

PRACTICAL ISSUES OF AUDITING IN UZBEKISTAN

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Abstract. This article is devoted to the issues of improving auditing in the practice of Uzbekistan, and its introduction reveals the importance of organizing and conducting audits in the Republic, conducting research in this field. In the "discussion" part of the article, the opinions expressed by the economists who conducted scientific research on this topic, their scientific views and the aspects of their opinions different from the author's scientific ideas are highlighted on the basis of theoretical opinions. In this, the sources reflecting the ideas of every economist who conducted research on the subject of the article are detailed. Also, what research methods were used to illuminate the content of the article, based on the indicators analyzed on the subject and the scientific results achieved. the essence of the decisions that can be made is revealed.

Key words. Audit inspections, audit service, auditor, audit organization, audit client, audit conclusion, audit results

INTRODUCTION

In Uzbekistan, a strong regulatory and legal framework of auditing activities and a unique national auditing services market have been formed, effective economic factors and tax incentives are used for its development, the licensing system of auditing activities has been seriously simplified and liberalized. Despite the positive results of the implemented reforms, "... national standards of auditing activities do not fully correspond to the generally recognized international auditing standards, which does not provide the formation of the ability of foreign investors to understand the truthfulness of the financial reports of local enterprises..." [1] . As a result of the ongoing reforms, as a solution to this problem, important tasks such as "introduction of international standards in the preparation of financial reports and audits in large state-owned enterprises" [2] were defined. In turn, in order to ensure the execution of the above tasks, issues such as improving the practical and methodological aspects of planning and conducting audits, using advanced foreign experience and software tools in audits, documenting, summarizing and evaluating audit results based on international standards are comprehensively detailed. lack of study, in particular, requires conducting in-depth scientific research on improving the planning and conducting of audits.

In recent years, when the audit market is developing steadily in our republic, special attention is being paid to the processes of modernization and diversification of the economy. After all, the need for audit services is increasing year by year. Therefore, the development of this activity in Uzbekistan and organization based on international standards is becoming a demand of the times. The current stage of the development of auditing activities and improvement of the accounting system brought the issues of compatibility of national and

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international standards to the fore, and their relevance required the implementation of these two standards (international standards of auditing and international standards of financial reporting).

Based on the information of the Ministry of Finance of the Republic of Uzbekistan, in 2021, 96 audit organizations operated in our republic, and they conducted mandatory audits of 6,344 economic entities. However, all audits conducted it cannot be said that the audits were conducted in full accordance with the requirements of the current audit legislation and international audit standards. Because the norms of international audit standards are not fully adopted by all auditors and economic entities in our republic, and the additions and changes made to the current legislation on audit in this field have not been fully implemented in the audit activity. is considered as one of the factors that have a negative impact on the process.

LITERATURE REVIEW

Mainly foreign economists have conducted scientific research on the creation of the theoretical and methodological foundations of the auditing methodology and its improvement. E. A. Arens, Dj. K. Lobbek, A. D. Sheremet and V. P. Suyts can be included among them. Economists of our republic have studied only the theoretical aspects of the organization of audit activities in the textbooks, monographs and training manuals, as well as in the published scientific articles and theses. For example, in the works of R.D.Dusmuratov, N.F.Karimov, Z.T.Mamatov, M.M.Tolakho'jaeva, I.N.Qo'ziev, B.Q.Hamdamov and I.I.Meliev, the problems of developing the theoretical basis of planning and conducting an audit are studied [3-8].

In particular, many studies conducted on the audit of financial statements have focused on the stages of its implementation. However, in many studies, only the name of the audit stages is given, and its content is not covered in detail. Another economist, N. Khajimuratov, in his scientific works, stated that it is appropriate to perform the financial statement audit in four stages, i.e. the stages of planning, evaluating the internal control system, checking financial statement items and completing the financial statement audit. noted [9].

It should be noted that in the scientific works of the above economists, not much attention was paid to the study of the methodology of auditing, and the fact that the current regulatory legal documents are changing in accordance with the conditions of modernization and diversification of the economy is a sign of the need to conduct deep scientific research in this field. will give. However, the implementation of audits in the audit organization, the organization and implementation of audit audits have not been thoroughly researched and conceptual directions for its improvement have been developed. In this respect, the solution of the problem from a practical and practical point of view" determines the relevance of the topic of the article.

