

Trends In The Development Of Auditing Activities In Uzbekistan

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Annotation: The domestic theory and practice of audit, as a developing institution of the legal economy, is taking shape in the face of serious competition. Quite a few rather large domestic audit organizations have appeared that provide an almost complete range of audit services, domestic organizations have gained relevant experience in the field of audit.

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To date, the audit activities carried out by about 100 audit organizations, and there are more than 500 auditors with qualification certificates (**Table 1.1, Figure 1.1**). [one]

Table 1.1
Number of audit firms and auditors

Data	2018*	2019*	2020*
audit organizations	98	96	99
auditors	576	558	572

According to table 1. , it can be seen that, as of December 31, 2020, there are 99 audit organizations and 572 auditors.

Figure 1.1. NA number of audit organizations and auditors.

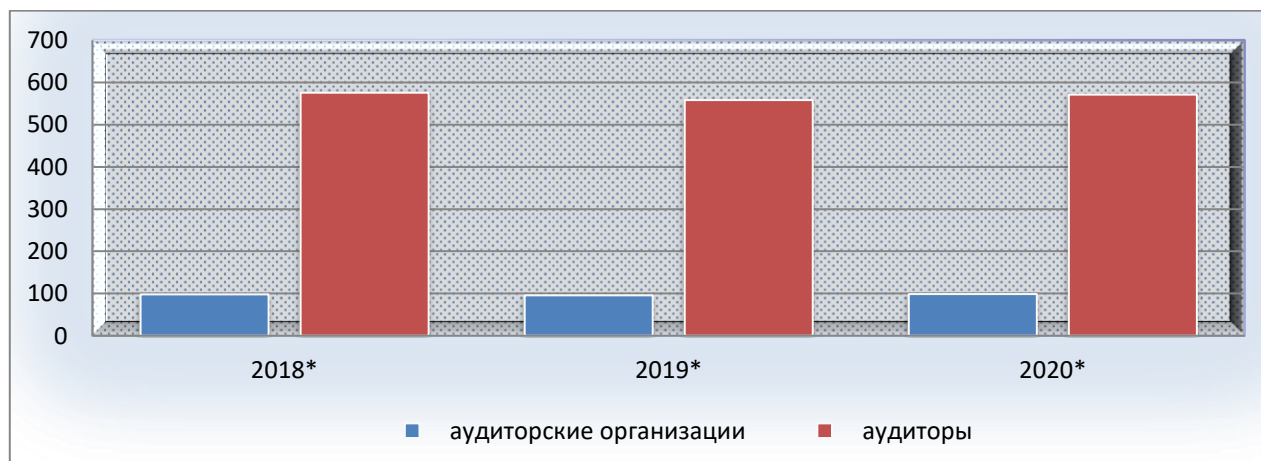


Table 1.2
Information about auditors for 2020

Auditors, total	of them:	
	having more than 10 years of continuous experience as an auditor	having an international accounting certificate (CIPA, ACCA, CPA)
572	115	62

According to Table 1.2, it can be seen that, as of January 1, 2021, there are 572 auditors of them: 115 auditors have more than 10 years of continuous work experience as an auditor, 6 and 2 auditors have an international accounting certificate (CIPA, ACCA, CA).

In the Republic of Uzbekistan, on March 13, 1992, the Association of Accountants officially began to operate, which began its journey with the republican conference held on January 17, 1992, at which the Charter of the Association was approved, the executive committee, the bureau of the executive committee and the audit commission were elected. The Association united by that time about two hundred of its members. After the release in 1993 of the Law "On Auditing", the Association was transformed into the "Association of Accountants and Auditors of Uzbekistan" and by that time had about 4,000 members. On May 22, 2001, at the reporting and election conference, amendments to the Charter, and membership criteria was approved, and the Association became known as the "National Association of Accountants and Auditors of Uzbekistan" (NABA Uz). Today, NABA Uz has regional branches in regional centers: Andijan, Bukhara, Gulistan, Jizzakh, Karshi, Namangan, Nukus, Samarkand, Urgench, Fergana, Navoi. Work is underway to open a branch in Termez.

NABA UZ closely cooperates with the Ministry of Finance of the Republic of Uzbekistan and takes an active part in the development of legal acts, national accounting, and auditing standards.

