

THE IMPORTANCE AND NECESSITY OF IMPROVING THE QUALITY OF SERVICES PROVIDED BY AUDIT ORGANIZATIONS

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ABSTRACT

This article analyzes the practice of external quality control of audit organizations on the example of Uzbekistan and foreign countries. In this regard, Uzbekistan has identified the priority of public administration. As a result of studying the international experience and practice of regulating the quality of audit activity, General principles, methods and approaches to the organization and construction of a regulatory model were determined. Based on the experience of world practice, suggestions and practical recommendations are given that professional public organizations should play an important role in regulating external quality control of audit activities.

Key words quality of the auditor's work, external quality control, ISA, professional public organization, international Federation of accountants.

INTRODUCTION

In recent years, comprehensive reforms in the economy of our country are serving the more rapid development and growth of accounting and auditing activities of economic entities. The specific positive aspects of these reforms include:

- firstly, to assess the efficiency of the economic policy conducted in our country, the consistent and thoroughness of the implemented socio-economic development measures and programs;
- secondly, recognition of the results of selfless work of our people throughout the year;
- thirdly, to determine the tasks and areas that should be given priority in the next year, to identify insufficiently used opportunities;
- fourthly, more comprehensive mobilization of the economic potential of various sectors and sectors of our economy, in all regions of our country, etc.

The President of the Republic of Uzbekistan Sh.M. Mirziyoev is taking a number of actions in order to reform, develop and renew the economy of our country, to liberalize the tax and financial policy, to support entrepreneurship and to ensure deep processing of agricultural products. In particular, the development strategy of New Uzbekistan for 2022-2026 adopted in our country includes measures aimed at transformation of economic sectors and rapid development of entrepreneurship, as well as formation of an active civil society.

Implementation of measures on "In 2022-2023, privatization of shares of 23 large state-owned enterprises through primary and secondary public placement on the stock exchange, audit of enterprises, involvement of international experts in privatization processes and provision for public placement of enterprise shares on local and foreign stock exchanges" increase was determined.

ANALYSIS OF LITERATURE ON THE TOPIC

External control of the quality of work of audit inspections Today, the site audit.mf.uz[1] of the department that conducts external control of the quality of the work of audit organizations within the Ministry of Finance has started its activity. From this site, audit organizations located in the Republic of Uzbekistan submit electronic reports, and the quality of work of audit organizations is checked based on risk analysis. The National Union of Accountants and Auditors of Uzbekistan (UzBAMU) is carrying out external control of auditing organizations. The difference between the external control of the audit organizations of the National Union of Accountants and Auditors of Uzbekistan (UzBAMU) and the department that conducts external control of the work of audit organizations within the Ministry of Finance: in UzBAMU, the quality of audit work of audit organizations that are members of the association is monitored, and the audit conducted by the association every year is rated. appreciates it. In the department of external control of the quality of work of audit organizations within the Ministry of Finance, all audit organizations operating in the Republic of Uzbekistan are selected and checked on the basis of risk analysis. Quality control of audit work represents a system of organizational measures, methods and procedures used to check compliance with the requirements of audit standards and other regulatory documents regulating audit activity in the Republic of Uzbekistan in the conduct of audits and the provision of audit-related services. In the context of increasing competition, the role of impartial economic control by both owners and regulatory bodies is increasing. Reliable financial reporting allows you to make rational economic decisions and avoid high-risk transactions.

