



ISSUES OF IMPROVEMENT OF NORMATIVE AND METHODOLOGICAL ASPECTS OF AUDITING IN UZBEKISTAN

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Abstract

Keywords: *Audit, audit planning, audit stages, regulatory steps, regulatory and methodological planning status, audit operations, audit outline, audit program, audit standards, audit working group*

This article analyzes the state of regulatory and methodological support for the planning and conduct of audit in Uzbekistan, analyzes the composition of points of the system of regulatory regulation of audit activities of the Republic of Uzbekistan, problems of planning inspections, normative and methodological support for the planning stages. Also, based on the results of the analysis, conclusions and proposals for improving the current state of affairs were formed

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INTRODUCTION

The current stage of the development of auditing activities and improvement of the accounting system brought the issues of compatibility of national and 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). It should be noted that the Law of the Republic of Uzbekistan "On Auditing Activities" created favorable conditions for the application of international audit standards.

In the scientific research conducted in our republic, the issue of improving the methodology of planning and conducting audit has not been studied in detail as a whole, integrated scientific work. The expansion of audit activity and the lack of fundamental research in this field necessitate the need to carry out scientifically based research on the improvement of the methodology of planning and conducting audits in the context of modernization and diversification of the economy.

LITERATURE REVIEW

We would like to think about the content of the audit actions (tasks) performed at the stages of the audit, the tasks performed in them, inconsistencies in the legal documents and ways to eliminate them. After all, in order to ensure the high-quality implementation of the audit (on the basis of the period and procedure established by the legislation), it is required to conduct it on the basis of the established sequence.



Mainly, foreign economists conducted scientific researches on creation of theoretical and methodical basis of 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 auditing activities in textbooks, monographs and training manuals, as well as published scientific articles and theses. For example, in the works of R. D. Dosmurotov, A. A. Karimov, Z. T. Mamatov, B. Q. Hamdamov, M. M. Tulakhodjaeva, I. Koziev, A. Avlokhlov and I. Meliev, the theory of planning and conducting an audit the problems of development of the foundations are studied.

It is worth noting that in the scientific works of the above-mentioned 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 indicates the need to conduct deep scientific research in this field.

ANALYSIS AND RESULTS

According to the results of the research, there are some inconsistencies in the definition of audit actions performed at the stages of planning and implementation in the regulatory legal documents listed in Table 1 below, and their clarification is one of the urgent issues of today. In particular, it is determined that the stages of the audit will be carried out based on the mandatory requirements established in the national standards of the audit activity in accordance with the current Law of the Republic of Uzbekistan "On Audit Activity".

Table 1
Structure of steps of the system of normative regulation of auditing activities of the Republic of Uzbekistan¹

Number of steps	The name of the steps	Normative legal documents that are part of Pogona
I step	Law on auditor activities	Law of the Republic of Uzbekistan "On Auditing Activities" (new edition, 25.02.2021)
Level II	Legal documents on auditor activity	Decree of the President of the Republic of Uzbekistan No. PF-4947 of February 7, 2017 "On the Strategy of Actions for Further Development of the Republic of Uzbekistan", No. PF-4720 of April 24, 2015 "On Measures to Introduce Modern Corporate Management Methods in Joint-Stock Companies" Decrees, Resolution of the President of the Republic of Uzbekistan No. PQ-3946 of September 19, 2018, No. PQ-5210 of the President of August 4, 2021 "On additional measures to improve the auditor certification system" Decision and others
Level III	Methodological instructions and explanations on auditing standards and regulation of auditing activities	The International Standards of Auditing developed by the International Federation of Accountants (IFAC), the standards of the American Institute of Certified Public Accountants (AICPA), the standards of the Institute of Internal Auditors, the Code of Professional Ethics of the AICPA, the Code of Auditors of Uzbekistan professional code of ethics and other regulatory legal documents related to auditing
IV stage	Internal standards of auditing organizations	Internal standards of auditing organizations

In particular, the planning phase of the audit is carried out in accordance with the international audit standards No. 300 (hereinafter referred to as "Audit Planning"). In

¹Developed by the author



accordance with AXS No. 300 "Audit Planning", planning is considered the initial stage of conducting an audit, and auditors should not directly start the audit process until the plan is drawn up, and at all stages of the audit, they should strictly implement the tasks specified in the general plan and program.

