

ISSUES OF ORGANIZATION OF AUDITING IN MEMBER STATES OF THE COMMONWEALTH OF INDEPENDENT STATES ON THE BASIS OF INTERNATIONAL STANDARDS

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Abstract. This article is devoted to the application of international standards of auditing in the member states of the Commonwealth of Independent States. It analyzes the specific features of the organization of auditing activities and the application of international standards in these countries, the results achieved in the application of international auditing standards, and the prospects for the implementation of international auditing standards.

Keywords. International standards of auditing, member states of the Commonwealth of Independent States, professional services of auditing organizations, auditing professional public associations, auditing services market, auditing, financial statement auditing, individual private auditor, non-governmental non-profit organizations.

INTRODUCTION

Special attention is paid to scientific research aimed at improving international standards of financial reporting and auditing in countries with developed auditing activity. However, despite this, in the full implementation of the international standards of financial reporting and auditing, it is necessary to study the content and nature of these standards in depth, to be able to apply them in practice, to transform financial reports to international standards, and to solve such issues as the introduction of advanced foreign experience into the economy of our country. the need to carry out comprehensive research on improvement is growing.

In particular, one of the urgent scientific problems is to eliminate a number of problems that await their solution in the process of planning, conducting and summarizing the results of audits in the audit practice of the member states of the Commonwealth of Independent States (hereinafter CIS). Such problems are caused by, firstly, the fact that the laws and regulations on accounting and auditing activities are not applied in the audit practice at the required level, secondly, the practical and methodological aspects of the organization and conduct of the audit audit are not sufficiently and deeply researched, and thirdly, the results of the audit audit are summarized and formalized in the audit work documents. that it is not implemented in accordance with the requirements of international standards, and fourthly, issues such as determining the level of audit risk and importance, determining the quality of audit work and efficiency indicators of audit activity, and the ineffective use of its evaluation methodology are not developed at the level of modern requirements.

Review of literature on the subject. Many foreign economists have conducted scientific research on creating and improving the theoretical and practical foundations of audit activity in the countries of the Commonwealth of Independent States. N.P.Baryshnikov, N.T.Belukha, S.M.Bychkova, Suits, A.A., among the economists-scientists of many CIS countries, on the research of the audit services market in the CIS member states and its analysis, as well as the advanced experience of the audit activities of the CIS member states. Terekhov and studied by A.D. Sheremet [1].

Economists of our country have partially studied these issues in textbooks, monographs and training manuals, as well as published scientific articles and theses. For example, R. Dusmurotov, M. Tulakhodjaeva, B. Hamdamov, B. Dagarov and I. Koziev have studied some aspects of the theoretical and practical foundations of the audit activity of the CIS member states [2]. It should be noted that although the above researches have presented general views on the topic, the issue of comparative analysis of the auditing activities of the CIS member states and the application of their advanced experience in the practice of Uzbekistan has not been researched as a separate scientific research object and as a whole system. This situation requires conducting comprehensive scientific research and setting research tasks on this topic.

Economists of our country have partially studied these issues in textbooks, monographs and training manuals, as well as published scientific articles and theses. For example, the economist-scientist A.Kh. Sattarov, having deeply analyzed the process of applying the best practices of the CIS countries in the practice of Uzbekistan, managed to formulate practical proposals for applying the results achieved by these countries in the field of audit activity in the practice of Uzbekistan[3].

Also, in this regard, in the researches of I. Meliev, one of the economists of our Republic, a comparative analysis of the organization of audit activities in the CIS countries is presented, but the issues of applying the advanced experience of these countries in the practice of Uzbekistan are not sufficiently described [4].

The analysis of the audit services market in the member states of the Commonwealth of Independent States and the state of application of international auditing standards in them until 2014 is presented in detail on the official website of the Ministry of Finance of the Republic of Uzbekistan (<https://www.imv.uz>). However, in the years after 2014, there are still no sources that reflect the data of the official analysis of the state of auditor activity in the CIS countries [5].

