

AUDIT ORGANIZATIONS IN UZBEKISTAN

Akrom Omonov

Professor of Banking department of Tashkent Institute of Finance

Sabirova Nodira Komilqizi

Republic of Uzbekistan BANKING-FINANCE ACADEMY, MSc

Abstract: As Uzbekistan shifts to a market economy, the audit industry has experienced substantial change. Uzbekistan has been working to create a legal framework to create a strong audit system that complies with international standards ever since gaining independence in 1991. In order to encourage accountability, openness, and sound governance in the nation's economic institutions, audit organizations—both public and private—have been established. Given its significance in promoting an open and responsible economic system, this article offers a concise summary of the audit organization structure, legal framework, and major issues in Uzbekistan.

Key words: Audit, International Standards of Audit, National Auditing Standards, Licensing, compliance, setting standards, financial reporting, tax advisory, financial services for SMEs

Annotatsiya: O‘zbekiston bozor iqtisodiyotiga o‘tayotgan bir paytda auditorlik sohasida ham jiddiy o‘zgarishlar ro‘y berdi. O‘zbekiston 1991-yilda mustaqillikka erishganidan buyon xalqaro standartlarga javob beradigan kuchli audit tizimini yaratish bo‘yicha qonunchilik bazasini yaratish ustida ishlamoqda. Mamlakatning iqtisodiy institutlarida, auditorlik tashkilotlarida – ham davlat, ham auditorlik tashkilotlarida hisobdorlik, ochiqlik va ishonchli boshqaruvni rag‘batlantirish maqsadida. xususiy - tashkil etilgan. Ochiq va mas‘uliyatli iqtisodiy tizimni targ‘ib qilishdagi ahamiyatini inobatga olgan holda, ushbu maqolada O‘zbekistonda auditorlik tashkiloti tuzilmasi, qonunchilik bazasi va asosiy masalalari haqida qisqacha ma‘lumot berilgan.

Kalit so‘zlar: Audit, Xalqaro audit standartlari, Milliy audit standartlari, Litsenziyalash, standartlarni belgilash, moliyaviy hisobot, soliq maslahati, SME uchun moliyaviy xizmatlar

Аннотация: По мере перехода Узбекистана к рыночной экономике в сфере аудита произошли существенные изменения. Узбекистан работает над созданием правовой базы для создания сильной системы аудита, соответствующей международным стандартам, с момента обретения независимости в 1991 году. В целях поощрения подотчетности, открытости и рационального управления в экономических институтах страны, аудиторские организации - как государственные, так и частные — установлены. Учитывая его значение в продвижении открытой и ответственной экономической системы, в

настоящем статья предлагается краткое изложение структуры аудиторской организации, правовой базы и основных проблем в Узбекистане.

Ключевые слова: Аудит, Международные стандарты аудита, Национальные стандарты аудита, Лицензирование, установление стандартов, финансовая отчетность, налоговое консультирование, финансовые услуги для МСП

Since the emergence of international commercial contacts and the start of market changes, the subject of whether an audit is necessary in Uzbekistan has been raised. In order to draw in foreign investment, promises of return were necessary, necessitating an unbiased evaluation of the operations of entrepreneurial organizations. An impartial audit is typically the best method for obtaining accurate information. As a result, audits are now objectively necessary, and without them, the government is unable to regulate the deliberate use of public monies. With the adoption of the "On Audit Activity" Law in 1992, audit activity got underway in Uzbekistan. International Auditing Standards (ISA) served as the foundation for the development of National Auditing Standards (NAS). International Auditing Standards (ISA) served as the foundation for the development of National Auditing Standards (NAS). The provisions of the NAS are out of current in comparison to the ISA since the ISA is subject to periodic revisions. NAS are one of the components that regulate audit activities and provide as the foundation for the creation of audit companies' internal standards and auditing technique. In Uzbekistan, a progressive reform of auditing operations is ongoing. The Ministry of Finance of the Republic of Uzbekistan, the Chamber of Auditors of Uzbekistan, and the National Association of Accountants and Auditors are the primary reformers of audit work. On 10 November 2020, a plenary session was conducted at the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan to consider the second reading of the bill of the Republic of Uzbekistan "On Auditing Activities". This draft law was reportedly created to guarantee the execution of the Republic of Uzbekistan President PP-3946 of September 19, 2018, decision approving the "Action Plan for the further development of audit activities in the Republic of Uzbekistan." Deputies from the Oliy Majlis' Legislative Chamber, the draft law's creators, leaders and staff of public audit groups, a consortium of national specialists, and audit organizations were present during the debate. In order to provide a single normative legal instrument that allows for the adoption of several standards intended to ensure auditing independence, the draft legislation was created to organize and harmonize the several documents governing auditing. Specifically, it stipulates that audit operations must only be carried out in accordance with international auditing standards, streamlines the process, and grants the authority to do an audit. Furthermore, the development of an efficient method to raise auditor credentials is proposed. Most