The Law of the Republic of Uzbekistan "On Auditing Activities" created favorable conditions for the application of international audit standards. In order to legally regulate the wide implementation of international standards of auditing in Uzbekistan, the Cabinet of Ministers of the Republic of Uzbekistan of April 11, 2022 "Regulation on the procedure for

recognizing international standards of auditing for use in the territory of the Republic of Uzbekistan" on approval" Decision No. 171 was developed and since January 1, 2020, audit organizations have been performing audit activities based on the international standards of auditing published by the International Federation of Accountants. However, the research conducted by scientists shows that there are still problems that need to be solved in organizing and conducting audits based on advanced foreign experience and the requirements of international standards.

RESEARCH METHODOLOGY

During the research, the methods of theoretical and practical study, systematic approach, grouping, comparative analysis, observation, statistical analysis, and factor analysis were effectively used. Based on the conducted research, the system of indicators representing the effectiveness of audit organizations and clients of audit services, improvement of their classification, identification and analysis methods, the quality and efficiency of audit inspections and other group of factors affecting efficiency indicators aimed at developing ways of calculating the secret and identifying internal opportunities for improving these indicators, developing a procedure for making management decisions

ANALYSIS AND RESULTS

Despite the fact that many legal documents have been created in our republic in order to create a strong regulatory legal framework for audit activity, there is still no official regulatory document approved by the legislative or executive bodies of the state that regulates some aspects of the auditing profession, including the ethical standards of the auditing profession. In this regard, only on August 26, 2005, the National Association of Accountants and Auditors of Uzbekistan and the Chamber of Auditors of Uzbekistan developed the "Professional Code of Ethics of Auditors of Uzbekistan". As a result of the analyzes carried out in the audit organizations of the republic, this Code is not sufficiently observed in practice due to the fact that this Code has a recommendatory nature, the essence of ethical standards is not fully revealed in the Code and it is not approved as a strictly observed document by state bodies. In our opinion, it is necessary to develop a specific regulatory legal document, officially approved by the legislative or executive bodies of the state, which regulates the standards of professional behavior of auditors. In this regard, we believe that it is necessary to develop an improved Code of Ethics of auditors of Uzbekistan using the concept of the American Institute of Certified Public Accountants (AICPA) called "Basics of Professional Ethics". It is advisable to implement it on the basis of three stages:

1. Planning stage;
2. Inspection stage;
3. The final stage.

The above-mentioned stages of audit control are determined to be carried out in accordance with the mandatory requirements established in the national standards of audit activity in accordance with Article 22 of the current Law of the Republic of Uzbekistan "On Audit Activity". On the other hand, in order to ensure the high-quality and effective implementation of the above stages of the audit, it is necessary to improve the methodology

of conducting it. In particular, in our opinion, such methodological issues of the audit today include the fact that the requirements of the current regulatory legal documents on accounting and auditing activities are not applied to the required level in the auditing practice, the current regulatory legal documents and the audit of scientific researches of our Republic and foreign scientists that the methodological aspects of the stages are not fully and clearly stated, that the process of summarizing, evaluating and presenting the results of the audit in the audit working documents does not meet the current requirements, that the methodology for controlling the quality of audit work and evaluating the effectiveness of the audit organization has not been developed at the level of international standards, national audit non-compliance with the requirements of the standards of other regulatory documents regulating audit activities and international standards or advanced foreign experience, auditing organizations based on international standards it is possible to include issues such as the fact that the practice of organizing and conducting it is not at the required level. In the scientific research carried out in our republic, the issue of eliminating the above problems and improving the audit methodology has not been studied in detail as a whole, integrated scientific work. The expansion of audit activities and the lack of fundamental research in this field necessitate the need to conduct scientifically based research on the improvement of the methodology of planning and conducting audits in the context of modernization and diversification of the economy. In our opinion, in order to ensure high-quality and effective implementation of audits, the appointment of employees who perform the audit, that is, the composition and number of the audit team, the selection of the auditors according to their qualification category and specialty, as well as their experience and qualification levels. It is required to assign appropriate audit duties.

In our opinion, first of all, the level of qualification and experience of the employees of the audit organization is determined. In this case, the knowledge and experience of the expert who heads the audit group is used as a conditional unit of experience. A specialist with a certificate of auditor qualification and five years of work experience as an auditor can be the head of the group. Such a requirement is determined by the need for the group leader to organize the inspection and control the activities of the employees participating in it. Below we will consider in detail the obligations of auditors and other specialists participating in the audit. Financial specialists are assigned to conduct a financial analysis of the client enterprise and develop a business plan (estimate documents) (or to study the execution of the client enterprise's financial plan or its implementation). In our opinion, the results of the financial experts' work should be reflected in the auditor's report and conclusion. In our opinion, it is appropriate that the sample composition of the audit team participating in a specific audit should be as follows (Table 2).

