards.
- to show the development of internal control;
- to prepare corresponding offers and recommendations on the mentioned scope.

**Study methods:** Research conducted by economists in this field, Decrees and Orders of the President of the Republic of Azerbaijan, Decrees of the Cabinet of Ministers of the Republic of Azerbaijan, Laws adopted by the Milli Majlis of the Republic of Azerbaijan, as well as observation, generalization, economic-statistical and other methods were used in the implementation of dissertation work.

**Key provisions put forward in defense:** Key provisions put forward in the defense of the dissertation work are determined as follows:

-Application of modern innovative methods, electronic auditing in tax control increases the efficiency of the tax inspections.

- Non-establishment of the Code of Ethics for Professional Accountants in the legislation, The Audit Chamber shall be accountable to the public for its activities, Failure to establish the activities of a licensed auditor under auditing organizations, non-establishment of the activities of the director, heads of compulsory audit entities, other duties in this case, Obligations and Responsibilities of Auditors in the Fight against Corruption are not defined in legislation. The independent auditor's report is not recognized as a composition of the financial statements of the economic entity. Trust in audit is insufficient.

-The activity of the audit should give realistic proposal for the development and implementation of new models on improvement of management and put forward effective financial forecasts for perspective development.

-In audit planning, special attention should be given to implementation of the risk-based control model principles and strengthening of program provisions in small and medium audit organizations.

- The reality of the budget must be ensured, government contracts and procurement contracts must be substantiated, and attention must be given to anti-corruption measures such as reducing cash in circulation.

- Improving the implementation of non-cash payments, increasing transparency is a matter of special importance. Expansion of non-cash payments and non-cash financial transactions in banks will help to combat double-entry bookkeeping, "hidden economy" and corruption.

- The role of timely reporting is also important in increasing transparency. Transparency and accountability in attracting and managing investments is important.

- Contradiction between the existing accounting system in Azerbaijan and the accounting systems established in international practice should be eliminated.

- To expand and increase the efficiency of the internal audit service, accelerating the process of establishing an audit service in entities is an important factor.

- Carry out interrelated economic and legal reforms, bring cooperation with international financial institutions to a new level of quality in the context of increasing economic power and financial opportunities of the country, create an effective implementation mechanism, coordinate work between economic structures. Increasing efforts to significantly improve the situation will pave the way for the further improvement and strengthening of the new economic system.

**Scientific novelty of study:** Scientific novelties of the executed research work consist of followings:

- The importance of the application of modern innovative methods and electronic auditing in tax control has been identified.

- risk factor in providing of the business sustainability and risk protection issues have been analyzed, and corresponding offers have been issued.

- Influence of development of the legal basis of the financial control mechanism to the improvement of the sphere has been determined.

- Assessed the current level of financial management mechanisms, the role of non-cash payments and other importance the provisions are in place.

- Advantages of the international experience and application of modern technology in the sphere of financial control have been emphasized.

- International standards in the providing of high quality have been shown

- directions for increasing the role of financial control in strengthening control over the use of budget funds were noted.

- Prospectives and role of development of the internal audit and proper accounting in the improvement of the transparency of business environment have been determined.

- the significance of conforming of the profession of accountant to the international financial accounting standards has been shown.

- the significance of the development of business in the liberated territories and other economic regions, stimulation of the activity of foreign investors, providing of financial transparency in realization of the application of the new control mechanisms in our state in connection with creation of friendly environment and the struggle against corruption have been mentioned.

**Theoretical and practical significance of the study:** The theoretical significance of the study consists of the theoretical and methodological articles being grounded in the case, prospective of development of the financial control mechanisms and improvement of the efficiency of the business environment. Key articles and conclusions of study were accepted by “Azerishig” OJSC for applying (Reference №HX-1886, 12.06.2018).