significantly, the process for granting auditing licenses will no longer be used, and instead a streamlined registry of auditors and audit firms will be applied in order to guarantee the freedom of audit activities. This kind of activity will be further developed by eliminating the requirement for an audit organization's minimum permitted capital and by allowing audits to be conducted inside the same economic entity for up to seven years in a row. On the other hand, republican public associations of auditors and a specially authorized state body exercise external control over the quality of their work without meddling in the financial and economic operations of audit organizations in order to guarantee and enhance the quality of audit services. Additionally, it calls for conducting audit operations exclusively in accordance with international audit standards and raising the required minimum number of auditors in an audit organization from the present two to at least four, both of which will enhance the caliber of auditing.

Principal duties and responsibilities of the Chamber Assistance in formulating the primary audit development directions throughout the Republic of Uzbekistan based on a single approach. Coordination of audit activities, formation of standing commissions, exceptional commissions and working groups on issues of professional activity of auditors. to carry out market research on audit services in order to help satisfy the demand for these services.

Conducting conferences and seminars, publishing information and methodological resources, and researching, aggregating, and sharing best audit practices. to give audit companies and auditors advice on how to carry out their responsibilities. To insure professional risks for both individual auditors and audit companies.

Draft suggestions and ideas for the advancement of auditing, and take the lead on legislation in this regard.

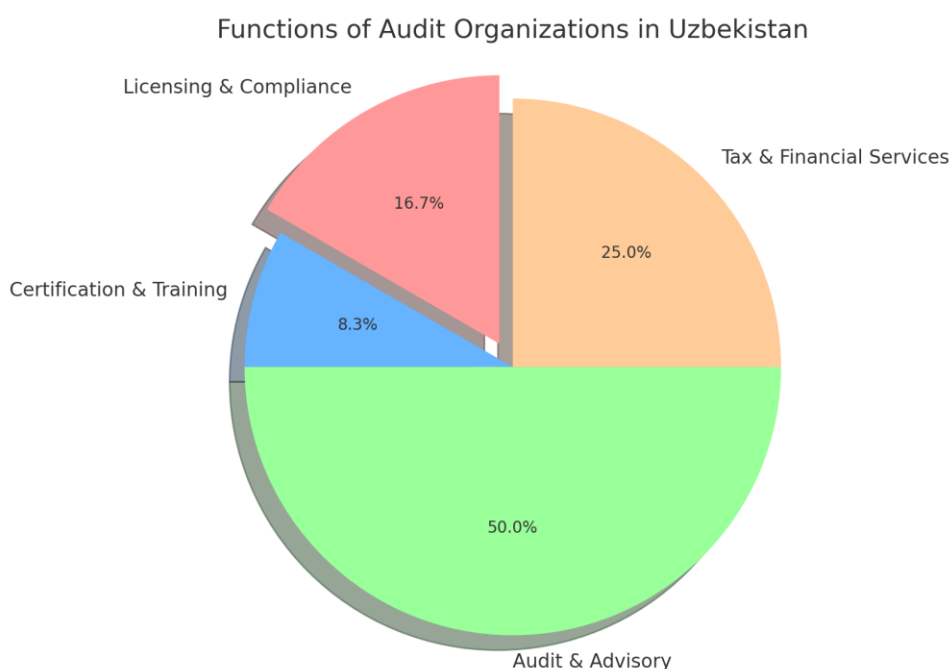
The program and method for holding qualifying exams for the right to get an auditor's certificate must be developed and approved by the Ministry of Economy and Finance of the Republic of Uzbekistan as well as other interested entities. collaboration and communication with other governmental agencies, as well as auditing and accounting firms both domestically and internationally. In order to hold auditors accountable for any infractions, the Chamber may, if needed, provide recommendations to the audit organization on the Code of Professional Ethics of Auditors' approval and the assessment of claims against their actions. creates audit templates and report formats according to international standards.