Table 2**Sample composition of the audit team participating in the audit¹**

Done type of work	Type of customer activity	Amount	Specialists	Total
Comprehensive audit	All entities subject to mandatory audit	At least seven people	Auditor specialist experts	Auditors - 4, specialists in other fields -3 (lawyer, financier, tax specialist), information system specialist -1
An audit in the form of an initiative	All business entities	At least four people	Auditors and experts	Auditors-2 specialists in other fields (lawyer) -1, information system specialist -1
Selective inspection	All business entities	Depending on the subject of the inspection and the size of the selection, but not less than three	Auditors and specialist experts	Determined according to the terms of the contract
Thematic examination	All business entities	On the topic of the type of inspection	Auditors and specialist experts	Determined according to the terms of the contract

In our opinion, it is possible to provide high-quality audit services by correctly and precisely determining the stages of organizing and conducting audits in economic entities, as well as by controlling the quality of the auditor's work. For this, the audit organization is required to define the audit stages in a clear and detailed form and content. Although the above-mentioned stages of the audit are interrelated, the audit methods used in them and the actions performed, as well as the audit work documents prepared, differ from each other based on the form and purpose of the audit. For example, in an initiative-style audit, based on the purpose defined in the contract, audit objects are selected, stages and audit actions are performed. However, the legality of all business transactions of the enterprise and the reliability of all indicators in the financial statements are required to be fully studied during the audits, which involve the preparation of an official audit report. Therefore, the quality implementation of the audit directly depends on how correctly, completely and precisely the actions performed in its stages are performed.

In our opinion, when defining the audit method as a science, the general research methods used by it can be divided into such methods as dialectic, formal logic and systematic approach. All common methods are used in the process of collecting audit evidence and data analysis in order to form a professional decision regarding audit research objects. Also, there are private or special methods of auditing that are used in the inspection of separate and specific objects. In our opinion, the methodological basis of audit activity consists of the following elements (Figure 1).

¹Prepared by the author

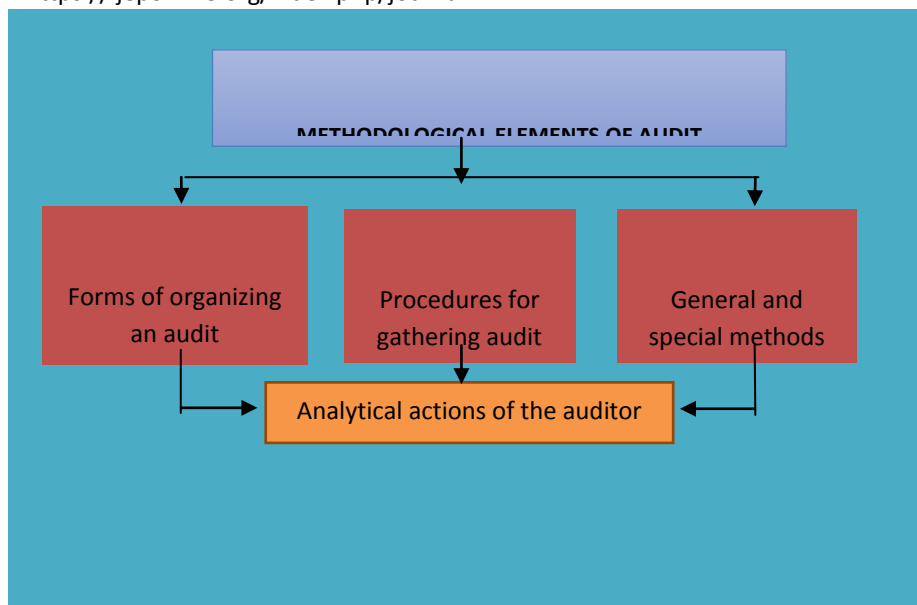



Figure 1 . Methodological foundations of audit activity²

In our opinion, in order to perform each task related to the above-mentioned stages of the audit, in turn, based on their characteristics, it is necessary to develop a scientific, methodological and normatively based methodology of creating an "algorithm" of the audit, performing audit operations and summarizing the results of the audit and evaluation. exit is required. For this purpose, we performed the analysis of the scientific, methodological and normative basis of the tasks performed at the stages of the audit, based on the procedures presented in Table 3 of the article. In this case, the status of coverage of the procedures for the performance of the assigned task in regulatory and legal documents, educational literature, and scientific research works was taken as an evaluation criterion.

