



ISSUES OF IMPROVING AUDIT STAGES IN UZBEKISTAN

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Abstract. This article is devoted to the issues of improving the theoretical and methodological foundations of audit stages in the practice of Uzbekistan. Also in the article, based on theoretical views, highlights the opinions expressed by economists who conducted scientific research on this topic, their scientific views, as well as aspects of their opinions that differ from the scientific views of the author. At the same time, sources reflecting the ideas of each economist who conducted research on the topic of the article are reflected in detail.

The article also examines the structure of international standards used at the stages of audits, an analysis of the volume of audit services provided in Uzbekistan in recent years, the content of the stages that ensure high-quality audits, categories of international auditing standards used in the practice of Uzbekistan, the approximate composition of the audit team, participating in the audit, and the tasks performed by each member of the audit, the sequence of performance of the auditor's main tasks to ensure high-quality and effective conduct of the audit are described on the basis of the author's scientific research.

Keywords. Audit audit, audit services, auditor, audit organization, audit customer, audit conclusion, audit results, international auditing standards, audit stages, audit planning, stage of conducting, final stage of audit

INTRODUCTION

Today, in our country, a strong normative 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 skills of understanding the truthfulness of financial reports of local enterprises in foreign investors..."¹. Research shows, that in world practice, improving, the analysis of normative-methodological issues of planning, conducting and completing an audit, assessing, the reliability of the internal control system, comparative analysis of the application of international standards of auditing and foreign experience, are seven scientific tasks that are considered one of the most urgent and necessary issues to be researched. As a result of the ongoing reforms, as a solution to this problem, "introduction of international standards in the preparation of financial reports and audits in large state-owned enterprises"² important tasks

¹Resolution PQ-3946 of the President of the Republic of Uzbekistan dated September 19, 2018 "On measures to further develop audit activities in the Republic of Uzbekistan". <http://lex.uz/docs/3914502>

²On January 17, 2019, the President of the Republic of Uzbekistan "On the implementation of the Strategy of Actions on five priority areas of development of the Republic of Uzbekistan in 2017-2021 in the "Year of Active Investments and Social Development"

such as On the other hand, issues such as improving the practical and methodological aspects of the stages of the audit, using advanced foreign experience and software tools in the audits, documenting, summarizing and evaluating the audit results based on international standards have not been comprehensively studied in order to ensure the performance of the above tasks. In particular, it requires in-depth scientific research to improve the stages of planning, conducting and completing audits.

LITERATURE REVIEW

Until today, the manner in which audits are conducted, that is, the sequence of audit tasks, the audit methods used in them, the procedures and rules for conducting the audit, and the audit operations performed during the audit, have been thoroughly studied by many foreign and Uzbek economists. Their research shows that there are different opinions and approaches in this regard in global and national audit practice. In particular, foreign economists R.Dodge, E.Arens, Dj.Lobbek, IANaletova, T.E.Slobodchikova, ADSheremet and VPSuyslar³ suggested in their research that it is effective to perform analytical actions in audit processes.

Uzbek economist I. Meliyev⁴ justified the expediency of conducting the audit on the basis of "planning, conducting and final stages".

The Uzbek economist O. Barakaev has the following audits:

1. Planning and design of audits;
2. Perform control tests and essentially test operations;
3. Performing analytical operations and detailed testing of accounts;
4. Completing the audit and issuing the audit⁵ report " emphasizes that it is necessary .

Another Uzbek economist, I.Avazov, in his research "...conducting a survey in inspections, checking records according to documents, monitoring, scanning, conducting a special inspection involving experts in the appropriate field⁶" states that performing actions is effective .

also Z. Ganiev, one of the Uzbek economists, emphasized that the main attention should be focused on the collection of evidence in the audit process, "... when obtaining audit evidence, analytical operations are grouped, and the inventory commission on the necessity of studying the activities of banks, suppliers of goods, buyers and other organizations, obtaining information about investors, obtaining information about the costs of the conducted audit...⁷ expressed an opinion.

