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**Dragana POPOVIĆ<sup>1</sup>, Jelena VITOMIR<sup>2</sup>, Maja JOKIĆ<sup>3</sup>,  
Ivan ARNAUTOVIĆ<sup>4</sup>, Dražen VRHOVAČ<sup>5</sup>, Nemanja BAROVIĆ<sup>6</sup>,  
Ksenija VUJINOVIĆ<sup>7</sup>, Slobodan POPOVIĆ<sup>8</sup>**

## **IMPLEMENTATION OF INTERNAL AUDIT IN COMPANIES INTENDING TO OPERATE ON THE PRINCIPLES OF GREEN ECONOMY IN THE REPUBLIC OF SERBIA**

### **SUMMARY**

Introduced international audit in the business of companies that want to serve with respect for the principles of green economy can say that they will best succeed in achieving results in the work of significant enterprises. One of the important factors is the existence of professional staff leading the internal audit business, which can reduce the overall risks in the management of the top management of significant companies. Top management should serve as the supreme organ of the company, which is of utmost importance for the continued successful operation of the company. Establishing an internal audit mechanism is done by external management and we need to make use of overall corporate governance, that is, the results of the future are visible. Internal audit uses in its work new knowledge of the internal audit profession and liaises with the adopted central political enterprises, in this case companies interested in the popular implementation of green policy.

**Keywords:** internal audit, process management, enterprise.

### **INTRODUCTION**

Corporate governance requires company management to organize itself as a team that will appreciate the expertise and assistance in managing all parts of the enterprise. Therefore, it seeks to find new innovative approaches by which it

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<sup>1</sup>Dragana Popović, University of Novi Sad, Economic Faculty of Subotica, Subotica, Republic of SERBIA.

<sup>2</sup>Jelena Vitomir, Assistant Professor, Faculty of Business Studies Belgrade, Republic of SERBIA.

<sup>3</sup>Maja Jokić, University of Novi Sad, Faculty of Technical Sciences, Republic of SERBIA.

<sup>4</sup>Ivan Arnautović, High School of Entrepreneurship, Belgrade, Republic of SERBIA.

<sup>5</sup>Dražen Vrhovac, PIO Fund, Prijedor, BOSNIA AND HERZEGOVINA.

<sup>6</sup>Nemanja Barović, Tax administration of the Republic of Srpska, Prijedor, BOSNIA AND HERZEGOVINA.

<sup>7</sup>Ksenija Vujinović, Vojvodjanska Bank doo, Novi Sad, Republic of SERBIA.

<sup>8</sup>Slobodan Popović, (corresponding author: slobodan.popovic49@gmail.com) JKP Gradsko Zelenilo Novi Sad, Republic of SERBIA.

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will be able to make important business decisions, and one such way is the introduction of internal audit in the business of the company (Wyatt, 2004). It is a process by which valid business decisions can be made in companies that have adopted business principles that are in line with green policy (Wyatt, 2004).

The management thus observed can bring many benefits (Lee, 2019) which are reflected in the achievement of results of the enterprise business. In this paper, the authors draw attention to the importance of obtaining top management information from internal auditors who submit the results of their work in the form of recommendations. In order for internal auditors to make recommendations to top management, they must complete additional training in internal audit, and at the same time have the level of knowledge, ability and motivation to work in very specific conditions in the company.

Companies in their regular operations should use the recommendations of internal auditors (Cantino, 2009), because their implementation can improve the performance of companies (Damodaran, 2007; Popović *et al.*, 2015; Endaya & Hanefah, 2013) as a whole, which is visible in the form of achieved business results.

Internal auditors submit recommendations to the top management after the audit work has been done at the company (Daske *et al.*, 2008; Gaetano and Lamonaca, 2019) which have been largely done as standard reports (Bojović *et al.*, 2019; Terzić *et al.*, 2019; Williams, 2010).

