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The Role Of Internal Audit In Cost Control And Optimization In Sanatorium-Wellness Institutions

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ABSTRACT

This article will consider issues of cost control and optimization in sanatorium-wellness institutions. The author gave an important definition of the role of internal audit in optimizing costs and increasing overall efficiency in the institution. The costs were analyzed by type and special attention was paid to the effective use of Information Technology in the process of their control, Also, methods of cost optimization, strategies of internal audit and its practical results are covered and discussed with examples.

Keywords:

sanatorium-wellness institution, internal audit, costs, optimization, internal control, efficiency.

Introduction

Sanatorium-wellness institutions are organizations that play an important role in restoring and strengthening the health of the population. These facilities provide medical care, preventive treatment and rehabilitation services. However, in order for these institutions to effectively organize their activities, it is necessary to ensure financial stability and rational use of resources. To this end, the internal audit system is an important tool for monitoring the activities of institutions, analyzing their financial situation and optimizing costs.

The internal audit system plays a decisive role in improving the quality of Service, managing resources and ensuring overall efficiency in sanatorium-wellness institutions. This is due to the fact that an internal audit not only checks the correctness of financial statements, but also deeply analyzes all operating processes.

According to the research of John Smith and Alan Johnson, the internal audit system is the most effective way to regulate the financial and operational processes of institutions, increase the efficiency of resource use and ensure legitimacy [1].

The main task of internal audit in sanatorium-wellness institutions is to control financial and operational activities, analyze their effectiveness and make recommendations for their improvement.

Linda Brown's research suggests that the measures implemented through internal auditing will help to significantly reduce the costs of the institution and ensure financial stability [2].

Sanatorium-wellness facilities use a large amount of financial and material resources in the process of providing health services. Proper management of these resources is an important factor in improving the efficiency of the institution.

Research by Robert Davis and Karen Miller shows that controlling the rational use of resources through internal auditing significantly improves the financial results of the institution [3].

Buttaeva believes that In the national health protection system of the country, an important place is given to the sanatorium-resort sector, namely, the system of sanatorium-resort rehabilitation. Currently, a market model of management of sanatorium-resort entities is being formed, since today they, like other

business entities, operate in a market economy, and their services are commercial in nature [4]. In Ostromentsky's research, Internal audit using the "Traffic Light" method clearly shows the advantages of working using the "Careful production" system to introduce staff of the institution, involves everyone in common work, helps to unite the team, and improve the quality of service [5].

Sikorskaya said, Internal financial audit in the public sector is one of the management tools, the purpose of which is to assist the performance of budgetary powers by participants in the budget process. As well as the development of proposals aimed at improving the quality of public finance management and monitoring their implementation [6].

In our opinion, taking into account the development and investment attractiveness of our country in the field of product production, it is necessary to organize an internal audit system in sanatorium-health institutions to ensure the appropriate quality of internal audit, as well as to use an effective tool and versatile method.

Thus, it will be possible to increase the overall efficiency of the institution and ensure its market competitiveness by effectively organizing the internal audit system in sanatorium-wellness institutions, optimizing financial and operational processes.

The importance of internal audit in sanatorium-wellness institutions

The importance of internal auditing in sanatorium-wellness institutions is very high. These institutions are an important link in the health system and play a large role in restoring and strengthening the health of the population. In order for these institutions to function effectively, financial stability and rational use of resources are necessary. An internal audit system is important for this, which serves to control the financial activities of the institution, optimize costs and increase overall efficiency.

The internal audit system plays an important role in all directions of the activities of sanatorium-wellness institutions:

First, an internal audit allows you to check the correctness of financial statements. By ensuring the compliance of accounting and financial

statements with international standards, it is possible to obtain accurate and reliable information about the financial situation of the institution. This is a decisive factor in ensuring the financial stability of the institution.

Secondly, an internal audit allows you to control all the costs of the institution. In the process, all types of costs are analyzed and their effectiveness is assessed. On the basis of the results of the internal audit, specific recommendations are developed on how to make costs acceptable and reduce them. This makes it possible to save the financial resources of the institution and reduce the cost of services. Thirdly, internal audit is important in assessing the internal control system of the institution. The internal control system is necessary to effectively manage the operational activities of the institution, prevent errors and reduce risks. In the process of internal audit, the effectiveness of this system is assessed and recommendations for its improvement are given.