Since 1998, NABA UZ has been a full member of the International Public Organization Association of Accountants and Auditors "Commonwealth" (CIS). Since 2000, NABA Uzbekistan has been an associate member of the International Federation of Accountants (IFAC). Since 2001, NABA Uz has been a full member of the Eurasian Council of Certified Accountants and Auditors - ECCBA. NABA Uzbekistan is constantly participating in international programs and projects aimed at introducing in Uzbekistan the practice of similar organizations in the USA, England, Germany, Canada, and other highly developed countries. The National Association of Accountants and Auditors of Uzbekistan (NABA Uz) is a public organization that unites certified accountants and voluntary basis. The goal of NABA UZ is to assist in protecting the rights and promoting the interests of professional accountants and auditors by conducting educational programs and advanced training courses, providing consulting services to achieve the status of members of the Association of international level.[2]

Main goals and objectives:

- Development of the professions of accountants and auditors in the Republic of Uzbekistan and approximation of their qualifications to international standards that meet the criteria for membership in the International Federation of Accountants (IFAC);
- Active participation in carrying out market reforms in Uzbekistan;
- Participation in the development of regulatory documents in the field of accounting, auditing, and submission of proposals for their improvement;
- Developing qualification requirements for accountants and auditors and conducting certification exams in accordance with IFAC requirements;
- Monitoring compliance with the Code of Ethics for Certified Accountants and Auditors;
- Organization of regional, republican, and international seminars, conferences, symposiums for the development of accounting and auditing;

- Assistance in providing methodological, advisory and information assistance to accountants and auditors in order to ensure their professional protection;
- Establishing links and cooperation with international professional organizations of accountants and auditors in order to achieve international recognition;

The current stage of audit development characterized by gradual adaptation and implementation of the basic principles of international standards.

In order to strengthen the responsibility of audit organizations, improve the quality of audit services and introduce effective regulatory methods, eradicate unfair competition in the audit services market, further stimulate the activities of audit organizations:

- introduced a system of differentiation of licenses for audit activities depending on the type of audit;
- a requirement was introduced for the auditor to carry out audit activities in only one audit organization, and also to be the founder of only one audit organization;
- Requirement introduced to prohibit an audit organization from conducting an audit of the same economic entity for more than three years in a row;
- The requirement of obligatory existence in the auditor organizations of internal standards of quality of work of auditors introduced;
- System of mandatory rating assessment of audit firms by professional public associations of auditors introduced;
- Requirement introduced for the head of an audit organization to undergo mandatory certification once every three years;
- requirement was introduced for the mandatory conduct by the Ministry of Finance at least once every three years of audits of compliance with licensing requirements and conditions by audit organizations;
- A procedure has been established in accordance with which at least 50% of the authorized capital of an audit organization is formed from the funds of the founders (participants), and the remaining part - material assets directly used in the implementation of audit activities;
- Full staffing of the established minimum number of audit staff provided for by auditors for whom this audit organization is the main place of work;
- Audit organizations given the opportunity, within a certain time, to eliminate discrepancies with license requirements and conditions that have arisen after obtaining a license.

With the adoption of the Law “On Auditing Activities” (Law of February 25, 2021 No. ZRU-677) [3]:

- auditing activities are carried out only on the basis of international standards for auditing, quality control, review checks, assurance engagements, related services. The standards published by the International Auditing and Assurance Standards Board of the International Federation of Accountants. The procedure for recognizing international auditing standards for their application on the territory of Uzbekistan determined by the Cabinet of Ministers.

- The requirement to license audit activities has abolished. An audit organization has the right to carry out audit activities from the date of entering information about it in the Register of Audit Organizations. It can, as before creating and carry out its activities in any organizational and legal form provided for by law, with the exception of joint-stock companies. In this case, the following mandatory conditions have to meet:

- The minimum number of auditors for whom the audit organization is the main place of work is at least 4 full-time auditors;
- The authorized fund (authorized capital) of the audit organization formed by property, including cash, directly used by the audit organization in the course of its activities;
- The share of the authorized fund (authorized capital) owned by the auditors (auditor) must be at least 51% (except in cases of establishing an audit organization - a branch or subsidiary of a foreign audit organization);
- The head of the audit organization should be only the auditor for whom this audit organization is the main place of work.
- The rights, duties and responsibilities of the audit organization, as well as the list of organizations subject to
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Table 1.
Income dynamics of audit organizations

Data on the dynamics of income	2017	2018	2019	2020
The volume of audit services rendered - total, million sums	65,701.5	139 173.8	130,095.1	206 352.4
Share of audit services to GDP (%)	0.016	0.034	0.025	0.036

From table 1.3. it can be seen that the volume of audit services provided for 2020 increased by 0.59 times compared to 2019 and amounted to 206.4 billion sums.