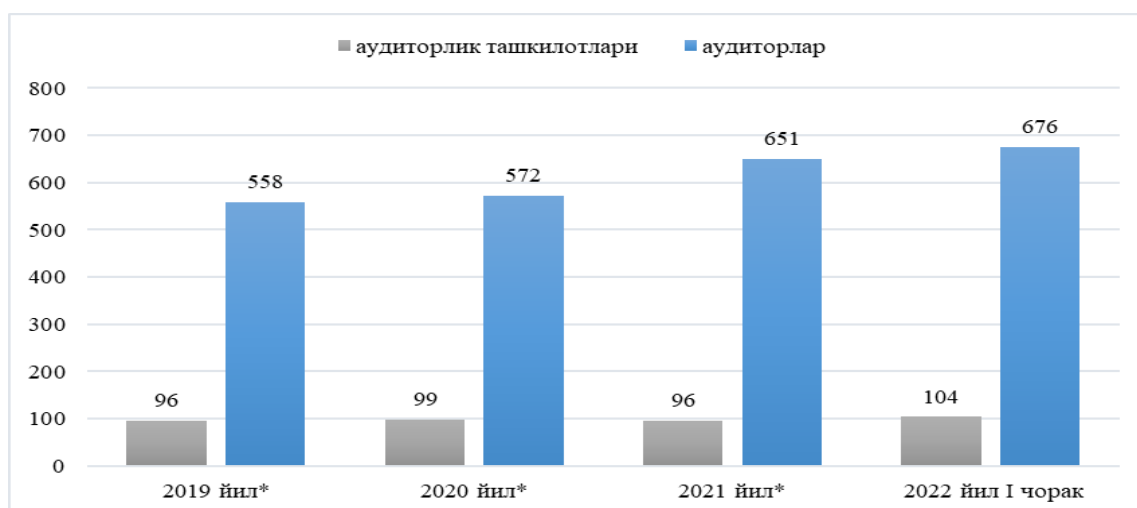


Figure 1. Information about audit organizations and auditors operating in the audit services market of the Republic of Uzbekistan

In accordance with the decision of the President of the Republic of Uzbekistan No. PQ-3946, adopted on September 19, 2018, the conditions for the development of the audit services market are being further improved and modern approaches in accordance with international standards are being introduced in the regulation of audit activities. Due to the implementation of this decision, significant positive changes are taking place in the audit services market of our country. At the same time, based on the requirement of auditing organizations to operate by

entering the Register of Auditing Organizations, the number of organizations increased by 47 to 114 in the second quarter of 2022 compared to the same period last year. In addition, 27 local audit organizations are members of large international networks and associations, 4 are subsidiaries of international audit companies (Big-4). Also, the number of auditors working in these audit organizations increased by 162 to 735 in the second quarter of 2022 compared to the same period last year. 26 percent of them are female, 74 percent are male auditors, and more than 68 auditors are working with international certificates. After the full formation of market relations in our country in the following years, as a result of the privatization of state-owned enterprises and the emergence of enterprises based on different ownership, the need for independent control has somewhat increased, and in this context, the legal actions carried out in order to increase the reputation of our national products and national brand on the world markets and win the trust of foreign investors. as a result of the changes, on February 5, 2021, a new version of the Law "On Auditing Activities" was adopted.

1.1- table Distribution of subjects of audit activity by regions of the republic

Areas	2019 year	2020 year	2021 year	2019 year	2020 year	2021 year
	Audit organizations			Auditors		
Republic of Karakalpakstan	2	2	2	11	11	14
Andijan region	6	6	4	43	41	45
Bukhara region	1	1	1	12	12	12
Jizzakh region	1	1	1	11	12	11
Kashkadarya region	3	3	3	23	23	19
Navoi region	2	2	2	9	8	9
Namangan region	3	3	3	34	36	36
Samarkand region	4	4	4	27	26	30
Surkhandarya region	1	1	1	6	7	9
Syrdarya region	2	2	2	10	10	11
Tashkent region	1	1	1	33	37	38
Fergana region	7	7	6	43	43	52
Khorezm region	1	2	2	15	17	22
Tashkent city	62	64	64	281	289	343
Total	96	99	96	558	572	651

Auditing is a relatively new direction of control and economic analysis of economic activity in our country. In Western countries, auditing has been known for 150 years, but in Uzbekistan, it began to form as an independent field of business as a result of abandoning the state monopoly and transitioning to a market economy. Therefore, it is important for us to deeply study the experience of economically developed countries. In accordance with paragraph 3 of the decision,

the Ministry of Finance was approved as a special authorized body for licensing audit activity and was assigned the following functions (Fig. 2).