I. Choriev, an economist from Uzbekistan, in his research, emphasizes that the audit process should be carried out through the following stages :

1. "Customer business get acquainted with;

[program](https://nrm.uz) " Decree No. PF - 5635. <https://nrm.uz>

³Dodge R. Kratkoe rukovodstvo po standard or norm audita: per.sangl./predisl.S.A.Stukova.M.: Finance and statistics; UNIT, 1992. 240 p. (Audit: theory and practice), p. 125; Arens A., Lobbeck Dj. Audit: per. English / gl. ed. Ya. V. Sokolov. M.: Finance and statistics, 2003. 560 p.p. 205.; Naletova I.A., Slobodchikova T.E. Audit . M.: FORUM: INFRA-M, 2005. 176 p.; Sheremet A.D., Suits V.P. Audit: uchebnik 5 izd. pererab i dop. M.: INFRA-M, 2005. 448 s.

⁴ Meliev II Methodology of conducting audit: problems and solutions: Monograph-T.: "VNESHINVESTPROM", 2020. - 191 p.

⁵Barakaev OO Audit in modern corporate management system: theory, methodology and practice. Monograph-T.: " Ch inor interest is high", 2021. - 288 p.

⁶ Improvement of preparation and audit of consolidated financial statements of Avazov IR. Doctor of Philosophy (PhD) Dissertation in Economics . - Tashkent, "Economy-finance" publishing house, 2020, - 19 p.

⁷Ganiev ZU Improvement of audit evidence collection and analytical operations. Doctor of Philosophy (PhD) Dissertation in Economics . - Tashkent, 2021. -22 p.

2. Identifying errors in reports using analytical procedures;
3. Evaluation of business continuity;
4. Efficiency and economic stability of the enterprise;
5. Preparation of auditor's information for the management of the enterprise"⁸

Economist B. Dagarov has conducted effective research on audit stages in recent years in Uzbekistan.

1. "The stage of reaching the preliminary audit agreement and preparation of the audit agreement;
2. The stage of approval of the audit contract and formation of the audit working group;
3. Audit planning stage ;
4. The stage of assessing the reliability of certain elements of the accounting and internal control system of the customer of the audit ;
5. Stage of collecting audit evidence ;
6. The stage of summarizing the results of the audit and clarifying the content and form of the audit conclusion;
7. The stage of approval and presentation of the auditor's report ⁹.

In our opinion, although the above studies approach the processes of audit implementation theoretically and from an aspect, they do not sufficiently reveal the exact sequence of the implementation of the audit in accordance with the international standards of the audit and the content of the methods and actions used in the audit.

ANALYSIS AND RESULTS

According to the information of the Ministry of Economy and Finance of the Republic of Uzbekistan on November 1, 2024, 1106 auditors are working in 149 audit organizations in the audit system of Uzbekistan. It should be noted that the current international standards state that the auditor should conduct the audit subjectively, that is, based on his knowledge and skills. The international audit standards do not specifically specify the procedure for conducting the audit in full and integrated content, or there is no separate standard that incorporates all the processes of conducting the audit. This shows that the stages of conducting an audit, including the methods and procedures used in the stages of the audit, are not covered in full and in detail, and that it is urgent to conduct research in this regard.

According to the above-mentioned researches of scientists and auditor-experts, the audit is performed on the basis of audit methods and practices. In our opinion, the content of the terms audit methods and practices is not sufficiently explained in the educational literature and research, so we explain the meaning of these terms as follows. The audit method is a set of tasks and analytical actions performed in the process of studying audit as a science and providing audit services as a type of activity. It can be seen that audit methods are performed on the basis of audit procedures.

In our opinion, audit operations mean structural operations performed in the process of

⁸I. Choriev. Improvement of analytical operations in auditing activities. Doctor of Philosophy (Doctor of Philosophy) thesis on economics . Tashkent . : 2021. - 2 4 p.

⁹ BMDagarov. " Improving the processes of conducting audits " . Doctor of Philosophy (Doctor of Philosophy) thesis on economics . Tashkent.: 2023. -24 p.



studying audit as a science and providing audit services as a type of activity. If we take the inventory method as an example, if the inventory method is understood as the process of quantitatively and qualitatively studying the property and funds of the bookkeeper of audit services in the document and in reality, in terms of quantity and quality, each of the small tasks performed during the inventory are audit actions. is considered Today, the auditing methods include documentation, inventory, assessment, calculation, statistical analysis, inspection, mutual comparison or comparison, hypothesis and forecasting, testing or conducting questionnaires, expertise , creating an alternative balance, systematic examination, observation, actual situation. The process of applying each audit method is performed by performing the appropriate procedures, such as evaluation, confirmation, analytical procedures, and inquiry. Today, in the practice of Uzbekistan, researcher I. Meliyev, I. Choriev and B. It should be noted that the Dagarovs are economists who have conducted sufficient research and research on auditing methods and practices.

