



## PROSPECTS FOR THE TRANSITION TO INTERNATIONAL STANDARDS OF AUDITING IN UZBEKISTAN

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<https://doi.org/10.5281/zenodo.7016280>

### ARTICLE INFO

Received: 16<sup>th</sup> August 2022

Accepted: 20<sup>th</sup> August 2022

Online: 23<sup>rd</sup> August 2022

### KEY WORDS

audit, corporate governance, market audit, corporate governance system, auditor, audit organizations, international auditing standards

### ABSTRACT

*This article discusses the importance of the audit standards in our country, and the approaches in the introduction of international audit standards have been classified. Events in the introduction and application of international standards of auditing standards will be discussed in the article, which is part of the audit standards.*

### INTRODUCTION

In the context of globalization in Uzbekistan, the establishment of audit at the conditions of the Law is relevant today. In order to accelerate the integration of integration into the world financial market and further develop the capital market, deep structural reforms are being carried out in Uzbekistan. The adoption of the Law of the Republic of Uzbekistan dated February 25, 2021, on the Law of the Republic of Uzbekistan No. PP-3946 of the President of the Republic of Uzbekistan No. PQ-3946 "On measures to further develop audit activities in the Republic of Uzbekistan" and another laws lead to the creation of the normative legal framework.

At its core, the international audit standards are documents that determine the uniform requirements necessary for compliance and maintain the appropriate level of quality of the audit and related

services. In other words, it helps to improve the quality of audit services and the professionalism of auditors.

In international practice, the audit distinguishes 4 main types of standards:

- General standards;
- work standards;
- Reporting standards;
- specific standards.

General standards determine who should conduct the audit, stipulate the need for independence, professionalism, conscientiousness.

### MATERIALS AND METHODS

General standards include the basic principles of the audit, goals and volume of audit of financial reporting, a standard for audit education, a letter-party of the auditor to the client.

Working standards contain the requirements for checking, monitoring the



work of participants in the audit group, studying the internal control system, sufficient substantiation of conclusions, and forming a convincing conclusion based on them.

The working standards of the audit include auditing planning, audit evidence, auditors when identifying fraud or error, quality control.

Reporting standards include the auditor's report on the verification of the financial reporting, the types of audit reports, subsequent events after drawing up the balance, after signing the audit report.

These standards require that the audit report contains comprehensive information about the nature of the audit and the degree of responsibility of the auditor.

At the same time, the transition to international standards will not only add the volume of work to the auditors, but will also require more versatile to approach the audit, that is, to take into account many aspects in the work of the audited company, to identify all kinds of risks for the business, to make more detailed information about the audit work.

However, according to the candidate of economic sciences, M.E. Vasilenko, associate professor of accounting and audit of the Institute of International Business and Economics of the Vladivostok State University of Economics and Service, to increase the competitiveness of a domestic audit to solve many more problems. One of them is the standardization of audit activities.

## RESULTS AND DISCUSSION

Therefore, all these changes will ultimately lead to the rise in the cost of the cost of audit services, as well as contribute

to the increase in the competitiveness of audit companies.

It should be noted that with the beginning of these reforms, there are also other difficulties in the process of integration into the world community of auditors, including:

1) organization of control over the implementation of international standards by audit organizations.

2) the introduction of new requirements for conducting an audit will lead to an increase in the amount of data necessary for the analysis of the activities of the audited organizations. In this regard, there will be an increase in the complexity of the audit, and, consequently, its value;

3) audit organizations must bring internal audit standards with the requirements of international, which requires certain time costs.

4) the occurrence of erroneous confidence about compliance with all international standards due to insufficient understanding by auditors of the principles of international standards.

Also, during the analysis of the composition of the current national standards of audit activities of the Republic of Uzbekistan and adopted international audit standards, it was found that a number of national standards had similar regulations with international standards.

During the formal comparison of the two standards, it was found that the national standards of audit activity were more concise and framework, while international standards contain more clear, detailed instructions describing a large number of subtleties and controversial issues arising during the audit.