Although the norms used by the audit organization in the process of planning the audit are determined to be implemented on the basis of the audit standards, but in practice, the requirements of the current standards or the procedures defined therein are not fully followed by the audit organizations during the audits, or the general plan and work program of each audit are based on different approaches. is being prepared. In our opinion, the main reason for this is that the current standards do not fully disclose the essence of the stages of planning, their different characteristics, the tasks performed by the auditor and the contents of the documents to be prepared. This is especially evident in the unsatisfactory level of use of the general plan and program of the audit in the standard form (since the standard form of the plan and program is described in general and abstract content) and the standard's requirements are not stated in a simple and clear way. In our opinion, this is due to the fact that the auditors do not fully understand the content of the general requirements of this standard, they are unable to apply the general audit plan and program, they do not conduct inspections based on a predetermined sequence, the inspection is not completed within the period specified in the audit contract, and the duties of the auditor are not planned in advance. , which leads to an increase in errors or omissions made by them and to an irregular implementation of the inspection process.

Today, in the Republic of Uzbekistan, the question of clarifying the structural steps and its elements of the system of normative regulation of audit activity is one of the urgent issues, and the economists of our Republic have different views on this matter. In particular, in this matter, it was noted ²that while the system of regulatory regulation of auditor activity was divided into a set of regulatory documents consisting of 4 levels by Professor R. Do'smurov, ³according to the opinion of Professor I. Koziev, the stages of regulation of auditor activity in the Republic of Uzbekistan are made up of a set of regulatory documents consisting of 6 levels. In our opinion, it is scientifically appropriate to divide the system of normative regulation of audit activity in the Republic of Uzbekistan into a set of normative legal documents included in the steps listed in Table 1 above.

Also, despite the fact that many legal documents have been created in order to create a strong regulatory framework for audit activity in our Republic, no official regulatory document approved by the legislative or executive bodies of the state has been developed to regulate 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 republican

²Dusmurov R.D. Audit activity: theory, methodology and practice. Monograph. -T.: Finance, 2007. -276 p.

³Koziev I.N. Compilation of audit reports and their summarization: theory and methodological issues. Monograph. -T.: ECONOMY-FINANCE, 2015. - 196 p.



audit organizations, it was found that this Code is of a recommendatory nature in practice, that the essence of ethical standards is not fully revealed in the Code and that it is not approved as a strictly observed document by state bodies, so this Code is not sufficiently observed in practice. 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 spite of the significant tasks of organizing audits based on international standards in Uzbekistan, we believe that it is necessary to eliminate the normative and methodological problems in table 2 regarding the effective organization of the planning process of audits in today's practice.

Table 2

Audit planning issues⁴

CONTENTS OF THE PROBLEM	
1	Insufficient disclosure of the content, significance, and requirements for planning of audit planning and its stages in regulatory documents and scientific researches that regulate auditing activities
2	Failure to comply with AX Requirements No. 300 "Planning an Audit of Financial Statements" by audit organizations when planning an audit or insufficient control of the quality of the planning process
3	The content of the tasks to be performed at the initial planning stage of the audit and the procedure for their implementation are not clearly and detailedly described in the current audit standards.
4	Non-availability of practical application of the general plan and program of the audit examination presented in the audit standards and scientific research works
5	In the current FSA No. 300 "Planning of the Audit of Financial Statements", the standard form of the documents prepared during the planning process is not provided at all, and the auditors are not aware of the content of the requirements of the FSA.
6	Critically analyzing the planning process of the audit, the current regulatory documents and audit standards are not being adjusted to the modern requirements, and scientific research is not being carried out in the field at the level of the requirements of the reforms being implemented.

Also, along with the following planning problems, we consider it appropriate to study the approaches of economists in order to ensure that the concept of audit planning and its stages are not interpreted in different ways and that the planning tasks are clearly defined by auditors in AXS No. 300 entitled "Financial Statement Audit Planning".

In our opinion, in order to ensure the quality of the audit, it is advisable to carry out the audit control based on the following 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 on the basis of the mandatory requirements defined in the standards of audit activity in accordance with the current Law of the Republic of Uzbekistan "On Audit Activity". On the other hand, in order to ensure the 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 methodological aspects of the audit stages are not fully and clearly

⁴Prepared by the author



described in the current regulatory legal documents and scientific researches of our Republic and foreign scientists. , that the process of summarizing, evaluating and presenting audit results in audit work 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, the requirements of national audit standards, and other regulatory documents regulating audit activity and issues such as non-compliance with the requirements of international standards or advanced foreign experience, non-compliance of the practice of organizing and conducting audits based on international standards in auditing organizations can be included.