ANALYSIS AND RESULTS

The audit services market, like any segment of the economy, is characterized by a system of indicators. The subjects of audit activity of the CIS member states are mainly audit organizations. In the legislation of countries such as the Republic of Azerbaijan, Belarus, the Kyrgyz Republic, the Republic of Moldova, the Russian Federation, and the Republic of Tajikistan, which are part of the CIS, it is allowed to conduct audit activities by individual (private) auditors. Individual entrepreneurs who meet the qualification requirements and have the right to engage in auditing activities without establishing a legal entity are recognized as individual (private) auditors.

Also, in these countries, in accordance with the legal requirements, restrictions on the auditing activities of individual (private) auditors are defined. For example, in the Russian Federation, individual auditors do not have the right to perform mandatory audits of accounting (financial) reports and consolidated financial reports of socially significant organizations (credit and insurance organizations, non-state benefit funds, etc.). In general, the scope of activities of individual (private) auditors in the CIS member states usually does not have a significant impact on the indicators of the audit services market. In these countries, the number of subjects of audit activity is usually determined based on the data of registers of auditors and audit organizations. According to experts, 70-95% of the entities that have this right in the CIS member states are engaged in auditing activities in the auditing practice of these countries.

In accordance with Article 9 of the new version of the Law of the Republic of Uzbekistan "On Auditing", international standards of auditing have been developed by the Special Council of the International Federation of Accountants (IAASB), which includes standards in the following categories (Fig. 1).