Table 2

Audit Organization	Type	Key Services
Chamber of Auditors of Uzbekistan	Regulatory Body	Licensing, compliance, setting standards
Association of Professional Accountants and Auditors of Uzbekistan (APAAU)	Professional Association	Certification, training, professional development
PwC Uzbekistan	International Audit Firm	Audit, consulting, tax
KPMG Uzbekistan	International Audit Firm	Audit, advisory, corporate governance
Deloitte Uzbekistan	International Audit Firm	Audit, tax, consulting, risk advisory
Ernst & Young (EY) Uzbekistan	International Audit Firm	Audit, tax, advisory
Grant Thornton Uzbekistan	International Audit Firm	Audit, tax advisory, business consulting
Crowe Horwath Uzbekistan	International Audit Firm	Audit, risk management, consulting
Baker Tilly Uzbekistan	International Audit Firm	Audit, financial reporting, tax advisory
Bashan Audit	Local Audit Firm	Audit, financial services for SMEs
UHY Tashkent Audit	Local Audit Firm (UHY Network)	Audit, tax, consulting
Ministry of Finance of Uzbekistan	Governmental Body	Setting national audit standards, regulation
State Tax Committee of Uzbekistan	Governmental Body	Tax audit regulation, tax compliance monitoring

This table provides a summary of key organizations involved in audit practices in Uzbekistan.

Figure 1



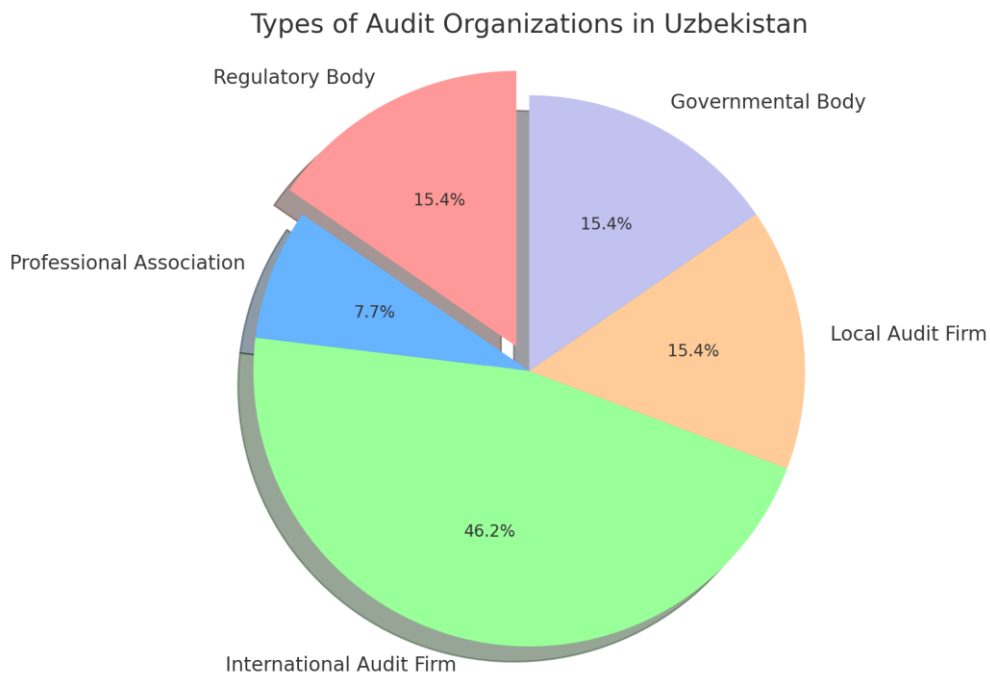
1. The Uzbekistan Respublikasi Auditorlar Palatasi, or Chamber of Auditors, Function: This is Uzbekistan's primary regulating agency for auditing activities.