**Approbation and application:**

The main provisions of the dissertation were published in: Centre of Science and Education of Tafakkur University-"Tafakkur" scientific news journal, Baku, 2015 №1(7), p. 10-15; Baku Business University “Audit” scientific journal, Baku, 2015 №2, p. 30-33; Azerbaijan National Academy of Sciences, Institute of Economics, Science works, 2015 №4, p. 122-126; The Academy of Public Administration under the President of the Republic of Azerbaijan, “Regional Management: Innovative Approaches and Perspective Opportunities” Materials of the Republican scientific-practical conference, Baku, 2015, p. 265-268; Azerbaijan Agrarian Science, Scientific Theoretical Journal, Baku, 2015, №1, p.108-111; Chamber of Auditors, "Actual problems of regulation of the audit in modern conditions" International scientific-practical conference, April 5-6, 2016, p. 86-88; Azerbaijan Technical University, “Expansion of the activities of innovations in the non-oil sector in Azerbaijan” Scientific conference, Bak, 2016 , p.268-270; Azerbaijan Cooperation University, Cooperation scientific-practical journal, №1(52), 2019, 227-230; Azerbaijan Cooperation University, Cooperation scientific-practical journal, Baku, 2021, №3(62), p.126-134; Journal "Actual Problems of Economy, Sociology and Law", Pyatigorsk, 2015 №2, p. 160-164; Journal "Economics and Entrepreneurship", Moscow, Russia, 2015, №4 p. 42-46; Journal



"Economics Derjava", Kiev, Ukraine, Publisher: LLC "DKS CENTER", №11, 2021 p.116-119; International scientific and practical online conference "Science and Education in the modern world: Challenges of the XXI century", Kazakhstan, November 12-13, 2021, p. 48-53.

In general, the author has published 13 scientific works, 4 of which are abroad, including 9 articles (3 of which are in abroad), 4 conference materials (one of which is in abroad).

**Name of the organization where the dissertation work is carried out:** The dissertation was completed at the Azerbaijan Cooperation University.

**The total volume of the dissertation with a sign, indicating the volume of the structural units of the dissertation separately**

The total volume is 283854 characters including Introduction (14294 characters), Chapter I (76695 characters), Chapter II (78790 characters), Chapter III (84119 characters), results and the list of used literature (27029 characters)

The dissertation is written on a total of 136 pages. Except for tables, picture, graphics, and list of used literature, the number of characters of the dissertation is 266226. 8 tables, 7 pictures, 6 sgraphics are given in the work and 100 titles of literature are shown.

### **Main content of the study**

In the introductory part of the dissertation work, the relevance of the topic is grounded, the status of study of problem, objective and duties of study, object and subject, theoretical and methodological basis, database, scientific novelty, practical significance and its using are shown.

**Chapter I. Theoretical-methodological issues of financial management mechanisms in the improvement of efficiency of the business environment.** By referring to the ideas of various scientists, business, business activity, efficiency of the business environment and its role in economic development, which aspects are preferred in regulation in purpose of the providing of the complex development are studied in this chapter.

It is indicated here that, final indicators describing the activity of company reflect its financial status. Final indicators of the economic activity are very interesting not fore the employees of the company but also for the state, financial, tax authorities, which are its partners in the sphere of economic activity. All of these make necessary to realize the financial analysis in the company and increase its role in economic processes.

Moreover, the essence of audit, its developmental levels, role and significance of the audit and internal control in the activity of company, issues such as management of risks in providing of the business sustainability, role of financial management in the management of finance in e-audit and modern age are reflected here. Audit is a type of entrepreneurship activity of the auditors realizing the independent inspection of the accounting and financial reports in the economic subjects engaged in production and selling of product, performing of service and conduction of works<sup>1</sup>.

In the globalization process, demands toward internal control system and mainly requirements set on the internal audit are increased and the improvement of the internal control mechanisms turns into objective necessity. Internal audit, being different from the other control forms, plays significant role in controlling over the assessment of the control system, organization of the managerial system of the company, making the expedient decisions, providing of the management with information and the execution of the separate functional duties<sup>2</sup>.

Control environment is assessed as a significant element of internal control. It is indicated here that, control environment of the company includes the position, awareness and activities of the representatives of the owner and management in connection with managerial and leading functions, internal control realized in economic subject and its essence<sup>3</sup>.