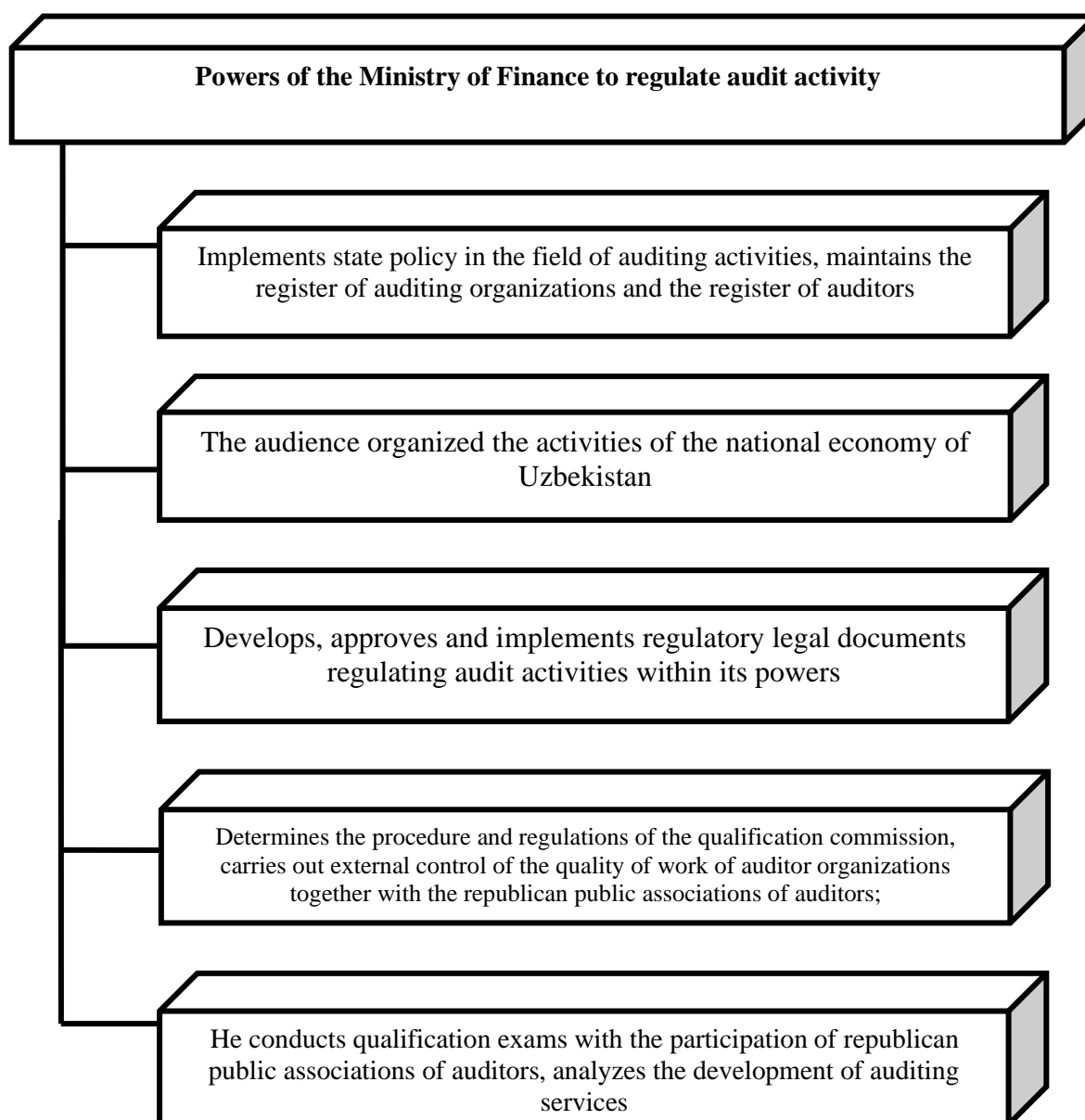


Figure 2. Functions of the Ministry of Finance to regulate audit activity.

State regulation of audit activities is entrusted to the Ministry of Finance, and the members of the commission are the employees of the State tax authorities, the Ministry of Finance, the central bank, insurance control, and other central authorities in Uzbekistan. Currently, the Department of Organization and Licensing of Auditing Activities in the General Directorate of Accounting and Audit Methodology of the Ministry of Finance of Uzbekistan carries out the tasks of conducting audit activities and issuing licenses to audit organizations. The problem of the quality of audit services provided in the practice of auditing activities is of great importance. International Auditing Standard 220 (HAS 220) "Control of work quality in auditing" talks about the need for control of the auditor's work quality. The purpose of this document is to set standards and make recommendations on quality control in relation to the general policy of the

auditing organization, as well as to the tasks assigned to auditor assistants during a separate audit, as well as related processes. XAS 220 states that quality control policies and activities should be implemented at the level of all audit organizations and at the level of individual audits.

