



THEORETICAL AND LEGAL ASPECTS OF AUDIT ACTIVITY IN UZBEKISTAN

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Abstract

In this article, the auditing activity and its specific features were analyzed. The role of audit in the legislation of Uzbekistan was discussed by the author, its types were explained and conclusions were given. Besides that, the author discusses the issue of the regulation of the activities of auditors by legal norms, proposes the classification of existing acts in the field of audit activity, as well as types of auditing and business activity on auditing fields are analyzed.

Keywords: auditing, legislation, law, internal and and external auditing.

Introduction

Auditing refers to the examination of financial transactions and records of an entity to ensure that the financial information provided reflects the entity's economic position and operations.

Audits are performed by internal, external, and governmental parties, and are used for a variety of reasons. Audits performed by external and governmental parties are important in establishing the validity of financial statements since they are not subject to conflicts of interest [1]. Its main task was to provide unbiased feedback on the reports presented to the users of the information. In addition, they were independent of the enterprise administration and free from its pressures [2, page 7].

According to some sources, the accountant-auditor profession began to be formed in the middle of the 17th century in European joint-stock companies due to the need to resolve controversial issues between shareholders, creditors and tax officials. At that time, there was a growing need for specialists who would independently work and give accurate conclusions about the production and financial activities of the enterprise. As a result, in 1862 in England, in 1867 in France, and in 1937 in the USA, "Compulsory Audit" law was adopted [3, page 39].

As mentioned above, the non-state types of financial control are internal firm (corporate) control, control of client organizations by commercial banks, audit control [4]. Internal financial control is carried out by an enterprise, institution, firm,





corporation by its economic services, i.e. accounting, finance department, financial management services, etc. Internal control services constantly monitor the efficiency and expediency of the use of funds (personal, debt, borrowed), compare and analyze the actual financial results with the planned financial results, give a financial assessment of the results of investment projects, control the financial status of the enterprise. Internal control monitors the entire process of capital investment. Control, which is one of the manifestations of internal control and has the name "postaudit", compares the planned financial result with the actual situation at each stage of the production-investment activity in the financial department of the business plan, identifies and eliminates the reasons for their inconsistency, reduces costs and improves financial planning methods. means search [5].

Since financial control is a control carried out in the form of value, it is carried out in all areas of the process of social reproduction and is observed in all processes of movement of monetary funds, including the process of perception of financial results. Therefore, the object of financial control is monetary relations.

The subject of financial control consists of the following financial indicators:

- Revenues and expenses of different levels of budgets;
- Volumes (amounts, sizes) of tax payments;
- Incomes of economic entities;

Transaction costs of business entities, etc [6, page 89].

Many of the above indicators, which are the subject of financial control, are calculated indicators, and this, in turn, requires checking (controlling) the accuracy and reliability of their calculation in accordance with current regulations [7]. Financial control serves as a form of implementation of financial functions. It is aimed at ensuring the interests and rights of the state and all other economic entities. In economically developed countries, financial control is divided into two spheres, on the one hand, interacting and on the other hand, separate (independent): • state financial control; • non-state financial control.

State financial control is a complex and goal-oriented system of economic and legal actions of concrete bodies of power and management, based on the main laws of the state. Its legal regulation depends on the type of state, its socio-political orientation, the level of economic development, and the ratio of forms of ownership. State financial control is aimed at monitoring the value proportions of GDP distribution. This control applies to all channels of movement of monetary resources (distributed) related to the formation of state financial resources, their full and timely flow and their targeted use [8].





Currently, audit institutes with their own organizational and legal infrastructures are operating in countries with developed market economies. The profession of auditor has been called differently in different countries. For example, a public accountant in America, an accountant expert or auditor in France, a financial controller in Germany, or a book controller, or an auditor who controls the financial activities of a company in Anglo-Saxon countries.

The world economic recession in 1929-1933 gave a great impetus to the development of auditing activities. During this period, most of the joint-stock companies and other enterprises faced a crisis. As a result, there was a need to strictly define the procedure for approving the reports, in particular, the information on the balance sheet, profit and loss, and to check their accuracy and authenticity by independent auditors.

So, the concept of "audit" is a Latin word, "auditing" means "he hears", "the listener". In the book "Financial control system in the Republic of Uzbekistan" by professor M.M. Tolakhujaeva, the audit is defined as follows: "an audit is a conclusion by independent qualified specialists of the company's financial report or related financial information on the level of compliance of this report or information with the law and other regulatory documents to be researched for the purpose of release.

The definition of auditing activity and the auditing profession is given in the new version of the Law of the Republic of Uzbekistan "On Auditing Activity", according to Article 3 of the Law, auditing activity is the business activity of auditing organizations on the provision of audit services, and the auditing organization is the activity of conducting audit inspections and providing similar services. is a commercial organization that performs auditing activities, and an auditor is a natural person with an auditor's qualification certificate [9]. By audit activity, we can understand the business activities of audit organizations in conducting audits and providing professional services provided by the Law.