---

<sup>1</sup> Namazova C.B., "Audit" textbook, Baku 2012, 292 p.

<sup>2</sup> Petrenko S.A., Simonov S.V., Information Risk Management. Eco-nomically justified safety, IT Company: DMK Press, 2004, 384 p.

<sup>3</sup> Novruzov V., Ganizada R., Nasibova L., Aliyev M., "Internal audit. Teaching and practical aids ". "Fairy Tale House", 2002.

**Chapter II. Evaluation of the current level of financial management mechanisms and application of advanced technologies.** In this chapter, existing condition in increasing of the transparency of business environment in Azerbaijan is analyzed and the essence of taken measures and accepted documents in this scope are indicated.

Moreover, it is noted here that, independent auditors, local and foreign audit organizations act in audit service market of the state. In this case in general, the studying of cases such as avoiding of unfair competition in audit service market along with the creation of condition for the development of audit service is very significant in point of view of the development of national audit. Preferring of local and independent auditors to the branches and representative's offices of the foreign companies on special weight of the services performed by the audit organizations in audit service market is a positive case. For keeping such tendency, in purpose of forming the healthy competition of audit service market, it is expedient to pay attention to the process of conducting audits in an optimal ratio and to take measures to regulate them by legislation. In this point of view, issues such as to determine the role and significance of independent audit in new economic-financial condition, to clarify the competency and problems of audit, to extend the audit service market, to provide the correctness of financial reports, to apply the information technologies in audit process, to accelerate the integration of national audit market to world market comprise the main objective of the Development Concept of Audit<sup>4</sup>.

Moreover, in point of view of application of financial control mechanisms, the significance of the modern control technologies, programs and models used by the State Oil Company of the Republic of Azerbaijan (SOCAR), "Azersu" OJSC and "Azerishig" OJSC in the sphere of increasing of the financial transparency and risks management were analyzed here.

---

<sup>4</sup> Novruzov V., Auditing in Azerbaijan: from formation to international standards, // Problems of application of international financial statements and audit standards in increasing transparency, Materials of the III Eurasian Forum of Accountants and Auditors. Baku 2012, 195 p.

Moreover, it is indicated in the second chapter that, orders and decrees considered for the development of the card base in the state in the scope of realizing of non-cash payments are very significant. In connection with it, the essence of the Settlement Clearing System on Small payments, National Payment System is mentioned here.

Table 1. Payment transactions through Interbank payment systems in 2014-2020 years

Year	Payments in INSS		In SPSCS	
	Number, thousand	Amount, million manats	Number, thousand	Amount, million manats
2014	515,0	104281,0	28270,0	15076,0
2015	489,0	121624,0	29858,0	15033,0
2016	574,0	131962,0	32628,0	16103,0
2017	747,0	191293,0	37228,0	18883,0
2018	820,0	252563,0	39115,0	21848,0
2019	894,0	232236,0	55721,0	26482,0
2020	908,0	195570,0	58917,0	27831,0
Relatively with %	1,8	1,9	2,1	1,9

Made by the author.

Initial source: Central Bank INSS- Interbank National Settlements System  
SPSCS – Small Payments Settlement Clearing System

Thus, in comparison with 2014 year, increase of 1.8% is observed in the number of payments and 1.9% in amount of payments in INSS and increase of 2.1% in the number of payments and 1.9% in amount of payments in SPSCS.

As seen from the table, payment card system is extended in the state, number of pos-terminals on country was 63016, from that, 50050 in Baku city, 22963 on regions, number of ATMs on state was 2609, from that 1471 in Baku city, 1137 on regions in 2014. In comparison with 2014 year, number of POS-terminals on state was 4328, from that 7577 in Baku city, 6530 on regions and number of ATMs on state was 170, from that 58 in Baku city and 149 on regions in 2020 year.

