



World experience in the development of auditing activities in Uzbekistan

Nuriddinova Shakhnoza Toirovna

Director of audit organization “Javlon audit service” in Samarkand region

ABSTRACT

This article deals with the provisions of international auditing standards, the conceptual basis of international auditing standards, and the structure of international auditing standards

ARTICLE INFO

Received: 13th May 2022

Revised: 13th June 2022

Accepted: 28th July 2022

KEYWORDS: Charter of the Association, auditing services, IFAC - International Federation of Accountants, The National Association of Accountants and Auditors of Uzbekistan (NABA Uz.), Financial accountant, Management accounting, Internal audit.

In the context of globalization, rapid development and liberalization of Uzbekistan's economy, acceleration of its integration into the world financial market and further development of the capital market and digital economy, introduction of modern corporate management principles are among the priorities. It is necessary to improve the quality of audit services in order to further improve system operation, make management decisions and further improve corporate governance.

In the Republic of Uzbekistan, on March 13, 1992, the Association of Accountants officially began to operate, which began its journey with the republican conference held on January 17, 1992, at which the Charter of the Association was approved, the executive committee, the bureau of the executive committee and the audit commission were elected. The Association united by that time about two hundred of its members. After the release in 1993 of the Law “On Auditing”, the Association was transformed into the “Association of Accountants and Auditors of Uzbekistan” and by that time had about 4,000 members. On May 22, 2001, at the reporting and election conference, amendments to the Charter, and membership criteria was approved, and the Association became known as the “National Association of Accountants and Auditors of Uzbekistan” (NABA Uz). Today, NABA Uz has regional branches in regional centers: Andijan, Bukhara, Gulistan, Jizzakh, Karshi, Namangan, Nukus, Samarkand, Urgench, Fergana, Navoi. Work is underway to open a branch in Termez.

The use of auditing services is developing in the world. In particular, according to the official report of IFAC - International Federation of Accountants, there are more than 175 associations of professional accountants, more than 3 million professional auditors, and more than 100,000 auditing organizations in about 130 countries. Deloitte alone has audited more than 1,600 contracts in 150 countries and recorded revenues of \$46.2 billion.¹

NABA UZ closely cooperates with the Ministry of Finance of the Republic of Uzbekistan and takes an active part in the development of legal acts, national accounting, and auditing standards. Since 1998, NABA UZ has been a full member of the International Public Organization Association of Accountants and Auditors “Commonwealth” (CIS). Since 2000, NABA Uzbekistan has been an associate member of the International Federation of Accountants (IFAC). Since 2001, NABA Uz has been a full member of the Eurasian Council of Certified Accountants and Auditors - ECCBA. NABA Uzbekistan is constantly participating in international programs and projects aimed at introducing in Uzbekistan the practice of similar organizations in the USA, England, Germany, Canada, and other highly developed countries. The National Association of Accountants and Auditors of Uzbekistan (NABA Uz) is a public organization that unites certified accountants and voluntary basis. The goal of NABA UZ is to assist in protecting the rights and promoting the interests of professional accountants and auditors by conducting educational programs and advanced training courses, providing consulting services to achieve the status of members of the Association of international level.²

Main goals and objectives:

- Development of the professions of accountants and auditors in the Republic of Uzbekistan and approximation of their qualifications to international standards that meet the criteria for membership in the International Federation of Accountants (IFAC);
- Active participation in carrying out market reforms in Uzbekistan;
- Participation in the development of regulatory documents in the field of accounting, auditing, and submission of proposals for their improvement;
- Developing qualification requirements for accountants and auditors and conducting certification exams in accordance with IFAC requirements;
- Monitoring compliance with the Code of Ethics for Certified Accountants and Auditors;
- Organization of regional, republican, and international seminars, conferences, symposiums for the development of accounting and auditing.

Based on the international experience, the norms were introduced, which provide for the issuance of the auditor's qualification certificate initially for a period of five years, its validity for the next ten-year period, and then for an indefinite period. To obtain this document, the applicant must have a higher education and at least three years of work experience in the field of accounting and auditing in the last ten years after graduating from a higher education institution. Extension of the validity period of the qualification certificate for auditors who have an international accountant certificate or at least ten years of continuous audit work experience is carried out without passing an exam.

A number of new norms have been introduced in order to create convenience and lightness for audit organizations. In particular, the requirement for the amount of authorized capital of audit organizations was canceled. The authorized fund (authorized capital) is formed from the property, including money, directly used by the auditing organization in the implementation of its activities.