It is known that it is possible to provide quality audit service by correctly and clearly determining the stages of organizing and conducting audits in business entities and by controlling the quality of auditor work. For this, the audit organization is required to define the audit stages in a clear and detailed form and content. In our opinion, in order to perform each of the tasks related to the above-mentioned stages of the audit, it is necessary to create a verification "algorithm" based on their characteristics, perform audit operations and summarize the results of the audit, and develop a scientific, methodological and normatively based methodology of evaluation. For this purpose, we analyzed the scientific, methodological and normative basis of the implementation of the tasks performed at the stages of the audit through the table presented in 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.

The following table 3, which provides an analysis of the state of normative and methodological assurance of the stages of the audit, shows that the normative and methodological bases for the implementation of most of the tasks performed during the audit have not been developed or are not available at the required level. In particular, according to the results of the analysis, at the stage of preparation for the audit, the assessment of the auditing capacity of the audit organization, the agreement of the terms of the audit contract with the management of the enterprise, the formation of the audit working group, the formalization of the audit contract, the determination of the level of audit risk and importance, the preparation of the general plan and program of the audit, the current regulatory documents, Inadequate coverage in educational literature and scientific research works (insufficient uniform procedures based on scientific and practical aspects), especially in AXS No. 300 and other regulatory documents, the procedure for preliminary planning of the audit, the general plan and the sample form of the program are not developed at the level of audit practice requirements was determined.



Table 3

Normative and methodological stages of audit analysis of the state of security⁵

No	During the audit stages tasks to be performed	Auditstages m is normativeandthe state of methodological security
1	Acquaintance with the activities of the audit client by the auditing organization	The relevant articles of the Law " On Auditing Activities" , AXS No. 300 and educational literature and scientific research works are described at the required level.
2	Gathering information about the internal and external characteristics of the enterprise and assessing the potential of the audit client to conduct an audit	Audit activityabout " giq is his the relevant articles are described in general content in AXS No. iand 300 , these issues are not described in the required level in educational literature and scientific research works
3	Agreeing the terms of the audit contract with the management of the enterprise	The general requirements are stated in the relevant articles of the Law "On Auditing Activities", this issue is not covered to the required level in other legal documents, educational literature and scientific research works .
4	Forming an audit working group to audit the enterprise	This issue is not adequately covered in legal documents, educational literature and scientific research works
5	Formalization of the audit contract	" " Auditorshipactivityabout " giq is his is described in general content in the relevant articles , this issue is not covered to the required level in other legal documents, educational literature and scientific research works
6	Determining the level of audit risk and materiality	The methodology for determining the level of risk and importance in the AHS is not covered to the required level in the AHS and other legal documents, educational literature and scientific research works.
7	Creating a general audit plan	The preparation of the general plan is regulated on the basis of AXS No. 300 , as well as the general rules for drawing up a general plan are also included in the AXS . However, the standard form and content of the general plan are not adequately reflected in the above regulatory documents, educational literature and scientific research works.
8	Preparation of the work program for each object (department) of the audit	Preparation of the audit program General rules of planning are given in AXS No. 3 00 .However, in the above normative documents, educational literature and scientific research works, the sample form and content of the program are not covered to the required level.
9	Bringing the general plan and program of the audit to the attention of the auditor, assistant auditor and experts participating in the audit	3 00 AXS and studyin literatedemandlevelstatementdone
10	Assessing the reliability of the enterprise's internal control system and accounting data and determining the size of the audit selection based on it	General rules are covered in the AXS at the level of demand
11	Enterprise property (fixed equipment, intangible assets, TMZ and financial investments) and fundsStudy of availability and storage of (money).	AXS and other legal documents, educational literature and scientific research works are described at the required level
12	Checking the legality of the economic transactions carried out in the enterprise or	AXS , and general requirements are stated in educational literature and scientific research works