Table 2. ATM's and POS-terminals in 2014-2020 years (in number)

Year	ATM	As well as:		POS terminals	As well as:	
	ATM	In Baku	In regions		In Baku	In regions
2014	2609	1471	1137	63016	50050	22963
2015	2694	1502	1192	80301	48944	31357
2016	2704	1322	1132	71806	40518	31288
2017	2431	1308	1123	65471	37068	28403
2018	2502	1410	1126	66110	38028	28602
2019	2712	1421	1226	67468	40898	26570
2020	2779	1529	1286	67344	57627	29493

Made by the author. Initial source: Central Bank, annual report, 2020.

Table 3. Transactions realized by debit and credit cards in 2014-2020 year

Years	Total number of payment cards (thousand)	Number of transactions realized through debit and credit cards (thousand transaction)	Number of non-cash payments (Thousand transactions)		
			Through ATMs	Through POS terminals	Through E-commerce
2014	5965	79228	591	10399	11510
2015	5659	85218	676	9749	12344
2016	5334	83383	962	8839	13540
2017	5800	96770	1609	11153	17178
2018	6511	117644	1404	14692	26139
2019	7266	162285	1141	25335	43777
2020	9230	226455	1491	48207	68111

Initial source: Central Bank, statistical bulletin, 2020.

Compared to 2014, the total number of payment cards in 2020 was increased as 3265, the number of debit and credit card transactions was increased as 147227 thousand, the number of non-cash payments through ATMs as 900 thousand, the number of transactions through POS terminals as 37808 thousand, the number of transactions through e-commerce as 56601 thousand.

The role of "ASAN service" centers in the analysis of the current situation and the measures taken in this direction is noted.

Moreover, the significance of e-audit is mentioned here. The second chapter examines international standards for ensuring high quality in financial management. Formation of law meeting the international standards on the struggle against corruption, harmonization of the activity of the Chamber of Accounts of the Republic of Azerbaijan, expansion and stimulation of application of International standards of Financial Reports Accounting by small and medium business subjects are especially significant<sup>5</sup>.

During the analysis of foreign practice, the experience of the Great Britain, the USA, Canada, Italy and Russia is studied and their positive factors are noted. The analysis of foreign practice indicates that, fraudulence in financial reports causes the reducing of the volume of tax inflows, and failure to correctly assess the entrepreneurship activity. Current corporate reporting system does not provide the increasing of efficiency of the accountability process in the companies and avoiding the extra time loss. Other significant case consists of that, the level of participation of society in the struggle against corruption should be high. The mentioned problems are related with the gaps and inconformities in law in most of times.

Regular measures are realized in the improvement of state financial system. Attention is increased to anticorruption measures such as the providing of reality of budget, substantiation of contracts related to state orders and supplies and reducing of cash in turnover. Receiving of information about availability of resources by governmental and non-governmental organizations, quality and timely executed reports about implementation of budget provided during a year, and quality and timely executed annual financial reports serve for the providing of transparency.

**Chapter III. Improvement of the efficiency of the business environment and the perspectives for the development of management.** It is indicated in this chapter that, it is not possible to ensure the sustainability of economic successes without realizing

---

<sup>5</sup> Novruzov V., Auditing in Azerbaijan: from formation to international standards, // Problems of application of international financial statements and audit standards in increasing transparency, Materials of the III Eurasian Forum of Accountants and Auditors. Baku 2012, 195 p.

financial control measures and providing the transparency. Nowadays, the increasing of efficiency of business activity requires the complex solution of problems caused by external and internal factors. For instance, the problems such as changes in the macroeconomic situation, affections of the financial and economic processes in international environment to the state economy, strengthening of competition in internal and external markets make necessary for forming new approach to the business administration along with using the financial control mechanisms. From this point of view, increasing of transparency, effective using from the state funds, not paving a way for exceeding expenses are very topical in the set of measures determined in relation with deepening of reforms in the state.

Already today the strengthening of the positive tendencies in the activity of the Chamber of Accounts in the sphere of control over the budgetary funds, simplifying the budget classification in the process of forming of civil society, informing the society in extensive manner may practically help for increasing of the financial control mechanisms and reducing of corruption risks.