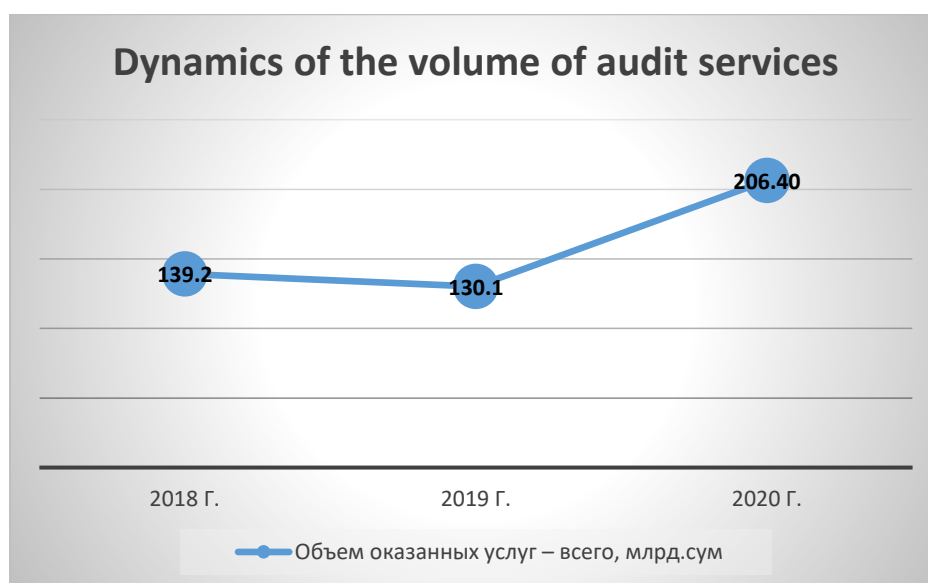


Figure 1.2. Dynamics of the volume of audit services.

More than 65 percent of audit organizations have been engaged in audit activities for ten or more years, which confirms the growth of professionalism and the strengthening of audit positions. As before, the audit market is characterized by high concentration. Of the total number of audit organizations, 64.6% are located in Tashkent and 35.4% - in other regions of the republic (Table 1.4).

Table 1.4
Distribution of subjects of audit activity by regions
 (according to the register of auditors and audit organizations)

Region	Audit organizations		Auditors *	
	2019	2020	2019	2020
Republic of Karakalpakstan	2	2	eleven	eleven
Andijan region	6	6	43	41
Bukhara region	one	one	12	12
Jizzakh region	one	one	eleven	12
Kashkadarya region	3	3	23	23
Navoi region	2	2	nine	8

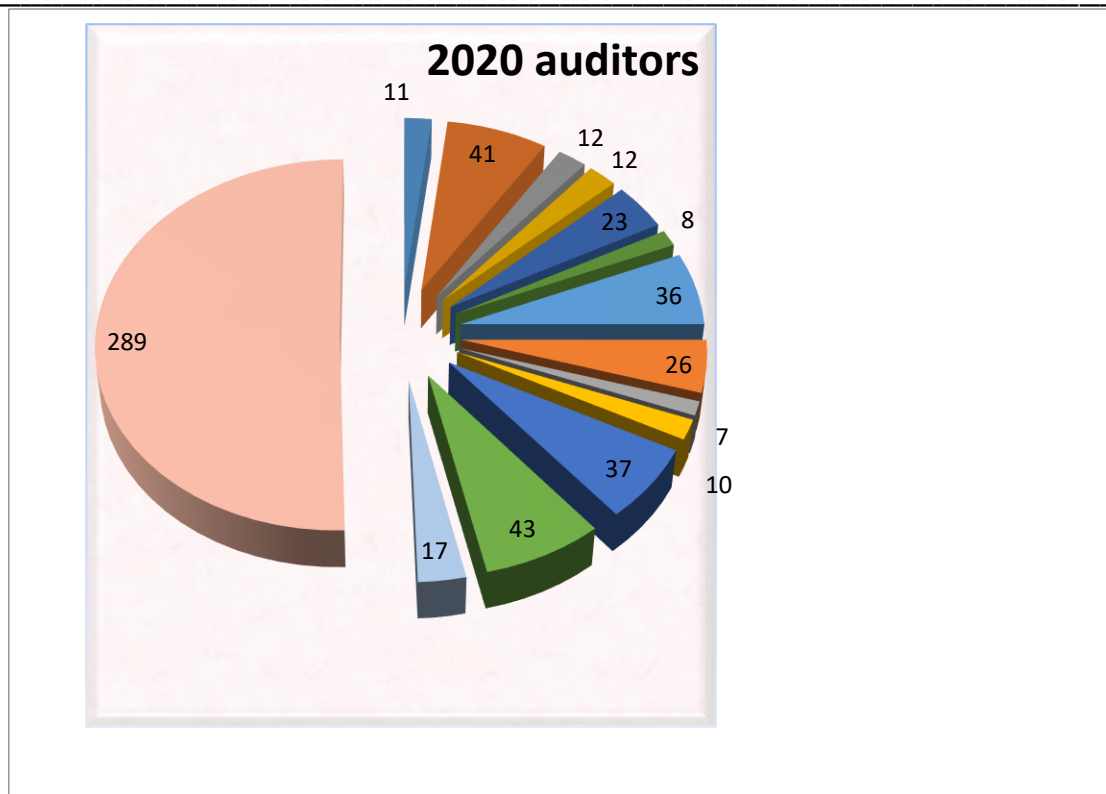
Region	Audit organizations		Auditors *	
	2019	2020	2019	2020
Namangan region	3	3	34	36
Samarkand region	4	4	27	26
Surkhandarya region	one	one	6	7
Syrdarya region	2	2	10	10
Tashkent region	one	one	33	37
Fergana region	7	7	43	43
Khorezm region	one	2	15	17
Tashkent city	62	64	281	289
Total	96	99	558	572