In recent years, many scientific researches have been carried out on the improvement of auditing activities, but until today, the definition of the term "international standards of auditing" in its full and precise meaning has not been given in the literature. For this purpose, we conducted analyzes to clarify the meaning of this term. Having logically analyzed the occurrence of concepts such as "international auditing standards", "international auditing standards" and "international auditing standards" in many literatures, public publications or audit-related regulatory documents, these concepts are defined in the content of the law adopted in the current new version. We consider it appropriate to use. Because the current law is not only the main normative document that regulates this activity, but this law is also the main document that regulates the grammatical and orthographic aspects of words and terms related to audit activity. Today, 39 international audit standards, 3 annexes to the standards, and one XAAI 1000 (International Auditing Practice Notes) have been translated into the official Uzbek language. In our opinion, the following international auditing standards are directly used in the processes of conducting audits (Table 1).

Table 1: Used in the stages of audit international standards¹⁰

#	The name of the international standard of auditing	Default sequence number	Official translation in Uzbek of publication and source
1 .	Negotiating the terms of the audit agreement	210	2014, https://www.mf.uz/media/file_uz/audit/IAASB/uz/1.pdf
2 .	Audit documentation	230	
3 .	Exchange of information with persons entrusted with management	260	
4 .	Exchange of information with the persons in charge of management and management regarding deficiencies in internal control	265	
5 .	Planning the audit of financial statements	300	
6 .	Identification and assessment of risks of material misstatements based on knowledge of the business entity and its environment <i>(new version available)</i>	315	
7 .	Importance of audit planning and execution	320	
8 .	Auditor's actions in response to assessed risks	330	
9 .	<i>Components of the internal control system</i>	<i>AXS 315, 1 application</i>	
10 .	Aspects of conducting an audit of business entities that use the services of a service organization	402	
11 ..	Assessment of misstatements identified during the audit	450	
12 .	Audit evidence	500	
13 .	Audit evidence is a special examination of certain items	501	
14 .	External certifications	505	
15 .	Preliminary audit engagements – opening balances	510	
16 .	Analytical operations	520	2014, https://www.mf.uz/media/file_uz/audit/IAASB/uz/2.pdf
17 .	Auditor selection	530	
18 .	Estimates, including fair value estimates, and related disclosures	540	
19 .	Related parties	550	
20 .	Further events	560	2014, https://www.mf.uz/media/file_uz/audit/IAASB/uz/2.pdf
21 .	Going concern assumption	570	
22 .	Written statements	580	
23 .	Using the work of internal auditors <i>(there is a new version)</i>	610	
24 .	Use of expert work engaged by the auditor	620	
25 .	<i>Matters to be agreed between the auditor and the external expert engaged by the auditor</i>	<i>AXS 620 app</i>	
26 .	Forming an opinion and giving a report (summary) on financial statements	700	
27 .	Modification of opinion in independent auditor's report (summary).	705	
28 .	Explanatory paragraphs and other matter paragraphs in the independent auditor's report (summary).	706	
29 .	Comparative information - comparative figures and comparative financial statements	710	
30 .	Special issues - audit of financial statements prepared in accordance with special purpose bases	800	2014, https://www.mf.uz/media/file_uz/audit/IAASB/uz/3.pdf
31 .	Special matters – audit of certain financial statements and special items, accounts or items in the financial statements	805	
32 .	Special aspects in the audit of financial instruments (International Auditing Practice Notes)	XAAI 1000	

1 above , it can be seen that in the audit practice of Uzbekistan, it is possible to use 28

¹⁰Prepared by the author

standards, applications of two standards , and comments to standards of the same name translated into Uzbek . However, in our opinion, analysis shows that in practice only ten or fifteen of these standards are directly used in practice, it is not an exaggeration. 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".

Before starting each audit, it is necessary to form a team of experienced and qualified auditors to ensure the quality and timely implementation of the audit process. Formation of the composition of such a group is carried out by the head of the audit organization or the head of the audit group appointed from among the auditors of the organization. Table 2 below shows the sample composition of the audit working group.