Audit quality control in organizations requires compliance with the following requirements:

- professionalism, competence and efficiency;
- assignment of tasks;
- distribution of powers;
- receiving and retaining customers;
- monitoring.
- In the development of the company's internal audit standards, it is necessary to ensure the correlation between documents such as the audit program, the time estimate for the audit, and the general audit plan. This relationship helps to establish effective control over audit quality. The development of standards requires a lot of money and practical experience. Therefore, they are available only to large auditing organizations with significant scientific potential. In this matter, the professional associations of auditors of the republic should concentrate the efforts and aspirations of the auditing organizations. The tasks of the company's internal standards can include the following:
 - defining the tasks of the employees of a certain audit organization during the audit;
 - clarification of ways to improve the quality of the company's internal control system;
 - defining the main tasks of audit quality control.

CONCLUSIONS AND SUGGESTIONS

- In terms of the work performed during the audit, it is recommended to divide the professional staff of the audit organization into the following categories:
 - the head of the auditing organization;
 - head of audit (partner, chief auditor);
 - lead auditor (head of audit team);
 - auditor (auditing team member);
 - consulting auditor (consultant).

The career ladder in the audit organization looks like this:

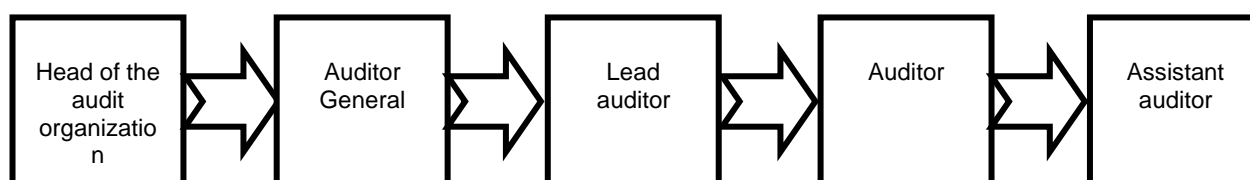


Figure 3. Career ladder in the auditing organization.

The consulting auditor works with all auditors during audits. They have the following rights and obligations:

- The head of the audit organization has the right to sign the audit report drawn up on behalf of the audit organization, and if he assumes general responsibility in accordance with the charter of the audit organization, the following can be included in the powers of the head of the audit organization:

- conducting negotiations with a potential client before the conclusion of the contract to conduct an audit;

- to make a decision on the possibility of conducting an audit of the financial statements of a specific economic entity, taking into account all the information obtained during the initial familiarization with the information;

- development of a strategy for the audit organization to work in unusual, problematic situations (for example, if it becomes clear that the audit conclusion may be negative according to the preliminary planning, the issue of the feasibility of conducting an audit should be resolved immediately);

- appointment of the head of the audit and active participation in the formation of the group of auditors.

The head of the auditing organization is responsible for the opinion formed in the form of an auditor's opinion that the client's financial statements are correct. In this regard, he should be aware of all the reasons that determine the content of the given audit opinion.

- The head of the audit must perform the following tasks:

- organization of current control over the work of executors and the increase of audits;

- regular monitoring of work being carried out in accordance with the approved general plan and audit program;

- timely identification of deviations from the planned procedure of audit and their analysis;

- to evaluate the unusual situations that have arisen within the scope of the given powers and to form professional opinions on how to get out of them;

- to respond to the documentation of the audit process, in particular, to monitor the compliance of the working documents prepared according to the audit results with the national standards of audit activity and internal requirements of the audit organization;

- promptly inform the head of the audit organization of all significant facts and conclusions drawn based on the progress of the audit and the audit result.

It is advisable for the lead auditor to prepare sections of the audit program for himself and his subordinates. These sections should describe in detail audit segments, planned tests of controls, specific audit activities, and provide other necessary instructions. The sections prepared in this way are reviewed and approved by the head of the inspection. After that, the lead auditor conducts audit activities and conducts current control over the work of subordinates. He timely identifies deviations from the audit program, the occurrence of situations that affect the level of significance in the audit and the stage of audit risk, quickly brings important information affecting the results of the audit and the conclusions drawn based on the results to the attention of the head of the audit. At the end of the audit activities, the lead auditor formalizes the results and conclusions or supervises how they are formalized by subordinates.

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