

## CURRENT STATE OF DEVELOPMENT OF UZBEK AUDITING STANDARDS IN ACCORDANCE WITH INTERNATIONAL AUDITING

Khudoynazar Ergashev

Associate Professor, Samarkand Institute of Economics and Service, Uzbekistan

Adelya Nematova,

Researcher, Samarkand Institute of Economics and Service, Uzbekistan

### Abstract

Along with international standards, each country has national auditing standards. They may be determined by law, regulations or an authorized body of a given country. Their use is mandatory when conducting an audit of financial statements or providing audit-related services. In addition to mandatory standards, the authorized body or professional audit organizations of the country can develop and adopt at the local level provisions on national audit practices recommended for use by auditors when conducting an audit.

**Keywords:** Practical applications, diagrams, tables, sample documents, international auditing standards, sections, appendices, procedures.

National standards for auditing and related services, adopted in many countries, differ both in form and content, which is due to the specifics of the audit practice of a particular country. IFAC recognizes the existence of national auditing standards and seeks to take account of their differences when developing auditing standards that can be adopted internationally [1].

International standards are used in different ways in many countries. In some countries (Australia, Brazil, India), international standards act as the basis for the development of national standards. In other countries that do not develop their own auditing standards (Cyprus, Malaysia, Nigeria, Sri Lanka), they act as national ones. In countries with an established audit institution (Canada, Great Britain, Ireland, USA), the provisions of ISA are taken into account by professional audit organizations. In addition, international audit associations and organizations apply ISAs when conducting audits of financial statements of transnational corporations. In countries where national standards exist, it is the latter that play a decisive role. International auditing standards do not replace local regulations governing the audit of financial or other information in each individual country.

To the extent that local provisions are consistent with the ISAs, an audit conducted in accordance with the national provisions will automatically be consistent with an audit conducted in accordance with the ISAs. In the event that local provisions differ or conflict with

international auditing standards, IFAC member organizations include in their national auditing standards the principles on which the international auditing standards developed by IFAC are based [3].

IFAC member countries that wish to adopt ISAs as their national standards submit a corresponding application to the International Auditing and Assurance Standards Board. This document determines the legal force of the adopted standards and the possibility of their application in a particular country. The Council, in turn, develops and approves an explanatory preface on the status of each ISA adopted as national.

If the ISA contains recommendations that differ significantly from the law or practice of a country, an explanatory preface discloses such differences. If necessary, the Council allows IFAC member countries to develop additional standards on issues of significant importance in a given country, but not covered in the ISA [4].

International standards make it possible to unify national standards. Professional audit associations from different countries are revising their professional standards in order to bring them closer to international approaches. The process of harmonization of auditing standards is quite lengthy and can take several decades, since each country has a different level of economic development. We must not forget about the mentality of the nation, i.e. about the way of thinking, skills, qualifications, culture, traditions. What may be acceptable in one country may not be suitable in another. Nevertheless, the features of an objective and subjective nature are erased. However, international standards are not a panacea for all ills, but only an effective tool for improving national standards, the main goal of which is to form the professional judgment of the auditor [5].

In Uzbekistan, where there is currently a transition from a tightly regulated continental accounting system to an Anglo-American one, the development of audit rules (standards) is carried out independently, taking into account the provisions of international auditing standards. Work on a modern version of the system of all Uzbek auditing standards began in our country in 1995. From the very beginning, this system was created as a national analogue of the International Audit Standards system.

The rules (standards) of auditing activities approved by the Commission on Auditing Activities contain the following sections [6]:

1. General principles of the rule (standards). This section reflects the need to develop this standard, the object of standardization, the scope of the standard and the relationship with other standards.
2. Basic concepts and definitions used in the standard. The section provides definitions of terms and their brief characteristics.

3. The essence of the standard. The section formulates the problem and outlines methods for solving it.

4. Practical applications. Includes various applications - diagrams, tables, sample documents, etc.

The structure of rules (standards) is similar to international auditing standards and contains sections:

1. Introduction. The introduction defines the purpose of the standard and the main terms used in the standard.

2. Paragraphs revealing the content of the standard.

3. Appendices that provide examples of procedures, tables, etc [7].

Auditing standards - rules (standards) of auditing activities and rules (standards) of auditing activities approved by the Commission on Auditing Activities under the President of Uzbekistan - determine the rules for conducting an audit in general. Taking into account the fact that they are based on international auditing standards, these standards make it possible to conduct an audit both in accordance with Uzbek accounting standards and in accordance with IFRS.

Comparison of international and Uzbek auditing standards

Not only the approaches to auditing differ, but also the content of auditing standards. The comparison of international auditing standards and Uzbek ones is necessary for:

- understanding the significant aspects of the audit procedure and forming the auditor's professional opinion on the reliability of financial statements;
- formulating proposals for improving the current Uzbek audit legislation [8].

A number of domestic analogues have been developed based on current international auditing standards. In general, standards can be divided into several groups: 1) Uzbek rules (standards), which have analogues among international auditing standards; 2) Uzbek rules (standards) that differ significantly from international auditing standards; 3) Uzbek rules (standards), which have no analogues in the system of international auditing standards; 4) international standards that have no analogues in the system of Uzbek auditing standards 1. A significant part of Uzbek auditing standards are identical or in significant aspects close to international auditing standards. The existing discrepancies are due to:

1) differences in approaches to auditing;

2) formal differences - style and design of documents, details of presentation; practical examples, etc.;

3) reform of international auditing standards. If before 2017 standards almost fully complied with international auditing standards, then in connection with the reform, some Uzbek standards ceased to comply with ISAs, in particular, standards devoted to the basic principles

of financial reporting and quality control of audit work; addressing fraud and errors; audit planning; understanding the activities of the audited entity; assessing audit risks and the internal control system; auditor's report.

Thirteen documents from among the international auditing standards and provisions on international auditing practice currently have no Uzbek analogues. This is due to the fact that Uzbek regulatory documents are still under development, and the preparation of the entire package of standards has not yet been completed [9].

In addition, it should be taken into account that the practice of audit, based on the experience accumulated in the world, has its own characteristics in various countries, including Uzbekistan, related to the specifics of each country, its system of government and many other factors.

In order to develop the institution of audit as the main element of the accounting reporting quality control system, the Action Plan for the implementation of the Concept for the Development of Accounting and Reporting in Uzbekistan includes not only accounting tasks, but also auditing tasks. These tasks include:

1. Preparation of amendments and additions to the Law “On Auditing”, including the introduction of a mandatory audit of consolidated financial statements in accordance with IFRS.
2. Development of draft rules (standards) for auditing activities based on international auditing standards and submitting them to the Government of Uzbekistan.
3. Development of proposals to improve the rules of independence of audit organizations and auditors in accordance with international experience.
4. Development of proposals for the introduction of uniform qualification requirements for auditors, including in the area of auditing financial statements prepared in accordance with IFRS.
5. Increasing the level of quality control of the work of audit organizations and auditors, including ensuring uniform approaches to the content, forms and methods of such control.

As a result of the implementation of a number of measures in these areas, the accounting and reporting system will meet the real and modern needs of a market economy, and the accounting and auditing profession will enter a qualitatively new stage of its development.

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