Moreover, it is mentioned in chapter 3 that, it is very necessary to prepare the financial reports in conformity with international standards, performing of a new e-reports, analysis of the efficiency, liquidity and indebtedness indicators in connection with financial and economic activity, calculation of transaction revenues on net assets and net profit, achieving the profitability on use from the capital spent for current liabilities, timely and correctly making of managerial decisions which completely substantiate the economic efficiency in a centralized manner. The issues such as processing of methodology of forecasting, revealing and avoiding of factors determining the negative circumstances in financial sphere and detection of tendency and opportunities of development of such threats are very topical and put forward the essence of professionalism.

Considering of factors such as preparing of innovation audit in conformity with national development model, realization of enlightenment measures on innovation audit, and organization of the staff training in this sphere are expedient in the direction of development of innovation audit in Azerbaijan.

One of other essential issues is that, the determination of the cost of audit service on the basis of supply and demand in conformity with market economy does not always give positive result, in return of this, unfair competition is formed in the audit service market. For this, instead of the regulation of the cost of audit service in the market on the basis of supply and demand, it would be more expedient to strengthen the control of quality of audit. The strengthening of quality control, in its turn, requires the new approach for the development of audit and role and importance of audit in economy. It is because, in modern conditions, the assessment of the financial status of business or economic subjects, along with correctness of accounting reports, may play significant role in analyzing of their activity and determination of their developmental prospectives.

Moreover, it is indicated in chapter 3 that, the technology of internal audit activity should be made in conformity with requirements of modern age and its principles of activity, technical supply, service structure, the professionalism of staff should conform to novelties occurred in the management system. Moreover, due to internal audit, the management may obtain all information which it may use in decision-making in relation with the future of the company. In this point of view is a significant mechanism realizing the analysis of the efficacy of the activity of economic subjects and giving advises in this sphere.

The most significant point in the activity of internal audit is an independence of internal auditor. Internal audit independence increases the transparency and reliability of company both from financial and administrative point of view. For this, at first, the management should not exert pressure but create condition on implementing of such functions by internal auditor.

Only in this case, company may act effectively and successfully.

In this global context, it may be said that, there is risk factor in all spheres of economic life. In its turn, risks management directly affects for increasing of efficiency and revenues in companies and organizations in positive manner. By considering it, preparing the expedient strategy or plans which refer to scientific basis is necessary for avoiding of problems before their occurrence. Issues such as



withdrawing from the non-reliable partners and risky projects, analyzing of foreign situation, its forecasting, monitoring, forming backup systems, applying the marketing activity should be considered in the making of corresponding strategy. At first, risks should be determined and factors of influence should be assessed in risks management. For this purpose, relation between risks quantity and circle of their affection, various risk factors should be determined and corresponding analyses should be performed on the basis of obtained result within the company. Already, dramatic changes are formed in the quality of business in the period of full formation of market relations in Azerbaijan. First of all, business subjects acting in our state along with determining the strategic target, paying attention to the fields of science and information, innovations, should be interested in the improvement of professional level of employees and organizing of specialty and professional trainings for them. It is because, it is possible to achieve the fixed and dynamically developing business by being correctly benefiting from human resources.

In connection with abovementioned information, following suggestions have been given by summarizing the results of the dissertation work studied on topic “Problems of application of advanced technologies in improving of efficiency and transparency of business environment”: One of the main spheres of state financial control is tax control. Tax control, along with being referred to the failures in the activities of taxpayers, should also be referred to the adherence of law, ensuring full implementation of legislative acts and making of necessary changes.

- Along with positive tendencies mentioned in the research work , non-establishing of the application of international audit standards and Ethical Code of Professional accounts in the scope of elimination of definite negative cases, non-establishing of accountability of the Chamber of Auditors about its activity before the public, moreover, non-establishing of the activity of licensed auditor within audit organizations, non-establishing of the rights and duties, responsibilities of the heads of compulsory audit subjects and other officials in law, not-determining of liability and responsibility for auditors in the scope of struggle against corruption in law, non-

recognizing of the report of independent auditor as an integral part of financial reports of the economic subject, lack of trust to audit, violation of the principles of independence of audit and others are main problems in the sphere of audit.