The Chamber makes sure that auditing companies abide by the rules and national requirements. Additionally, it strives to elevate the nation's audit profession. Functions include licensing audit companies, establishing professional standards, planning auditor training and education programs, and ensuring adherence to national audit legislation.

2. Uzbekistan's Association of Professional Accountants and Auditors (APAAU)
Function: An organization for professionals that assists Uzbek accountants and auditors. It supports the interests of auditors and accountants, offers certification, and encourages professional growth. Functions include standard-setting in accordance with worldwide best practices, auditor certification, training, and professional development.
3. Uzbekistan's Big Four Audit Firms
Uzbekistan is home to a number of foreign auditing organizations, including the Big Four: One of the top international audit companies, PwC Uzbekistan (PricewaterhouseCoopers) offers audit, consulting, and tax services in Uzbekistan. KPMG Uzbekistan: Provides audit and consultancy services in Uzbekistan with an emphasis on banking, corporate governance, and financial services. Deloitte Uzbekistan: Provides audit, tax, consultancy, and risk management services throughout the nation. Ernst & Young (EY) Uzbekistan: Offers audit, tax, and consulting services; has experience in oil and gas, manufacturing, and banking, among other areas.
4. The role of Grant Thornton Uzbekistan: This international auditing and consulting company is present in Uzbekistan. For businesses operating in the area, it provides services including business consultation, tax advising, and auditing.
5. Crowe Horwath Uzbekistan Role: Crowe Horwath is a worldwide network of audit companies with a presence in Uzbekistan. It offers consultancy, risk management, and auditing services to companies across many industries.
6. Baker Tilly Uzbekistan Role: Part of the worldwide network of accounting and consulting organizations, Baker Tilly International. In Uzbekistan, it provides tax advising, financial reporting, and auditing services.
7. Regional Accounting Firms Bashan Audit is a local company that provides financial services and audits to small and medium-sized businesses (SMEs) in Uzbekistan. UHY Tashkent Audit: A part of the global UHY network, offering tax, consulting, and auditing services.
8. The Uzbek Ministry of Finance Function: The Ministry of Finance is in charge of Uzbekistan's accounting and auditing regulations. It guarantees adherence to rules governing financial reporting and audits and establishes national standards.
9. The Uzbek State Tax Committee Participates in the regulation and oversight of audits pertaining to taxes. It frequently collaborates with audit organizations to

make sure businesses abide by the tax regulations in Uzbekistan. In the context of Uzbekistan's expanding economy, these organizations are essential in advancing financial integrity, accountability, and transparency.

Figure 2



REFERENCE:

Audit / Ed. M. M. Tulakhodzhaeva, T. I. Dzhuraeva, F. G. Gulyamova. - Tashkent: TSEU, 2013. 8. Sanaev N., Narziev R. Audit. -T.: Shark, 2001(Accessed: 13 October 2024)

Audit and assurance (no date) KPMG. Available at: <https://kpmg.com/uz/ru/home/services/audit.html> (Accessed: 15 October 2024).

Member (no date) IFAC. Available at: <https://www.ifac.org/about-ifac/membership/members/chamber-auditors-uzbekistan> (Accessed: 15 October 2024).

Karimov I. A. Global financial and economic crisis, ways and measures to overcome it in the conditions of Uzbekistan. –T.: Uzbekistan, 2009. 56 p. (Accessed: 13 October 2024)

Nematullah, K. (2020) Stages of implementation and problems of implementation of international auditing standards in Uzbekistan, International Academy Journal Web of Scholar. Available at: https://doi.org/10.31435/rsglobal_wos/31012020/6882 (Accessed: 13 October 2024).

On audit activity (no date) On Audit Activity - ‘Adilet’ LIS. Available at: https://adilet.zan.kz/eng/docs/Z980000304_ (Accessed: 13 October 2024)

The new edition of the Law of Uzbekistan "On audit activity" was approved by the deputies (uzdaily.uz) Law of the Republic of Uzbekistan "On Auditing". May 26, 2000(Accessed: 13 October 2024)

The Republic of Uzbekistan accounting and Auditing. Available at: <https://cfr.worldbank.org/sites/default/files/2019-11/693860ROSC0box0IC00UZ0A0AROSC0final.pdf> (Accessed: 15 October 2024).