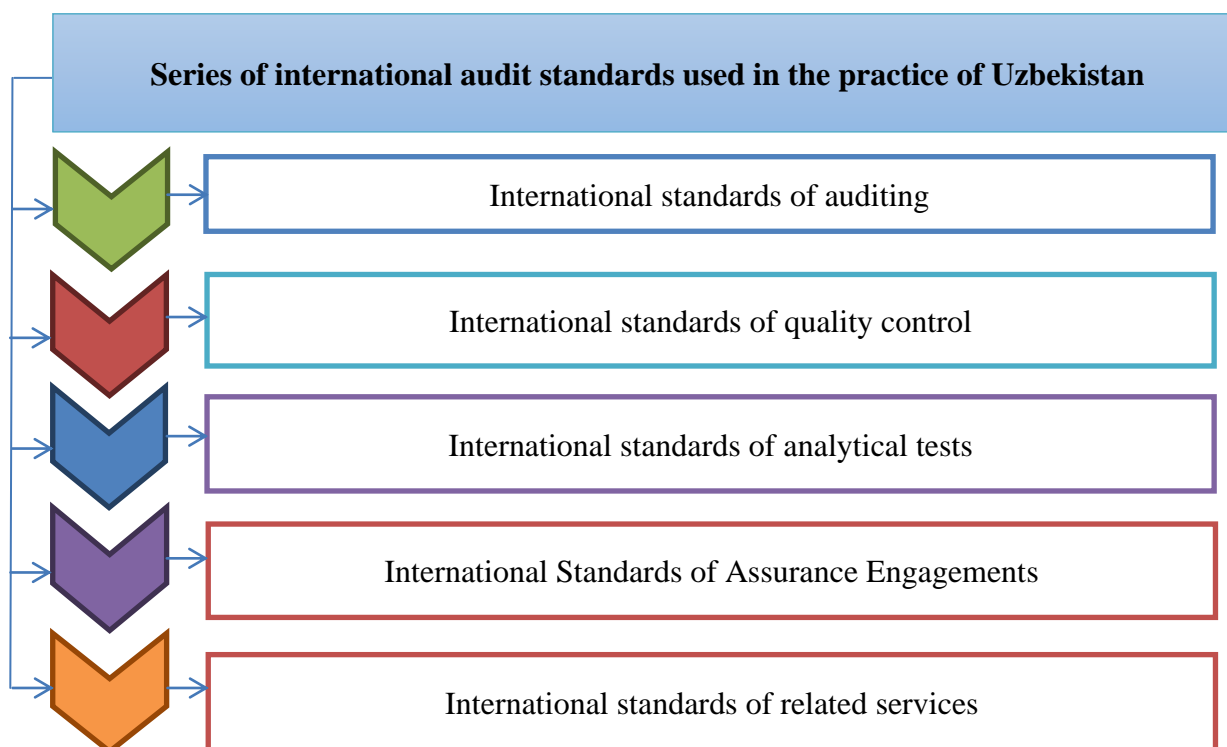


Figure 1. Series of international auditing standards used in the practice of Uzbekistan¹

It is worth noting that the research conducted to date or the regulatory documents related to audit do not clearly and fully describe the meaning of the term "international standards of audit".

International auditing standards are being put into practice in the territory of Uzbekistan based on the decision of the Cabinet of Ministers dated April 11, 2022 No. 171 "On approval of the regulation on the procedure for recognizing international auditing standards for use in the territory of the Republic of Uzbekistan". In accordance with this Decision, on the basis of the 8-stage tasks of the international standards of auditing, the Ministry of Finance, the National Association of Accountants and Auditors, the Chamber of Auditors, and auditing organizations are carrying out tasks related to the procedure for recognizing the international standards of auditing in the territory of Uzbekistan. By the Ministry of Finance of Uzbekistan, "Take steps to create an educational platform for free training on international auditing standards by November 1, 2022" was assigned the task, and starting from next year, it is determined to provide full-scale audit services based on international standards [6].

In most of the CIS member states, including the Republic of Azerbaijan, the Republic of Belarus, the Republic of Kazakhstan, the Republic of Moldova, the Russian Federation, and the Republic of Uzbekistan, one of the characteristic aspects of the audit practice is the establishment of self-management of auditors or professional organizations uniting them. In addition, in these countries, in addition to Azerbaijan, there are a number of self-management organizations of auditors, including two such organizations in the Republic of Belarus and the Republic of

¹Prepared by the author

Kazakhstan, three in the Republic of Moldova and the Republic of Uzbekistan, and five in the Russian Federation.

In the CIS countries (except the Republic of Belarus) there are self-regulating organizations of auditors who are members of the International Federation of Accountants, including the Republic of Azerbaijan, the Republic of Belarus, the Republic of Kazakhstan, the Republic of Moldova and the Republic of Uzbekistan - one organization each, and in the Russian Federation - it should be noted that three organizations are operating.

In the last decade, one of the main elements of the audit services market in the world has been the practice of applying international auditing standards (hereinafter IAS) in auditing practice. A similar aspect of the national systems of audit activity of the CIS member states is that they adopt the ISAAs the main tool in the regulation of audit activity. This conceptual unity of approach is connected with the following main reasons:

Firstly, it embodies the system of universal and quality requirements for auditor activity in AXS, which is currently being developed by independent international non-governmental institutions;

Secondly, the high desire to stimulate investments in the national economy of the CIS member states, to activate national capital markets, in addition, to create a favorable information environment for investors using internationally recognized MFHSS and ISAin modern life;

Third, the international popularity of ISAhas increased dramatically in recent years, and many countries have directly adopted the requirements of AXS. In this regard, ISAwas considered as an element of joining the world politics of some countries. In addition, national programs for the introduction of ISAin the Republic of Azerbaijan, the Republic of Kazakhstan, the Republic of Kyrgyzstan, the Republic of Moldova, the Russian Federation and the Republic of Uzbekistan within the CIS member states have been developed and are being put into practice step by step. Implementation of these programs was entrusted to the Ministry of Finance together with audit institutes and other bodies (Table 1).