The organization is independent in carrying out its activities and cannot be organized by ministries, state committees, agencies and other state and economic management bodies. It should have at least four auditors whose main place of work is considered, and the head of the branch must be an auditor. A commercial organization whose information is not included in the Register of Audit Organizations for three months from the date of entry into the Unified State Register of Business Entities shall not have the right to use the phrase “audit organization” in its name.

According to the law, the composition of audit services was determined based on international practice. Such types of services are available in the legislation of the CIS countries and in the international standards of auditing. Audit organizations provide audit inspections and audit services, work on the basis of a contract. The law describes the procedure for conducting audits. It listed the limitations of conducting an audit aimed at preventing conflicts of interest and ensuring audit independence. In particular, the same business entity has no right to conduct an audit for more than seven years in a row.

Approval of the regulation on the procedure for the recognition of International Standards of Auditing for Application in the Territory of the Republic Uzbekistan

The Law of the Republic of Uzbekistan “On Auditing Activities” and the Decree of the President of the Republic of Uzbekistan “On Additional Measures to Improve the Auditor Certification System” August 4, 2021 PQ-5210 -in order to ensure the implementation of the decision of the Cabinet of Ministers decides:

1. The regulation on the procedure for recognition of international audit standards for use in the territory of the Republic of Uzbekistan, which provides for the following, should be approved in accordance with Appendix 1:

- concluding an agreement with the International Federation of Accountants to recognize international standards of audit activity;
- translation of the text of international auditing standards into the national language;
- discussion of international audit standards with auditors, experts and other users of these standards, representatives of the scientific community;
- the procedure for consideration by the commission of the conformity of the text of international standards of auditing in the state language with the text of international standards of auditing in English;

Making a decision on the introduction of international audit standards in the territory of the Republic of Uzbekistan.

2. Ministry of Finance of the Republic of Uzbekistan:

to cooperate with republican public associations of auditors in translating the text of international auditing standards into the state language;

By November 1, 2022, take measures to create an educational platform for free training on international auditing standards.

3. Let it be noted that:

expenses related to the creation of an educational platform for free training according to international audit standards are carried out at the expense of the funds allocated to the Ministry of Finance in the prescribed manner;

The audit organization registered in the prescribed manner sends the data and copies of auditors’ work books by mail or electronically to be included in the register of audit organizations, which will be posted on the official website of the Ministry of Finance of the Republic of Uzbekistan. When the data is sent in electronic form, they can be used with the “Audit” software complex.

4. Amendments and additions should be made in accordance with Annex 2 to the regulation on the procedure for recognizing the text of international financial reporting standards and explanations, approved by the decision of the Cabinet of Ministers No. 507 of August 24, 2020.

5. Certain decisions of the Government of the Republic of Uzbekistan in accordance with Appendix 3 shall be deemed to have lost their validity.

6. Control of the execution of this decision is the Deputy Prime Minister of the Republic of Uzbekistan for Finance, Economy and Poverty Reduction - Minister of Economic Development and Poverty Reduction J.A. Kochkarov and the Minister of Finance of the Republic of Uzbekistan T.A. Let Ishmetov be responsible.³

In addition to this, International in the implementation of national auditing standards in our republic application procedure of standards, audit system in developed countries requires significant attention to the level of organization. Certified Public Accountants in the US in the manufacturing industry, CFO, can work in the positions of chief accountant and internal auditor. Independent most of the accountants are in multinational auditing firms, national auditing engages in company. There are 4 largest audit firms in the world, it is called “big four”. These companies serve many countries shows. Professional qualifications in the USA in the areas of accounting and auditing services and differs according to the confirmation certificate. They have higher accounting qualifications after receiving it, they should get a professional certificate based on independent study and experience. This given in three directions.

1. Financial accountant - Certified Public Accounting, CPA.
2. Management accounting - Certified Management Accounting, CMA.
3. Internal audit - Certified Internal Auditor, CIA.⁴

In conclusion, we note that audit in the Republic of Uzbekistan is developing as part of a single economic system and plays an important role in its development. It is important to note that government policy aimed at encouraging and expanding audit activities. A number of legislative and government documents adopted that regulate various procedures for organizing and regulating auditing activities in the republic. The results of more than 30 years of audit development in our country show that it already plays a crucial role in the economy of Uzbekistan today. The process of its formation is irreversible.

Bibliography

1. According to the register of auditors and audit organizations posted on the official website of the Ministry of Finance of the Republic of Uzbekistan www.mfuz.z (section Accounting and audit).
2. According to the data posted on the official website of the National Association of Accountants and Auditors of the Republic of Uzbekistan www.naaa.Uz.
3. Approval of the regulation on the procedure for the recognition of International Standards of Auditing for Application in the Territory of the Republic Uzbekistan www.LEX.UZ
4. www.aicpa.org (American Institute of Certified Public Accountants).