- Application of innovative audit may help to determine the current and future activity opportunities of innovations, to avoid hindrances in the innovation activity, to clarify new methods of the innovation opportunities and to assess the technological potential in the company.

- Other problem in connection with the development of audit is a formation of mutual relations between independent audit institute and state financial control.

- Not paving a way to the excessive expenditures, using from the funds allocated for socio-economic problems in more effective manner are very topical in current term. In this situation, the improvement of budgetary system may help for increasing of the reality of economic, social development forecasts, transparency in tax system and reducing the tax burden and also the proceeding of changes serving to improve the tax culture may help to increase the efficiency of financial control mechanisms, and to reduce the corruption risks. In general, most corruption facts are related to the appropriation of budgetary funds. Thus, special attention should be given to control over the using from budgetary funds, to determine the responsibility of officials in correct manner and to ensure the transparency about the items to be purchased due to budgetary funds means. Moreover, in comparison with primarily approved budget, it is necessary to focus on the structure of expenditures, the amount of debt on expenditures and control over them, integrity of the data in budgetary documents, financial relations among various levels of state control authorities and control over general financial risks in connection with activity of other units of the public section.

- Enlightenment should be performed in direction of non-cash sales and purchase and using from plastic cards and post-terminals among civils. It may be expedient to apply financial discounts to small entrepreneurs in purchasing and installation of post-terminals. Improving of realization of non-cash payments is a very significant

issue in direction of transparency. It should be noted that, non-cash flow shows the level of out-of-bank settlements. Using from post-terminals, by limiting the cash settlements, avoids the out-of-bank settlements. It is because, transactions are recorded during non-cash payments and it avoids the cases of evading of commercial and other service objects from tax. Expansion of non-cash payments and non-cash financial transactions in banks strengthens the struggle against dual accountancy, “shadow economy” and corruption, increases the transparency, improves the efficiency of bank section and its role in state economy, and in its turn stimulates the dynamic development of state economy. In relation with it, conversion of non-cash payments to cash ones should be eliminated, failing practice such as issue of debt in vain should be completely suspended.

- Reality of budget should be provided, agreements concluded in connection with state orders and supply should be substantiated, and anti-corruption measures such as reducing cash in turnover should be kept in attention.

- In such complicated term of world economy, there should be correct and reliable information in seeking of healthy financial resources and finding and choosing reliable financial partners by companies and organizations. Such information may be made through accounting and reporting system which meets modern standards. In this point of view, harmonization of accounting and reports of the companies and organizations to International Financial Reports Standards are from the factos stimulating their improvement.

- Efficient internal control system helps to improve the level of control of business subjects, to avoid the mistakes, and in general to increase the level of sustainability of the company. In results of establishment of internal audit system, it may be applied in the large-scaled enterprises and companies and even in medium and small enterprises. In purpose of expanding of internal audit service and increasing its efficiency, it is necessary to accelerate the process of establishment of internal audit service, to determine the risk without converting it to problem and causing any risk in the scope of rosks management and to reduce the the probability or impact of risks.

- As seen, the main line of ideology of the policy performed by using from all efficient forms of the international cooperation in the state comprises the entry to world market by protecting national interests, strenghtening of the position of state in globalizing economy, and pursuing the open door policy in thoughtful manner. In this case, attention should be given to existing difficulties in improving of the investment environment in the liberated territories and expansion of the activity of FEZs and should be approached to the ensuring the financial transparency, avoiding of corruption, and in general for strenghtening of financial environment with sensitivity and as a result, foreign commercial turnover of the state will be increased and its structure will be improved.

- Investments are involved in connection with realizing of infrastructural projects in the liberated territories. In such processes, the increase in transparency and improving of the role of financial control in struggle against corruption paw a way for the activities of foreign and local investors.