In our opinion , the method in audit is a set of research principles, procedures, stages, requirements, and analytical actions performed and applied in the process of researching the subject and conducting an audit . The most effective methods used in the investigation process are documentation, inventory, assessment of the actual situation, scanning, evaluation, calculation, statistical analysis, alternative balance, cross-comparison, hypothesis, expertise, systematic review, survey, confirmation and methods such as performing analytical operations can be highlighted.

In our opinion, it is appropriate to carry out the following stages and the actions performed in them in order to ensure the quality implementation of the audit of economic entities (Table 3). If inspections are carried out in a specified sequence in accordance with the procedures and forms presented in the table of this procedure, errors and omissions made by auditors will be reduced. This is an important factor in increasing the quality and efficiency of inspections.

²Compiled by the author

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Table 3

Auditing of economic entities implementation procedure³

Audit stages	Tasks to be performed
<p>Planning ripening stage</p>	<ul style="list-style-type: none"> - determine the purpose and task of the inspection; - selection of inspection objects; - preliminary planning of the inspection; - drawing up an audit contract; - preparation of the general audit plan; - approval of the audit team, that is, appointment of persons participating in the direct inspection; - preparation and approval of the audit program; - assessment of the reliability of the data of the internal control system of the economic entity; - receiving a written presentation letter from the client's management; - determining the scope of selection and selection of objects of audit inspection; - approval of the audit working group, that appointment of the responsible persons participating in the direct inspection; - determination of the level of audit risk and importance of audit objects;
<p>Inspection phase</p>	<ul style="list-style-type: none"> - study the availability and storage status of the client's property and funds; - checking whether the transactions carried out in the business entity are correctly, completely and on time accounted for in the accounting accounts; - checking whether the transactions carried out in business entities are completed correctly, completely and on time in accordance with the forms and procedures specified in the relevant documents; - determining the legality of the transactions, the authenticity of the documents, the arithmetical and grammatical correctness of the calculations contained in them, and the compliance of the documents with the specified forms; - to study whether the economic transactions were actually carried out or correspond to the information of the valid primary documents; - mutual comparison of analytical accounting data on the transactions carried out with collective accounting data and to study the causes of identified inconsistencies; - verification of the correctness of saving and spending of funds and material assets, the reliability of accounting and reports, compliance with financial discipline in the economic entity; - checking whether the business plan or estimate of the economic entity is correctly drawn up and the procedures for their formalization are followed; - checking and analyzing the correctness and timeliness of the expenses spent by the economic entity, the compliance of the expenses with the goals of the enterprise, the level of fulfillment of production plans by sets, states, contingents; - evaluating the activity of the internal control system of the economic entity, conducting an analysis of the reports on the financial and economic activity of the economic entities, studying the current status of the implementation of the planned control work plan and the top management bodies checking the quality of the tasks given by; - verification of the correctness and legality of the process of formation, assessment and accounting of creditor obligations of the economic entity; - analysis of the state of formation of debtor obligations of the economic entity, the reasons for its change and ways to reduce it; - Assessment of the efficiency of the economic entity's activity based on the requirements of the decision of the Cabinet of Ministers dated July 28, 2015 No. 207 (identification of SMK and SYK and analysis of the calculation of their implementation); - assessment of the continuity of the economic entity's activity;