Table 2

Audit working group sample composition¹¹

auditor 's check	Customer activity type	Composition of the audit team		
		Amount	Specialists	Total
1	2	3	4	5
Mandatory audit	Product (goods) production (work, service)	Not less than 7 people	Auditor and experts	Auditors - 4, other specialists - 3 (lawyer, financier, tax specialist), information systems specialist - 1
	Other types of activity (work, service)	Not less than 4 people	Auditors and specialists-experts	Auditors-2, specialists in other fields-1 (lawyer), specialist in information systems-1
Proactive audit	Enterprises engaged in all types of activities	In the amount of not less than three people according to the nature of the inspected object and the size of the selection	Auditor and experts	According to the terms of the auditor's agreement
Audit at the initiative of regulatory or law enforcement authorities	Enterprises engaged in all types of activities	According to the nature of the inspected object and the size of the selection, in the amount of not less than four people	Auditor and experts	According to the terms of the auditor's agreement

In our opinion, although (in , the).above studies, the processes of auditing are theoretically approached , the exact practical procedure of the audit , that is , the practical implementation of the -audit , in Uzbekistan and the world practice is . not presented in them .

¹¹Prepared by the author

Table 3

Approaches for clarifying audit stages ²³

1	«GRANT THORNTON» auditing organization ²⁴	6 stage (General principles and responsibility , initial action , planning and risk assessment , risk management (risk response), assessment and summary , reporting and presentation of results stages)
2	«ABS FINANS AUDIT» auditing organization ²⁵	6 Stage (Preliminary planning , Study , of the existence of planning , Processing of results and exchange of , information with the client regarding the results of quality control , audits Stages)of completion of the audit
3	I .I .Meliyev ²⁶	3 stage (Planning , check and final stage)
4	N .Sh .Khajimuratov ²⁷	3 stage (Planning , stages of)audit evidence collection and formalization of audit results
5	I .N .Koziev ²⁸	4 stage (Preparation for , the initial , audit Stages)of conducting an audit and summarizing the results of the audit
6	L .I .Voronina ²⁹	5 stage (Preparation , audit planning , audit actions , independent actions , opinion formation and reporting stages)
7	Ye .N .Varlamova ³⁰	3 stage (Preparatory , audit and final stages)
8	O .O .Barakaev ³¹	5 stage of (planning)and design , execution of control tests and substantive testing , of operations , aexecution of analytical procedures and detailed testing , of accounts , completion of the audit and issuing of the auditor's opinion
9	Irina Starodubseva ³² (auditor -expert RosCo-Consulting & audit)	4 stage (Preparatory , planning , and final stages)

It should be noted that the current international standards state that the auditor should conduct the audit subjectively, that is, based on his knowledge and skills. The international audit standards do not specifically specify the procedure for conducting the audit in full and integrated content, or there is no separate standard that incorporates all the processes of conducting the audit. Although in the studies, the processes of conducting audits were theoretically approached, they did not provide a specific practical procedure for conducting audits, i.e., their practical application in audits. Also, the current international standards state that the auditor should conduct the audit subjectively, that is, based on his knowledge and skills. The international audit standards do not specifically specify the procedure for conducting the audit in full and integrated content, or there is no separate standard that incorporates all the processes of conducting the audit. In our opinion, it is appropriate to conduct the audit in the stages presented in Table 4.

²⁴ <https://www.grantthornton.uz/>

²⁵ «ABS FINANS AUDIT» mas'uliyati cheklangan jamiyati (orginfo.uz)

²⁶ Meliyev I.I. Methodology of : auditing , problems and solutions Monograph : . -T .: «VNESH INVESTPROM », 2020. - 191 b

²⁷ <https://tsue.scienceweb.uz/index.php/archive/article/download/319/184/>

²⁸ Koziyev I .N . Improving : the .methodology of compiling and summarizing the audit . report in the conditions of .modernization of .. - the . economy dis autoref T b.: 2017. -70

²⁹ Воронина Л.И. Аудит: теория и практика: учебник для бакалавров. – 3-е изд. перераб. –М.: Издательство «Омега-Л», 2014. -566 с. 57-бет

³⁰ Варламова Е.Н. Этапы профедения аудиторской проверки: особенности аудита организаций оптовой торговли. // Международный бухгалтерский учет, № 4 (202)-2012. 56-бет.

³¹ Barakaev O .O . Audit : theory, methodology and practice in the . modern corporate management system Monograph -T .: «Planar interest is high », 2021. - 288 b.