Assessment of the processes occurred in globalizing world economy and their impact to Azerbaijan in objective manner, mutually realizing economic and legal reforms, bringing the cooperation with international financial institutions in the context of increasing financial opportunities to new quality level, establishing effective enforcement mechanism and increasing the efforts to significantly improve the coordination among economic structures will pave the way for further improvement and strengthening of the new economic system.

**Main provisions of the dissertation work have been reflected in following published scientific articles:**

1. N.Z.Novruzova, Improving the legal framework to increase the efficiency of the financial and banking sector, // Azerbaijan National Academy of Sciences, Institute of Economics, Science works, 2015 №4, p. 122-126;

2. N.Z. Novruzova, General principles of financial risk assessment, // Azerbaijan Agrarian Science, Scientific Theoretical Journal, Baku, 2015, №1, p.108-111;

3. N.Z.Novruzova, Interrelation of internal audit and internal control, // "Tafakkur" scientific news magazine, Baku, 2015 №1(7), p. 10-15;

4. N.Z.Novruzova, Improving financial control mechanisms as an important task of the regional economic development strategy, // The Academy of Public Administration under the President of the Republic of Azerbaijan Academy of Sciences, "Regional Management: Innovative Approaches and Perspective Opportunities" Materials of the Republican scientific-practical conference, Baku, 2015, p. 265-268;

5. N.Z.Novruzova, Financial mechanisms in Azerbaijan: risks and their management, // Baku Business University Audit Journal, Baku, 2015 №2, p. 30-33;

6. N.Z.Novruzova, Application of advanced technologies for financial control (on the example of the State Oil Company of the Republic of Azerbaijan), // Journal "Actual Problems of Economy, Sociology and Law", Pyatigorsk, 2015 №2, p. 160-164;

7. N.Z. Novruzova, Analysis of international experience: development of internal control and audit in the Russian Federation, // Journal "Economics and Entrepreneurship", Moscow, Russia, 2015, №4 p. 42-46;

8. N.Z.Novruzova, Improving the effectiveness of innovations in modern times: the organization of new management mechanisms, // Chamber of Auditors, "Actual problems of regulation of the audit in modern conditions" International scientific-practical conference, April 5-6, 2016, p. 86-88;

9. N.Z. Novruzova, Directions for improving management mechanisms, // Azerbaijan Technical University, "Expansion of the activities of innovations in the non-oil sector in Azerbaijan" Scientific conference, Bak, 2016, p.268-270;

10. N.Z. Novruzova, The role of increasing the efficiency of the business environment in economic development, // Azerbaijan

Cooperation University, Cooperation scientific-practical journal, №1(52), 2019, p.227-230;

11. N.Z.Novruzova, The role of internal control in increasing the efficiency and transparency of the enterprise // Azerbaijan Cooperation University, Cooperation scientific-practical journal, Baku, 2021, №3(62), p.126-134;

12. N.Z. Novruzova, The role of financial management and the development of its mechanisms in the modern period, // Journal "Economics Derjava", Kiev, Ukraine, Publisher: LLC "DKS CENTER", №11, 2021 p. 116-119;

13. N.Z. Novruzova, Financial management and Accounting in modern times, International scientific and practical online conference "Science and Education in the modern world: Challenges of the XXI century", Kazakhstan, 2021, p. 48-53.

The defense will be held on February 28, 2022 at 14:00 at dissertation council of Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at Azerbaijan.

Address: Ataturk Avenue 450, AZ 2000, Ganja city, Azerbaijan.

The dissertation is available in the library of the Azerbaijan State Agrarian University.

Electronic versions of the dissertation and abstract are posted on the official website ([www.adau.edu.az](http://www.adau.edu.az)) of the Azerbaijan State Agrarian University.

Electron versions of dissertation and its abstract are available on the official website of the Azerbaijan .

Abstract was sent to the required addresses on January 28, 2022.

Signed for print: 25.01.22  
Paper format: 60x84  
Volume: 42614  
Number of hard copies: 30