The aim of this research is to study the influence of the size of the interstitial spacing at the same density of crops on the productivity of soybean photosynthesis. Based on the results it will be given recommendation for modern soybean technology.

## **MATERIAL AND METHODS**

To create the paper, the authors used commonly accepted management models in enterprises, which has been highlighted in numerous papers such as (Mihailović, 2005; Popović, 2015; Rodriguez *et al.*, 2019; Radović *et al.*, 2019). The basis for the study was the analysis of recommendations received from internal auditors who otherwise submit standard to top management in their work.

The aim was to view internal audit as an auxiliary factor in the work of top management in companies that have embraced the principles of green economy.

## **RESULTS AND DISCUSSION**

The internal audit organization model until a business decision is made

Respecting the above, the authors provided a possible model showing the decision-making stages in companies in the Republic of Serbia (Figure 1).

The essential work of the internal auditor presupposes the independence of the work of the internal auditor, and especially in this paper, the authors of the study emphasize the importance of making audit reports according to top management.

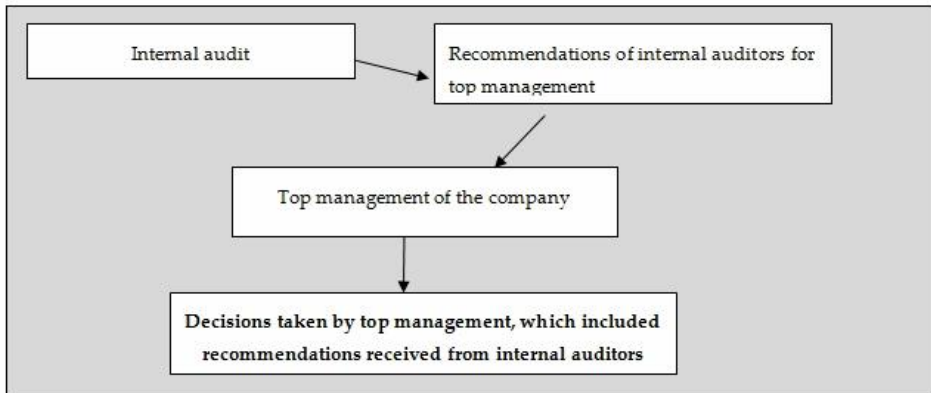


Figure 1. A model that implements the work of internal auditors in the decision-making process of top management in companies that have embraced green economy principles.

*Security of the work of internal auditors in decision making process in the company*

The authors of the study have drawn up a possible account of the course of professional training regarding the functioning of internal audit in companies that accept the principles of green economy in the Republic of Serbia. The author's view is given by the illustration in Figure 2.

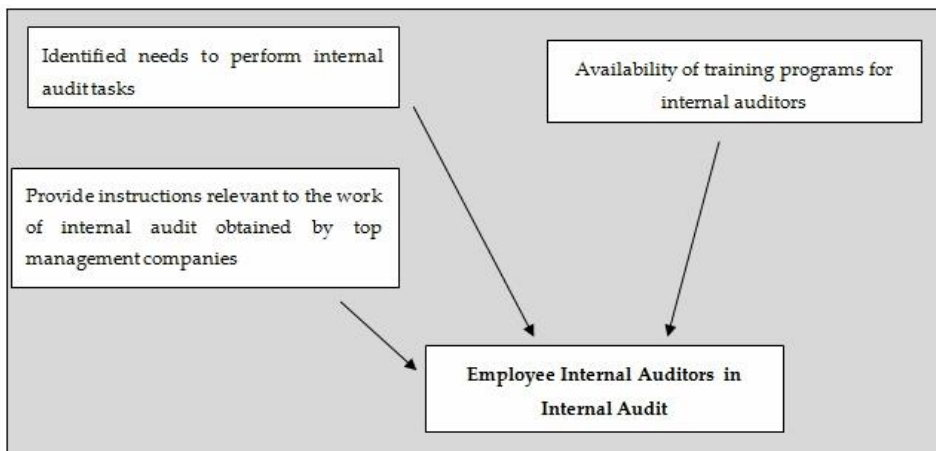


Figure 2. Model that enables continuous training of internal auditors in companies that accept the principles of green economy in Serbia.