³Prepared by the author

	<ul style="list-style-type: none"> - to verify the accuracy and truthfulness of the data on the transactions carried out in the business entities in the financial statements or the reliability of the indicators.
<p>The final stage</p>	<ul style="list-style-type: none"> - analysis of the adequacy of the collected evidence; - study whether the collected evidence is confirmed on the basis of documents of form and content in accordance with the established procedure; - receiving necessary explanations on the identified situation from materially responsible persons regarding identified deficiencies; - the collected evidence with the client's related party or third party information; assessment of the impact of internal and external factors affecting the financial and economic activity of the economic entity; - study of the factors related to the organizational and structural description of the activity of the economic entity; - to study and assess whether the indicators in the client's financial and statistical reports correspond to the information of the primary documents, are correct and are presented to users in a timely manner; - study whether the windfall is not shown as income in the client's financial statements; - study whether the contents of the information describing unexpected circumstances in the client's activity, their impact on the future results, the evaluation of the financial impact or the impossibility of conducting such an evaluation are revealed in the letter of explanations and comments to the client's financial report; - to study whether the consequences of unexpected situations and their impact on the client's financial results have been objectively evaluated by the economic entity; - study the existence of extraordinary losses in the client's financial statements and whether they are fully disclosed as a liability in the financial statements; - drawing up an interim audit report based on the collected evidence; - on the basis of interim audit reports, preparation and formalization of the general audit report for each object of inspection; - analysis of the causes of deficiencies in formalized audit reports; - expressing in money the deficiencies reflected in the audit reports and evaluating their impact on the client's financial results; - development of relevant practical recommendations regarding the reasons for the appearance of deficiencies identified in the inspection and their correction and prevention of future occurrences; - preparing a written report on the results of the auditor's audit and presenting it to the client's management; - formation and approval of the components of the auditor's report in the form and content specified in the international audit standards; - before submitting the audit report, receive an official presentation letter from the client's management in accordance with the international audit standard No. 580 "Written Presentations"; - preparation and formalization of the form of the auditor's conclusion in the form and content specified in the international standards of the audit; - providing copies of the prepared audit report and conclusion to the client's management.

Today, audit control has become an integral part of the financial control system. As a result of the consistent reform of the financial system and the improvement of the market infrastructure, a solid regulatory and legal basis of audit activity was created in the Republic. In turn, in order to accelerate its development, effective economic factors as well as tax incentives and preferences are used, the system of issuing licenses for auditing activity has been seriously simplified and liberalized. However, in auditing practice, the specific procedures for conducting an audit of enterprise assets, in particular, the audit of fixed assets, and revealing the essence of the main aspects that should be paid attention to, and its analysis, are among the most urgent issues to be studied today. In addition, at the present time in auditing practice, elimination of a number of problems waiting to be solved in the

process of planning, conducting and summarizing the results of audits, and improving their theoretical and methodological foundations are considered as urgent scientific problems.

CONCLUSION

As a result of the research, the current regulatory legal documents on the organization and conduct of audit activities and the general approach to the organization and conduct of the audit in scientific research, the stages of the implementation of the audit or the advanced foreign experience in performing the audit operations performed during the audit and there are still enough problems in compliance with the international standards of auditing, and it is necessary to increase researches on their elimination and improvement of audit activity. In order to clarify the above issues, in the article, it was recommended that the audit should be carried out in 3 stages.

Today, many regulatory and legal documents or literature have been developed to regulate the organization and conduct of audit activities, but they mainly approach the organization and conduct of the audit from a general point of view, and the stages of the implementation of the audit. or it was scientifically observed that the audit procedures performed during the inspection were not clearly and fully explained. Today, the fact that auditors have not fully mastered the norms of international auditing standards and the fact that the norms of international auditing standards have been established in the republic as a new procedure calls into question the fact that inspections are conducted based on different approaches and reliable guarantees are provided for financial reporting indicators. affects the year.

In our opinion, it is necessary to widely use international standards of auditing in order to ensure the quality of audit inspections in a short period of time and to ensure the reliability of financial reporting indicators. To do this, ensure the implementation of advanced audit programs such as AuditNET, ITAUDIT:Auditor, AUDITXP "Complex Audit", "Express audit:PROF", Auditsoft and Audit Sampling and First-Audit, which are widely used in the audit practice of developed countries (establishing by law the use of modern audit software in audits of audit organizations) and the use of software by auditors (organization of training and training courses, introduction of a system of mandatory certification of auditors on the use of software) We believe that it is necessary to establish a training system.

Introduction of private auditing activities into the practice of Uzbekistan, having studied the auditing experience of countries such as Russia, Kazakhstan and Azerbaijan. In this regard, we consider it expedient to establish a private auditing practice, such as issuing a certificate giving them the right to engage in private auditing activities in accordance with the established requirements, giving private auditors the right to independently conduct audit audits in the form of initiative.

We believe that tasks such as the advanced foreign experience of auditing activities in the organization and conduct of audits, as well as ensuring the wide implementation of the requirements of international audit standards, will be an important factor in the further improvement of auditing activities in the republic.

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