Fourth, an internal audit allows you to identify and assess financial and operational risks in the activities of the institution. By identifying risks, an institution can plan its activities more efficiently and minimize risks. This is an important factor in improving the stability of the institution.

Thus, the internal audit system is important in ensuring financial stability in sanatorium-wellness institutions, effective use of resources, improving the quality of services and ensuring legal activities. This system serves to increase the overall efficiency of the institution and its success in market competition.

Cost control and optimization methods

Cost control is a monitoring system for the purpose of keeping costs within the planned range. Cost control consists in developing cost norms, comparing real costs with norms, taking measures to eliminate negative deviations of real costs from planned ones.

The first step in controlling costs is to analyze them. The following methods are used in this process:

- horizontal analysis: analysis of changes in costs by time. By this method, trends of increasing or decreasing costs are determined.

- vertical analysis: determination of the proportion of costs of each type within the total costs. This method determines which costs are important and whether it is necessary to pay attention to them.

- analysis of indicators: the ratio of costs to income is analyzed through cost and other financial indicators (table 1).

Table 1.
Cost analysis by type¹.

Type of cost	Amount (sum)	Share in total costs (%)
Labor remuneration	500,000,000	40
Energy consumption	200,000,000	16
Food costs	150,000,000	12
Medical equipment	250,000,000	20
Other costs	100,000,000	12
Total	1,200,000,000	100

Through this table 1, the main types of expenses of the institution and their share in total expenses are determined. The largest share corresponds to labor costs, which indicates the need to optimize costs in this direction.

Setting norms is important when controlling costs. The norms are set in the following order:

1. Analysis of current indicators: costs from previous periods are analyzed and their average values are determined.

2. Study of market conditions: market prices, supply and demand status are studied.

3. Setting norms: based on the above analyzes, regulatory indicators are established for each type of cost.

4. Compliance control: the level of compliance with the established norms is regularly monitored and corrections are made when necessary.

The following strategies are used to optimize costs:

1. Efficient use of resources. Excessive costs can be avoided through the efficient use of resources. For this:

The workload and efficiency of employees are analyzed, plus states are reduced. To reduce energy consumption, modern energy-saving technologies are introduced.

2. Process automation. By automating service processes, savings in time and money are achieved. For example:

- introduction of an electronic document management system: it reduces paper consumption and speeds up work processes.

- online reservation systems: simplifies the customer service process and reduces excessive administrative costs.

3. Optimization of cooperation with suppliers. It is possible to reduce costs by establishing long-term and reliable cooperation with suppliers: Negotiate with suppliers and agree on the most favorable prices. Prevent re-costs by controlling the quality of the products delivered.

The regulatory legal framework is constantly undergoing changes, which are related to the need to take into account the specifics of the functioning of these organizations [7].

The use of modern technologies in cost control. The use of modern information technology helps to effectively implement cost control. Accounting programs allow you to automate financial transactions and control them in real time. Analytical applications, on the other hand, are convenient tools for cost analysis and forecasting (figure 1).

¹Source: developed by the author on the basis of research.

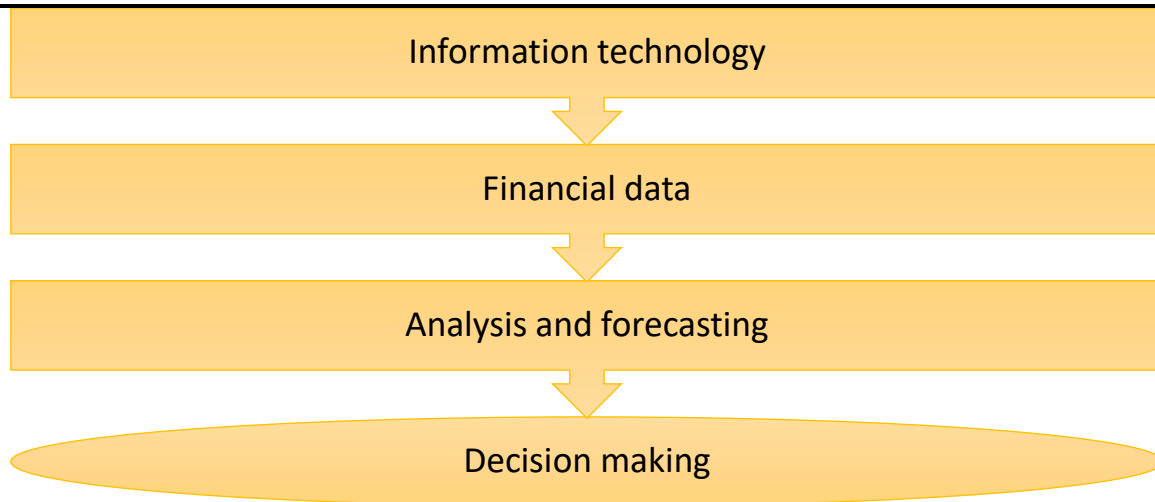


Figure 1. The role of Information Technology in the process of cost control².

