

# Procedures for the New Era of Auditing Activity in Uzbekistan

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**Abstract:** In order to create an effective organizational and legal mechanism for the regulation of auditing activities in Uzbekistan based on international practice principles, to further improve corporate management, to bring and systematize rules and norms and regulatory documents into a single regulatory legal document, on February 25, 2021, a new version of "Auditing Activities" was adopted. "law" was adopted.

**Keywords:** Auditor, independence, objectivity, honesty, reliability, professional knowledge, audit service, audit review, report users, international standards, certificate of competence, law, regulation.

## INTRODUCTION

The Law "On Auditing Activities" in Uzbekistan was adopted in 2000 with the last revision. As a result of drastic changes and reforms in this market over the last 5 years, it became clear that this law does not meet today's requirements. In order to rapidly develop Uzbekistan's economy, liberalize it, improve management principles and improve the quality of services in the field of auditing in the current globalization conditions, the adoption of the new version of the Law "On Auditing Activities", the Regulation of the Cabinet of Ministers "On the Procedure for External Control of the Quality of the Audit Organization's Work", Uzbekistan The decision of the President of the Republic dated 04.08.2021 No. PQ-5210 "On additional measures to improve the auditor certification system" can be a solution to the problems in this field.

## DISCUSSION AND RESULTS

The law is directed to the organization of audit services to meet the requirements of the market economy, to increase the quality of audit services, to strengthen the protection of investors, and to serve the interests of society. In this legal document, the outdated norms of the current law were revised and adopted as a directly applicable law in the form of a single regulatory document regulating auditing activities.

According to the law, auditing activities should be carried out only on the basis of international audit standards, the Ministry of Finance, as a specially authorized state body, together with the republican public associations of auditors (the Chamber of Auditors and the National Association of Accountants and Auditors), without interfering in the financial and economic sphere, conduct external control of the quality of the work of auditing organizations. provides for the formation of a list of socially significant organizations that are required to undergo a mandatory audit. At the moment, it covers important issues such as creating an effective system of improving auditors' qualifications, implementing the world's best practices, unifying and systematizing regulatory rules and regulations in a single regulatory legal

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document, and introducing ethical rules for auditors' professional activities aimed at preventing conflicts of interest. received.

The purpose of the law, the legislation on auditor activity, basic concepts, principles and its standards are explained in the document. In order to provide reliable information to the users of the financial report, auditing activities in Uzbekistan have been established only on the basis of international auditing standards.

The law defines the main directions of the state policy regarding audit activities. The auditor and his assistant are detailed on the basis of directly applicable norms in the auditor certification system. According to it, the auditor can provide audit services in only one audit organization and be the founder (participant) of only one audit organization where he works. Also, it is strictly established that an auditor who previously headed an audit organization removed from the Register of Audit Organizations due to violation of the requirements of the legislation on audit activity cannot be the head of another audit organization for three years.

Based on the international experience, norms were introduced, which provide for the issuance of the auditor's qualification certificate initially for a five-year period, 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 directly used by the audit organization in the implementation of its activities, including money.

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.

In order to conduct a mandatory audit of industry organizations, it was allowed to have at least two auditors with at least three consecutive years of continuous work experience or an international accountant's certificate in the state, and according to the results of external control of the quality of work, there were no cases of violations of the law.

In the document, the period and basis of the external control of the quality of the audit organization's work, the main indicators and the criteria for its evaluation were determined. However, it is not allowed to interfere with the financial and economic activities of the auditing organization during the external control of the work quality.

The law also contains provisions regulating issues of international cooperation, resolving disputes, and determining liability for violations of legislation on audit activity.

In order to implement and strengthen this law, the Regulation of the Cabinet of Ministers "On the procedure for external control of the quality of work of the auditing organization" was adopted. In accordance with the regulation, the external control of the audit organization's work quality was determined to be carried out by the Ministry of Finance based on the order of the Minister of Finance, and it was determined that the representatives of public associations of the auditors would be involved.

Based on the advanced experience of developed countries, in order to introduce a modern system of auditor certification that ensures the transparency of the qualification exam for obtaining the auditor's qualification certificate, as well as to establish close cooperation and mutual relations with international organizations in this field, the President of the Republic of Uzbekistan No. PQ-5210 dated 04.08.2021 No. PQ-5210 "On additional measures to improve the system" was adopted.

Based on this decision, starting from August 15, 2021, the following functions of the Ministry of Finance were transferred to public associations of auditors.

- conducting qualification exams to obtain auditor's qualification certificate;
- issuance, re-registration, extension of the auditor's qualification certificate, and termination of its validity;
- approval of auditors' training programs.

The adoption of this decision and the transfer of the above tasks directly to public associations of auditors will ensure the transparency, openness and timely conduct of auditors' qualification examinations.

Based on this decision, the regulations for conducting qualification exams for auditors, the procedure for issuing and reissuing a qualification certificate, extending its validity period and terminating its validity, auditors' qualification improvement programs are approved by public associations of auditors in agreement with the Ministry of Finance, applicants for participation in qualification exams and the database of auditors with the auditor's qualification certificate was formed and maintained by public associations of auditors.

Another important aspect of the decision was the granting of rights to public associations of auditors to organize independent or joint examination centers for conducting qualification examinations in accordance with the approved procedures and regulations, to organize qualification examinations in all regions of the republic, and to develop networks in the regions in order to improve the qualifications of auditors.

At the same time, with this decision, the Ministry of Higher and Secondary Special Education, together with the Ministry of Finance, has appointed teaching staff of the Tashkent State University of Economics, Tashkent Institute of Finance, Samarkand Institute of Economics and Service in the fields of "Accounting" and "Audit" in accredited educational centers. approval of the schedule of training in an accelerated manner according to the international standards of auditing, the tasks of introducing the updated educational programs into the educational process, starting from August 1, 2022, in the fields of undergraduate education and master's degree in the disciplines of "Accounting" and "Audit" in pilot higher education institutions was determined.

In short, the adoption of the new version of the Law "On Auditing Activities", the Regulation of the Cabinet of Ministers "On the procedure for external control of the quality of the work of the auditing organization", the Decree of the President of the Republic of Uzbekistan dated 04.08.2021 No. PQ-5210 "On the improvement of the auditor certification system" "On Additional Measures" will regulate audit activities in Uzbekistan and provide transparency of procedures in the audit process, provide users of

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financial statements with a reliable audit conclusion, implement the practice of conducting independent audits based on international standards, increase the quality and competitiveness of auditing organizations' services, documents in the field systematizes and reduces legal documents.

## CONCLUSION

Adoption of the new version of the Law "On Auditing Activities", the Regulation of the Cabinet of Ministers "On the procedure for external control of the quality of the work of the auditing organization", the Decree of the President of the Republic of Uzbekistan No. PQ-5210 dated 04.08.2021 "Additional measures to improve the auditor certification system" "On" the regulation of audit activities in Uzbekistan and the transparency of procedures in the audit process, provides users of financial statements with reliable audit conclusions, implements the practice of conducting independent audits based on international standards, increases the quality and competitiveness of services of audit organizations, systematizes documents in the field and legal documents. leads to reduction.

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