³² <https://www.audit-it.ru/articles/audit/a105/882868.html>

Table 4

Stages of auditing³³

No	Contents of steps
1	Obtain preliminary audit agreement and prepare audit contract
2	Approval of the audit contract and formation of the audit working group
3	Audit planning
4	Assessment of the reliability of the audit client's accounting and internal control system data
5	Collecting audit evidence
6	Summarizing the results of the audit and clarifying the content and form of the audit report
7	Approval and presentation of the audit report

In our opinion, when conducting the audit 6-based on the stages in the table , it is necessary for . the auditor to fully master the methods and actions used in the audit tasks , performed on the objects studied at each stage , as well as the content of the collected evidence is required to determine analytical indicators by performing analytical operations and evaluate the financial performance of the audit client

In our opinion, in order to ensure the quality and efficiency of the audit, it is appropriate for the auditor to perform the following main audit tasks in sequence:

1. Negotiating the terms of the audit contract with the client of the audit.
2. Identification and assessment of existing risks in the economic (business) activity of the audit client.
3. Performing preliminary analytical procedures and auditing methods in order to study the legality of the enterprise's activity and the reliability of financial reporting indicators.
4. Assessment of the audit risk and the level of importance of the activity of the audited entity.
5. Assessing the activity of the enterprise's internal control system and determining factors for reducing the level of internal control risk.
6. To determine the legality of the enterprise's activity and the reliability of the indicators of the financial report, conduct a questionnaire, a survey and conduct tests.
7. To study the legality of the performed transactions and their correct summarization in financial statements.
8. Assessment of the existence of deviations or distortions in financial reporting indicators and the reasons for the occurrence of deviations.
9. Carrying out various mathematical analyzes in order to identify evidence of errors and deviations from the norm in order to ensure the legality of transactions in the enterprise and the reliability of financial reporting indicators .
10. To study the presence of balances in the company's accounting accounts, as well as whether transactions are correctly and timely reflected in the accounting accounts.
11. Assessment of the existence of contingent liabilities of the subject under review and their status.
12. Summarization of the evidence collected on the results of the audit and audit work documents (intermediate and general audit references) preparation.
13. Severity of deficiencies identified during the inspection (impact on the company's financial results) evaluation.



14. General information on inspection results preparation of (audit report) and preparation of audit conclusion (report).

17. Presentation of the audit report and inspection results to the inspection customer, etc.

In our opinion, in order to ensure the systematic and effective conduct of the audit, the audit process includes reaching a preliminary audit agreement and preparing an audit contract, approving the audit contract and forming an audit working group, audit planning, the audit client's accounting and internal control system information. assessment of reliability, collection of audit evidence, summarization of the results of the audit and clarification of the content and form of the audit report, as well as the approval and presentation of the audit report fit for purpose.

master the audit tasks performed at each stage, the methods and actions used, and the content of the collected evidence . In this case, the auditor is required to determine the analytical indicators by performing analytical operations in accordance with the financial reporting indicators and evaluate the financial performance of the audit client.

CONCLUSION

Independent determination of forms and methods of auditing by the audit organization , obtaining documents related to the financial and economic activities of the economic entity ,in the course of the audit, as well as verifying the actual existence and status of any assets and liabilities in these documents. legal foundations should be strengthened .

It is appropriate to form an audit group consisting of main and assistant trainee auditors, experts, lawyers in accordance with ,the form of audit inspection and the type of activity and activity characteristics of the audit client .

Auditorship inspection systematic and efficient to be held provide for customers with initial auditing agreement reach and auditing contract preparation , it confirmation and auditing worker the group formation , audit planning , inspection of the customer accounting account and internal control system reliability evaluation , evidence collection , auditing of the conclusion content and shape clarification it is necessary

Improving the quality of audit services, recognizing international audit standards and publishing them in the official language of the state , on implementation of international audit standards auditing organizations, auditors, higher education with institutions, public associations of auditors and foreign audit organizations it is desirable to expand the experience exchange system, to organize remote webinar meetings between them ;

Operating in the Republic of Uzbekistan accountants and auditors national Association , the Chamber of Auditors of Uzbekistan and the Federation of Accountants of Uzbekistan, to strengthen the integration of cooperation between professional public associations, to increase the level of responsibility and accountability of these public associations, audit organizations and audit clients. necessary ;

Auditing in accordance with advanced foreign experience in the field of auditing and international standards of auditing organizations work it is desirable to improve the quality control system, to establish the provision of audit services based on the capabilities of modern software, and to implement advanced foreign experience in this regard.



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