This figure 1 shows the position of Information Technology in the cost control process. Financial information is collected, analyzed and based decisions made through information systems.

Practical results and discussion of internal audit

Measures taken on the basis of internal audit results increase the financial stability of the institution. For example, the excess costs identified in the Audit process were reduced, which led to the saving of financial resources. The range of services was expanded and marketing strategies were improved, which caused revenue increases.

Efficient use of resources. The results of the Audit contributed to the rational use of resources. Labor efficiency was increased, employee performance was analyzed and training was conducted for employees with low efficiency. Material resource utilization has been

optimized, material consumption has been analyzed and over-consumption has been reduced.

Internal auditing has also had a positive effect on improving the quality of services. Customer satisfaction increased, customer feedback was analyzed and service processes improved. A standard of services was introduced, uniform standards of service provision were developed and put into practice.

During the Audit process, results were also achieved on ensuring legality and discipline:

- violations were identified and eliminated: violations in financial and operational activities were identified and measures were taken to eliminate them.
- the internal control system has been strengthened: policies and procedures for internal control have been revised and improved.

Table 2. Indicators achieved on the basis of internal audit results³.

Ointer	Before the audit	After the audit	Change (%)
Total expenditure (sum)	1,200,000,000	1,000,000,000	-16.7
Revenue (sum)	1,500,000,000	1,800,000,000	20
Net profit (sum)	300,000,000	800,000,000	+166.7
Customer satisfaction rate (%)	75	90	20

²Source: developed by the author on the basis of research.

³Source: developed by the author on the basis of research.

This table shows a significant improvement in the financial and operational performance of the institution based on the results of the internal audit.

Sanatorium-a correct and competent approach to the distribution of wellness powers and functions, the formation of a clear and well-thought-out internal audit system increases the level of productivity of institutions, minimize risks, and reduce costs that cannot be avoided when using a policy of eliminating errors after consequences.

Thus, internal audit is one of the methods of controlling the effectiveness of the activities of individual units of the economic entity, and for the management or owners of the economic entity, it is information and advice that is important, helping to optimize the activities of the economic entity and achieve goals.

The organization of effective internal financial control and internal financial audit is a necessary condition for achieving the current and strategic goals of public sector institutions. Control measures allow you to identify the risks of reducing the effectiveness of the state institution and the factors that determine the causes of their occurrence [8].

Not only the preservation of the assets of the business entity, but also the effectiveness of the organization depends on the effectiveness of its activities. Internal audit indicates ways to improve the management system.

Taking into account all of the above, we can conclude that if the management from time to time does not check and analyze business processes in the institution, and also does not eliminate shortcomings and mistakes, the enterprise will not develop and will not be able to work successfully. It follows from this that in any enterprise it is necessary to install an internal audit system optimized for its effective operation.

Conclusions and recommendations

In the case of effective organization of the internal audit system in Sanatorium-wellness institutions, it will be possible to ensure the financial stability of the institution, control and optimize costs, rational use of resources and

improve the quality of services. The role and importance of internal auditing in these institutions are covered in detail, as well as methods and strategies for controlling and optimizing costs.

Based on the results of the internal audit, the following recommendations for improving the activities of the institution can be made:

1. Regular conduct of internal audit: this allows constant control of the financial and operational activities of the institution.
2. The use of modern technologies: through the widespread introduction of Information Technology, it is possible to effectively control and optimize costs.
3. Improving the skills of employees: it is necessary to improve their professional skills by organizing continuous trainings and seminars for employees.
4. Customer feedback accounting: analysis of customer feedback and improvement of services on their basis increases the reputation of the institution.

Thus, by effectively organizing the internal audit system and putting its results into practice, sanatorium- wellness institutions can more efficiently carry out their activities and provide high-quality services to the population.

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