Table 1

International standards of auditing in CIS member states implementation status²

CIS member states	Existence of a plan (program) for the introduction of AXS	Authorized bodies implementing the plan (program).	ISAimplementation period
Azerbaijan	Yes	–	From 01.01.2010
Armenia	No	–	–
Belarus	No	–	–
Kazakhstan	Yes	Ministry of Finance , qualified auditing organizations	Since 2006
Kyrgyzistan	Yes	–	Since 2003
Moldova	Yes	Ministry of Finance,	From 01.01.2012

²It was compiled by the author based on the information of the Ministry of Economy and Finance of the Republic of Uzbekistan

		Ministry of Education, professional associations in the field of accounting and auditing	
Russia	Yes	Ministry of Finance, Council on audit activities, self-management organizations of auditors	2013-2016 .
Tadjikistan	No	–	–
Uzbekistan	Yes	Ministry of Finance , Central Bank , professional association of accountants and auditors	2011-2015 . Step by step

in the CIS member states is the issue of organizing audits based on the requirements of the CIS. Today, many CIS member states, including the Republic of Belarus, the Russian Federation, the Republic of Tajikistan, and the Republic of Uzbekistan conduct audits based on the national standards developed on the basis of the Auditing Standards . It should be noted that in some CIS member states, the requirements of ISA are being fully applied directly in audit practice. Today, the requirements of ISA are fully applied as a direct national standard in the audit practice of the Republic of Azerbaijan, the Republic of Armenia, the Republic of Kazakhstan, the Republic of Kyrgyzstan and the Republic of Moldova. In the Russian Federation and the Republic of Uzbekistan, it is planned to gradually apply ISA as national standards (Table 2). In the CIS member states, the process of studying and applying the experience of world practice in the transition to the CIS is being carried out together with the competent state bodies mainly through public professional audit organizations.

Table 2

Summarizing and popularizing the experience of implementing ISA³

CIS member states	ISA implementation
Azerbaijan	The Chamber of Auditors conducts seminars and symposia on the implementation of the AXS; publicized through mass media
Armenia	There is no information
Belarus	The Ministry of Finance and the National Bank develop recommendations
Kazakhstan	ISA is based on the interaction between the Ministry of Finance and self-management organizations of auditors "Chamber of Auditors of the Republic of Kazakhstan", "College of Auditors". Qualified organizations generalize and popularize the work experience of auditors and audit organizations, distribute educational literature, publish methodological recommendations, issue periodicals and develop software products, conduct training seminars
Kyrgyzstan	ISA by making the standards freely available and applicable by the State Service for Regulation and Supervision of the Financial Market under the

³Prepared by the author

	Government of the Kyrgyz Republic
Moldova	ISA by the Ministry of Finance, the Ministry of Education and professional associations in the field of accounting and auditing by making the standards available for free download and use and holding training seminars
Russia	Members of the self-regulatory organization of auditors - the International Federation of Accountants popularize the experience of applying AXS
Tadjikistan	the FSA by conducting training courses through the institute of qualified accountants and auditors, and developing methodological recommendations for the introduction of the FSA together with the Ministry of Finance of the Methodological Council of the Government Commission on Accounting and Auditing for the Implementation of the FSA on the making part
Uzbekistan	Generalization and popularization of the experience of introducing ISAs carried out by the professional association of accountants and auditors, the Ministry of Finance distributes educational literature, publishes methodological recommendations, conducts training seminars, and conducts training courses for auditors and accountants .

There are institutional, organizational-legal, financial, personnel training and other methodological problems in the process of introduction and application of ISA in the audit practice of the CIS member states . In turn, solving these problems literally allows for mutual cooperation in the application of ISA.

there are general problems such as the absence or insufficient development of the institutional environment as the institutional problems of the application of ISA in the CIS member states . In order to apply the CIS in the CIS member states, there are problems not only of translating the standards into the national language, but also of providing the right of unhindered access to these texts to any interested person. In our opinion, until now, the CIS member states have solved these problems independently. However, for most of the CIS member states, the lack of translation of the CIS and the existence of financial problems of implementing the CIS , or the limited financial resources of the CIS member states, aggravated this problem. In these countries, the staffing problems of the application of ISA are the insufficient level of knowledge and skills in the field of ISA among auditors, in which problems such as the lack of quantitative and qualitative methodological materials in local languages for the transition to the application of ISA can be noted (Table 5).