⁵Compiled by the author



	compliance with the requirements of regulatory legal documents developed by the state	
13	Checking the legality and correctness of the depreciation calculation process for the company's fixed assets and intangible assets	No special regulatory documents have been developed, however, BHMS (national accounting standards) and the Tax Code, educational literature and scientific research work have stated general requirements.
14	Verification of the correctness and legality of the evaluation of the company's property (fixed assets, intangible assets, TMZ and financial investments) and the repair of fixed assets	A and special regulatory documents have not been developed, but general requirements are stated in BHMS and the Tax Code, educational literature and scientific research works
15	Checking whether the economic transactions carried out in the enterprise are correctly, completely and on time reflected in the accounting documents and accounts	A and special regulatory documents have not been developed, however, general requirements are stated in BHMS and the Tax Code, educational literature and scientific research works
16	Checking the correctness and legality of the process of formation, use and distribution of private capital of the enterprise	A and special regulatory documents have not been developed, but general requirements are stated in BHMS, educational literature and scientific research works.
17	Checking the correctness and legality of the process of formation, evaluation and accounting of the company's obligations	A and special regulatory documents have not been developed, but general requirements are stated in BHMS and the Tax Code, educational literature and scientific research works
18	Checking the correctness and legality of the formation, distribution and evaluation process of the company's financial results	A and special regulatory documents have not been developed, but general requirements are stated in BHMS and the Tax Code, educational literature and scientific research works
19	Assessing the reliability of the company's financial reporting indicators, studying whether they are correctly structured and presented	AXS , educational literature and scientific research works contain general content requirements
20	Analyzing the causes of errors or violations identified as a result of the audit and developing practical recommendations to prevent their recurrence in the future	developed , but general requirements are stated in educational literature and scientific research works.
21	Presentation of audit results in interim and general audit work documents	It is described in general content in AXS .however, the standard form and content of the documents prepared by the auditor in the above normative documents, educational literature and scientific research works are not covered to the required level
22	Presentation of audit results to the management of the client-enterprise	No. 300 is partially covered in AXS, but it is not described at the required level in educational literature and scientific research works.
23	Interpretation of audit working documents and preparation of final working documents	It is described in general content in AXS .however, in the above normative documents, educational literature and scientific research works, the sample form and content of audit work documents are not covered to the required level
24	Assessment of the level of significance of identified deficiencies	General content is described in AXS .however, this issue has not been adequately addressed in educational literature and scientific research
25	Assessment of adequacy of collected audit evidence	AXS , however, this issue is not described at the required level in educational literature and scientific research works.



26	Assessment of factors related to the characteristics of the enterprise under investigation	AXS , educational literature and scientific research works are described at the level of demand
27	Presentation and presentation of information in accounting reports	AXS , educational literature and scientific research works are described at the level of demand
28	Evaluation of events that occurred after the report was made	AXS , educational literature and scientific research works
29	Summarizing and formalizing the audit results in audit work documents in the form and content specified in AXS	It is described in general content in AXS .however, in the above normative documents, educational literature and scientific research works, the model form and content of the auditor's final working documents are not covered to the required level
30	Development of specific practical and guaranteed recommendations and implementation of appropriate measures and activities in relation to the elimination of identified deficiencies based on the results of the audit	AXS , however, this issue is not covered at the required level in educational literature and scientific research works.
31	Preparation of written information to be presented by the auditor to the management of the client-enterprise on the results of the inspection	The general content is described in AXS , however, the standard form and content of written information in the above normative documents, educational literature and scientific research works are not covered to the required level.
32	Preparation of audit report on audit results	The relevant articles of the Law " On Auditing Activities" are described in general terms in AXS, however, the standard form and content of the auditor's report are not covered in the above regulatory documents, educational literature and scientific research works .
33	Preparation of the audit report according to the information of the audit report	Audit activityabout ” giq is his the standard form and content of the auditor's conclusion are covered in the relevant articles , AXS at the required level
34	Providing a written reference, audit report and conclusion on the results of the inspection to the management of the client-enterprise	the AXS , however, the procedure for presentation in the above normative documents, educational literature and scientific research works is not covered to the required level.

CONCLUSION

According to the results of the analysis, at the stage of the audit, checking the legality and correctness of the depreciation calculation process for the fixed assets and intangible assets of the enterprise, checking the correctness and legality of the evaluation of the enterprise's property (fixed assets, intangible assets, TMZ and financial investments) and the repair of the fixed assets, carried out in the enterprise lack of unified procedures in the current audit activity regulatory documents on the methodology of checking whether economic transactions are reflected correctly, completely and on time in accounting documents and accounts, the formation, distribution and legality of the process of formation, distribution and evaluation of private capital, liabilities and financial results of the enterprise, existing training it should be noted that the procedure for the implementation of this stage of the audit or the verification methodology is not fully and clearly stated in the literature and scientific research works.



In our opinion, the implementation of the above proposals and recommendations will serve to further improve and develop the audit activity of our Republic.

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