Continuous training of internal auditors should include the following areas:

- Knowledge of how the management bodies operate in the company;
- Knowledge and understanding of the basic audit principles and practices that all auditors should possess;
- Training related to accounting principles and accounting policies within an enterprise;

- Training related to audit skills and techniques;
- One-to-one training, including the ability to communicate in a general way to improve the auditor's efficiency;
- Specialized training for auditors in charge of specific activities, such as computer audit requiring specific skills; and
- Training in management, for auditors who may possibly obtain management responsibilities and for existing team leaders to improve their effectiveness.

In preparing the strategy and plan for continuing professional development of an internal auditor, the top management of a company that wants to operate on the principles of a green economy should consider the following:

- Audit development plan;
- Audit strategy;
- Annual audit plan;
- The results of discussions with auditors on the skills they currently possess and refine;
- Missing skills identified through a 'matrix' of skills;
- The individual goals of each employee and their need for continuing professional development;
- Relevant regulations and internal standards;
- Training budget;
- Successful training;
- The training strategy that exists in the organization and
- All planned projects and specialized tasks.

#### *Functioning of a real internal audit system in companies implementing the green economy*

The functioning of a realistic and sustainable internal audit system in companies that have implemented business according to the principles of green economy, it is necessary to respect the three criteria that the authors set aside in the form of Figure 3.

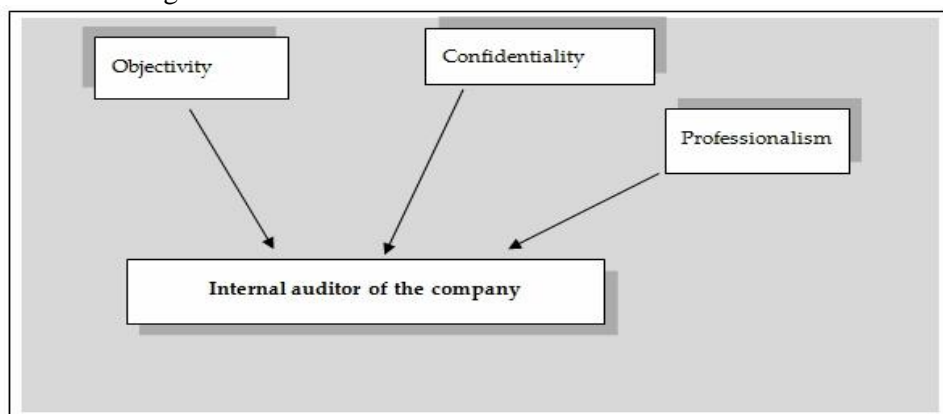


Figure 3. Outline of the criteria that affect the performance of the internal auditor

The job of an internal auditor in a green company should be performed by those persons who work according to the following principles:

- Work exclusively in jobs for which they have the necessary knowledge, skills and experience;
- Conduct business in accordance with standards and methodologies for collecting information on potential risks;
- Ensure that they acquire the necessary basic skills necessary to perform the tasks entrusted to them;
- Take responsibility for the continuous improvement of their expertise in order to raise the quality and effectiveness to a higher level.

### CONCLUSIONS

The functioning of the work of an internal auditor in a company that functions according to the adopted principles of green economy in companies in the Republic of Serbia should be viewed as a process. It is of increasing importance in companies that have introduced internal auditing in their regular operations, and substantially top management needs to meet the objectivity, expertise and responsibility expected of the appointed internal auditors.

Companies that have not yet implemented an internal audit should create the conditions for it to be introduced, that is, they must have a motive to introduce an internal audit in their work.

Introduced internal audit in green economy companies will only do so if they expect the benefits of introduction. The study authors point out that only professional, motivated staff performing internal audit tasks can improve management by management.

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