* the number of auditors is indicated based on the place of residence

Distribution of audit firms by region in 2020



Distribution of auditors by region in 2020



The Ministry of Finance of the Republic of Uzbekistan is an authorized state body in the field of auditing. Authorized state body:

- implements the state policy in the field of auditing;
- represents the interests of the Republic of Uzbekistan in international organizations in the field of auditing;
- develops, approves and implements, within its powers, legal acts regulating auditing activities;
- establishes the procedure and regulations for the work of the qualification commission;
- conducts a qualification exam with the participation of republican public associations of auditors;
- issues, reissues the qualification certificate of the auditor, extends its validity and terminates it, with the exception of the certificate issued by the Central Bank of the Republic of Uzbekistan;
- approves, together with the republican public associations of auditors, a standard program for advanced training of auditors;
- maintains the Register of Auditing Organizations and the Register of Auditors;
- ensures the improvement of the information system of the "Audit" software package, designed for electronic interaction with audit organizations and republican public associations of auditors;
- conducts, together with the republican public associations of auditors, external quality control of the work of audit organizations;
- analyzes the development of audit services.

According to the Decree of the President "On additional measures to improve the system of certification of auditors" (Resolution No. PP-5210 dated 04.08.2021), from August 15, 2021, the functions of the Ministry of Finance of the Republic of Uzbekistan transferred to public associations of auditors according to [4]:

- Conducting qualifying examinations for obtaining an auditor's qualification certificate;
- Issuance, re-issuance, extension, and termination of the auditor's qualification certificate;
- Approval of the program for advanced training of auditors.

The official website of public associations of auditors contains information about the organization and structure of qualification exams, materials and curricula recommended for preparing for qualification exams, as well as the results of qualification exams.

Public associations of auditors maintain databases of applicants who have taken part in qualifying examinations and issued auditor qualification certificates. They are entitled to:

- Independent or joint creation of examination centers for conducting qualifying examinations in accordance with the established procedure and regulations;

- Development of a regional network in order to organize qualification exams for obtaining a qualification certificate of an auditor in all regions of the republic and improve the qualifications of auditors.

From August 1, 2022, updated curricula in the disciplines "Accounting" and "Audit" in the areas of bachelor's and master's degrees, providing for an in-depth study of ISA, introduced into the educational process of pilot HEIs.

In conclusion, we note that audit in the Republic of Uzbekistan is developing as part of a single economic system and plays an important role in its development. It is important to note that government policy aimed at encouraging and expanding audit activities. A number of legislative and government documents adopted that regulate various procedures for organizing and regulating auditing activities in the republic. The results of more than 30 years of audit development in our country show that it already plays a crucial role in the economy of Uzbekistan today. The process of its formation is irreversible.

Bibliography

1. According to the register of auditors and audit organizations posted on the official website of the Ministry of Finance of the Republic of Uzbekistan www.mfuz.z (section Accounting and audit).
2. According to the data posted on the official website of the National Association of Accountants and Auditors of the Republic of Uzbekistan www.naaa.uz
3. Law "On Auditing" dated February 25, 2021
4. Decree of the President of the Republic of Uzbekistan PP - 5210 dated 04.08.2021 "On additional measures to improve the system of certification of auditors"