Accordingly, there are two different methods in practice in terms of regulatory and legal regulation of auditing activities, the first method is legal regulation through legislation; i.e. adopting a law and legal regulation of relations related to existing auditing activities based on it, the second method is contractual-legal regulation, legal regulation of relations between the auditor and the client on the basis of the contract concluded between them [10, page 12].

In particular, by the concept of "audit" in the form of a general term, economists and legal scholars refer to an independent audit of business activities.

Based on legislation and scientific literature, analysis of practice, as well as the analysis of the legislation of foreign countries, audit can be used in two different





meanings: first, audit is the general name of all services included in the audit activity, and second, audit is an audit.

It is noted that the audit service, in addition to the features and characteristics typical of general services, has only unique features that distinguish the audit service from other types of services. Currently, the list of these services is expanding, including forensics - corporate management and organizational legal, financial situation disputes and fraud detection service, due diligence - the company's financial situation prediction service. At this point, the problem of creating and regulating the legal bases of these types of services is emerging [11, page 13].

Auditing of banks by external auditors and reliability of financial statements are among the factors that indicate the availability of comprehensively reliable banking services in the market economy. Each bank is rated based on the results of its annual financial statements, and the importance and role of the audit service and inspection is obvious. In this regard, the purpose of the audit of a bank and a group of banks should be to determine the compliance with the current accounting legislation and international standards on financial statements, the accuracy of the bank's financial information and other financial information.

Drones, digital audit, which are widely used in the activities of international audit companies (Deloitte "Optix" analytical program, KPMG "Watson", "Clara" smart audit platform, as well as SAAT, GAS, ASL, Outlier Analysis, Benfords Law Analysis programs together with Microsoft Excel), advanced technologies such as data mining, robotization of audit operations, blockchain, artificial intelligence, analytical programs and their effects on audits are studied and can be used in the practice of national audit organizations.

In particular, the purpose of adopting the law "On Auditing Activities" was to unify and systematize the documents regulating auditing activities in Uzbekistan into a single regulatory document. According to this law, a natural person who has an auditor's qualification certificate is recognized as an auditor. Also, a new concept of "ranking" was introduced, which implies the formation of an organized list of audit organizations divided into groups according to certain indicators describing the activities of audit organizations. The principles in the field of auditor activity - independence, impartiality, and honesty, professional capacity and confidentiality of information, as well as auditor activities are determined to be carried out only on the basis of international standards of audit, quality control, analytical checks, assurance assignments, and related services.

The standards are issued by the International Standards Board on Auditing and Assurance Engagements of the International Federation of Accountants [12]. The





procedure for recognizing international audit standards for use in the territory of Uzbekistan is determined by the Cabinet of Ministers.

A commercial organization that performs audit activities on conducting audits and providing similar services is an Auditing organization. These organizations will have their own rights and obligations, taxpayer identification number.

Internal quality control of auditor's work is a system of organizational measures carried out by an audit organization based on procedures to ensure that auditors and employees comply with the requirements of this Law.

Internal quality control of auditor's work is carried out by an audit organization in accordance with the standards of auditing activity and is a prerequisite for the provision of audit services.

External quality control of audit organization's work is a system of measures carried out by the authorized state body jointly with national public associations of auditors, aimed at identifying and subsequently preventing violations by audit organizations of the requirements of Law and standards of auditing.

An audit organization may, on a voluntary basis, undergo external quality control by national public association of auditors. This type of control does not replace the external quality control carried out by the authorized state body in accordance with Law [13].

The Ministry of Finance of the Republic of Uzbekistan is an authorized state body in the field of audit activity. In this regard, the Ministry implements the state policy in the field of audit activity, represents the interests of the Republic of Uzbekistan in international organizations in the field of audit activity, develops, approves and implements normative legal documents regulating audit activity within the scope of its powers, determines the work procedure and regulations of the qualification commission, auditors of the republican public conducts a qualification exam with the participation of associations, issues an auditor's qualification certificate, reissues it, extends its validity period and terminates its validity.

Based on the above, the emergence and development of audit activity is inextricably linked with historical processes, and during its evolution, it has changed its appearance, forms, and types in accordance with political-legal, financial-economic requirements. The emergence and development of audit and audit activity is unique for each country.

Also, one of the important tasks facing the audit activity in Uzbekistan is the establishment of national audit companies with a fast network and professional level, capable of issuing audit conclusions recognized by foreign partners.





Audit activity is a type of service for a fee, and it is a business activity that covers auditing and auditing professional services. Audit activity has its own characteristics and features as an entrepreneurial activity. Therefore, according to the legislation of the Republic of Uzbekistan, audit activities can be divided into such types as mandatory and initiative audits, as well as professional services.

However, it is not positive to divide audit activity into internal and external. The reason is that "internal audit" is not considered a business activity, but audit activity is considered a business activity.

It was concluded that the aspects of auditing activity as a business activity are as follows: firstly, auditor activities can be performed by persons registered in accordance with the law. Secondly, independence in the implementation of audit activities. Thirdly, the existence of a risk situation in audit activity. Fourthly, audit activity is an activity that is performed with the aim of receiving income for a fee.

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