Table 5

Translation of ISA into the national language in the CIS countries⁴

CIS member states	ISA availability of translation	Bodies responsible for preparation of ISA translation	ISA translation status
Azerbaijan	To the Azerbaijani language	Chamber of Auditors	Official
Armenia	In Armenian	Ministry of Finance	Official
Belarus	In Belarusian	–	Informal

⁴Compiled by the author based on information from the Ministry of Finance

Kazakhstan	To the Kazakh language (type 2009)	Ministry of Finance	Official
Kyrgyzstan	–	State Financial Monitoring	–
Moldova	to Romanian	Council on AXS	Official
Russia	to Russian	–	Informal
Tadjikistan	–	Ministry of Finance	–
Uzbekistan	¹ to the Uzbek language	Qualified association of accountants and auditors , Ministry of Finance , National Bank	–

Methodological problems of the application of the CIS in the CIS member states arose due to the non-compliance of some of the provisions of the CIS with the requirements of national regulatory documents. This made it necessary to actively cooperate with international organizations in the field of audit activities of the CIS member states to solve methodological problems.

CONCLUSIONS

The following conclusions were formed as a result of the results of the comparative analysis of the audit activity of Uzbekistan and the CIS countries and the study of the advanced experience of the developed CIS countries:

In the Law of the Republic of Uzbekistan "On Auditing Activity", it is necessary to include in the law the content of some basic concepts related to the auditing activity, as in the main laws regulating the auditing activity of the countries of Central Asia, China, Russia and the Republic of Azerbaijan, the need to strengthen the internal audit activity by law, the auditor and development of standards for conducting scientific research on auditing activities by audit organizations and providing educational services in the field of audit, or introducing regulatory legal provisions in the legislation for conducting scientific research and providing educational services in the audit field to auditors and audit organizations fit for purpose.

We consider it expedient to introduce the practice of private auditing in the audit activity of Uzbekistan, like the developed CIS countries. For this, it is necessary to make appropriate additions and changes to the current legal documents after studying the best practices of the countries with developed auditing activities.

We consider it expedient to regulate internal audit activities in the auditing activities of Uzbekistan, as in Russia, Azerbaijan and Kazakhstan, and mandatory insurance of liability of auditors and auditing organizations through a special law. In turn, in order to ensure this, we consider it necessary to develop drafts of the Law on "Compulsory Insurance of Civil Legal Liability of Auditing Organizations" and the Law "On Internal Audit" after analyzing the legal system in this regard in the countries with developed auditing practice, and to introduce them widely into practice.

As a result of the research , today, in the practice of 24 auditing organizations of Uzbekistan, which have joined the international network, audit inspections are in accordance with the requirements of international standards of auditing, i.e. AuditNET, IT AUDIT: Auditor, Complex Audit, "Express audit: PROF", AUDITSOFT, Audit Sampling, First-Audit and are using audit platforms such as Voyager, the remaining 80 or more, or more than 80 percent of audit organizations, are still performing audits "manually". This causes various errors and inaccuracies in

data calculation, processing, analysis, long-term storage, information exchange, completion of the audit within the period specified in the contract, and implementation of the audit based on international audit standards .

We consider it expedient to give the professional public associations of auditing organizations operating in Uzbekistan (the Chamber of Auditors of Uzbekistan, the National Association of Accountants and Auditors of Uzbekistan, the Federation of Accountants of Uzbekistan) as well as in countries with developed auditing practice, large-scale powers and rights to regulate auditing activities.

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