A distinctive feature of international standards is also an integrated approach to



their development. The provisions of each standard are closely interconnected with the provisions of other standards in the system of international audit standards.

Another important factor that should be taken into account when introducing international standards in Uzbekistan is the task of ensuring the accuracy of translation and, accordingly, the correctness of terminology. For example, at present in Uzbekistan there is an official translation of international audit standards approved in 2013.

These international standards of the audit contain the principles, methods, procedures for conducting an audit, as well as relevant recommendations in the form of explanatory and other material that ensure their application. In its content, the structure of all standards, regardless of belonging to a particular group, is built on unified basics and principles and includes the following sections [2]:

- Introduction, where the purpose and objectives of the standard are formulated and the terminology used in the standard is considered;

- the main content, including paragraphs, which sets out the provisions of this standard;

- applications where recommendations for practical application are given in the form of a list of factors, causes, samples, diagrams, tables, etc.

A significant change is related to the form and content of the audit conclusion. If earlier auditors processed a significant amount of information, but issued only a brief conclusion, then after the entry into force of international standards in Uzbekistan, instead of one page with standard text, a more expanded and information-saturated assessment of the

organization's financial statements is proposed. The new form of audit report not only evaluates the financial statements of enterprises, but also draws attention to the most important points in the activities of the audited person, including what attracted the most attention of the auditor, what the auditor sees the most significant risks for the business, etc. P.

Thus, the new form of audit conclusion involves extended information not only for accounting, but also for external and internal interested users: shareholders, board of directors, etc., that is, a wider circle of persons deciding on a business development strategy.

Undoubtedly, the disclosure of additional data in the audit conclusion will allow investors and counterparties of companies to accept more balanced business solutions. However, as a result, it is worth expecting an increase in not only quality in the assessment of business risks, but also an increase in the cost of the audit. In addition, financial risks increase, since increasing the level of transparency of the company and reflection in the audit conclusion of all identified business risks will automatically lead to a rise in bank loans for companies [4].

In general, in order for the introduction of international audit standards to Uzbekistan, the following conditions are necessary:

- 1) ensure the unification of the terminology used in international audit standards, which will minimize the risk of incorrect understanding of the key provisions of international audit standards;

- 2) the development of methodological materials by the authorized body explaining the procedure for applying



certain provisions of international audit standards;

3) bringing intra -final standards in accordance with the requirements of international standards;

4) conduct systematic monitoring of changes in original international audit standards;

5) ensure control of the implementation of international audit standards and public organizations of auditors.

However, we can conclude that international audit standards are simply necessary. To understand in what position the enterprise and the results of its economic activity are located, an objective document is needed, and such is the financial statements.

Third -party investors are interested in making sure that it is reliable. Therefore, the audit is carried out using the same procedures as in the West, which, according to all the rules, are understandable for foreign investors. In addition, investors should also be interested in ensuring that the information that they are interested in is reliable, and for the audit to be carried out in good faith [6].

Due to the tightening of the requirements for the organization of the accounting and reporting system, which are the main source of information to assess the financial condition of business entities, the

quality of the audit of financial statements increased, which in general influenced the quality of financial information. Accounting users are important for the auditor's report, which should provide full information about the financial situation and financial results, they are also interested in qualifications, competence and objectivity of the auditor [5].

An increase in financial "transparency" of companies and, as a result, the attracting of foreign investors is associated with the use of understandable and international standards of audit activity. It also opens the way to the international audit due to the competition in the world stage, since the positions of Russian auditors in competition are strengthened by orientation to international audit standards.

## CONCLUSION

Thus, international standards should become an effective tool in improving the quality of the audit and introduce a new integrated approach to the formation of financial information. [6]

In our opinion, several organizations should be involved in the process of introducing international audit standards in Uzbekistan. Moreover, this process should be coordinated both from professional organizations and from authorized state bodies.

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