



FEATURES OF AUDIT PLANNING IN THE REPUBLIC OF UZBEKISTAN

SHAVKATJONOV MARDON ZOKIRJON

OGLI *student of Tashkent Financial Institute*
(shavkatjonovmardon@mail.ru)

SCIENTIFIC SUPERVISOR: ABDULLAEVA

NILUFAR JAVDATOVNA, *Senior teacher of the*
Department «Budget Accounting and Treasury»,
Tashkent Financial Institute

[https://doi.org/10.47689/STARS.univer-](https://doi.org/10.47689/STARS.university-5-pp53-57)
[sity-5-pp53-57](https://doi.org/10.47689/STARS.university-5-pp53-57)

Annotation. *The article analyzes the following main stages: study and analysis of the practice that has developed in the company of business processes and workflow, compliance with performance standards, development of a concept for building an internal control and audit system in accordance with the requirements and expectations of the company's owners and management; development of internal company regulations and document management system and assistance in the formation of plans and methods for conducting an internal audit.*

Keywords: *audit organization, economic entity, audit activity, auditing, auditor, internal control, audit planning, preliminary planning.*

The question of the need for an audit in Uzbekistan has arisen since the development of foreign trade relations at the beginning of market transformations. The attraction of foreign capital required guarantees of return, and, consequently, an independent assessment of the activities of entrepreneurial structures. The usual way to obtain reliable information is through an independent audit. Thus, the need for audit has become an objective reality and without it, the government cannot control the targeted use of budgetary funds.

Audit activity in Uzbekistan began in 1992, when the Law "On Audit Activity" was adopted. National Auditing Standards (NAS) were developed, which were based on International Auditing Standards (ISA). Considering that changes are made to the ISA from time to time, the NAS contains outdated provisions compared to the ISA.

NAS is one of the elements of regulation of audit activity and is the basis for the development of internal standards of audit organizations and methodology for conducting audits. In Uzbekistan, a phased reform of auditing activities is underway. The main reformer of audit activity is the Ministry of Finance of the Republic of Uzbekistan together with the Chamber of Auditors of Uzbekistan and the National Association of Accountants and Auditors. On 10 November 2020, a plenary session was held at the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan to discuss the second reading of the bill of the Republic of

Uzbekistan “On Auditing Activities”. It is known that this draft law was developed in order to ensure the implementation of the resolution of the President of the Republic of Uzbekistan PP-3946 of 19 September 2018 on the approval of the “Action Plan for the further development of audit activities in the Republic of Uzbekistan.” The discussion was attended by deputies of the Legislative Chamber of the Oliy Majlis, initiators of the draft law, heads and employees of public audit associations, a group of experts and audit organizations operating in the country. The draft law was developed in order to unify and systematize the documents governing auditing into a single normative legal document that provides for the introduction of a number of norms aimed at ensuring freedom of auditing. In particular, it provides for the implementation of audit activities only on the basis of international auditing standards, simplification of the procedure, and giving the right to conduct an audit. In addition, it is planned to create an effective system for improving the qualifications of auditors. Most importantly, in order to ensure freedom of audit activity, it is planned to establish a procedure for applying a simplified register of auditors and audit organizations, with the abolition of the procedure for issuing licenses for auditing. The abolition of the requirement for the minimum amount of the authorized capital of an audit organization, as well as the conduct of audits in the same economic entity for a period of no more than seven consecutive years will serve to further develop this type of activity. On the other hand, in order to ensure and improve the quality of audit services, a specially authorized state body, together with republican public associations of auditors, exercises external control over the quality of their work without interfering in the financial and economic activities of audit organizations. It also envisages the implementation of audit activities only on the basis of international audit standards, and an increase in the minimum number of auditors in an audit organization from the current two to at least four, which will also improve the quality of the audit.

The principle of comprehensiveness of audit planning involves ensuring the interconnectedness and consistency of all stages of planning - from preliminary planning to draw up a general plan and audit program. The principle of continuity of audit planning provides for the establishment of associated tasks for a group of auditors and the linkage of planning stages in terms of timing and related economic entities (structural divisions allocated to a separate balance sheet, branches, representative offices, subsidiaries). When planning an audit for a long period (in the case of audit support for an economic entity during the year), the audit organization should timely adjust the plans and programs for the audit, taking into account changes and results of interim audits. The principle of audit planning optimality implies the provision of planning variability in the audit firm’s planning process so that the optimal variant of the overall plan and audit program can be selected based on criteria determined by the audit firm itself.

For effective audit planning, before writing a letter of commitment and before concluding an audit agreement, the audit organization must agree with the management of the economic entity on the main organizational issues related to the audit. At the preliminary planning stage, the auditor should become familiar with the financial and economic activities of the economic entity and have the following information:

- on external factors affecting the economic activity of the economic entity, reflecting the economic situation in the country (region) as a whole and its industry specifics;

- on internal factors affecting the economic activity of an economic entity related to its individual characteristics.

In addition, the auditor should be familiar with:

- organizational and managerial structure of the economic entity;
- types of production activities and the range of products;
- capital structure and share price (if the shares of an economic entity are subject to quotation);
- technological features of production;
- level of profitability;
- main buyers and suppliers of an economic entity;
- the order of distribution of profit remaining at the disposal of the organization;
- existence of subsidiaries and affiliates;
- an internal control system organized by an economic entity;
- principles of personnel remuneration formation.

At the stage of preliminary planning, the audit organization evaluates the possibility of conducting an audit. If the audit organization considers it possible to conduct an audit, it proceeds to the formation of staff for the audit and concludes an agreement with an economic entity. When planning the composition of the audit team, the audit firm should take into account the working time budget for each stage of the audit (preparatory, main, and final); the expected time frame for the group; the quantitative composition of the group; position level of group members; a succession of group personnel; qualification level of group members. In the process of preliminary acquaintance with the client, the auditor needs to assess the financial stability of the client, the position of the client in the economic environment, relationship with the previous audit firm, if any. It is advisable for the new auditor to contact his predecessor, from whom he can obtain information about the intentions of management, disputes regarding the application of accounting principles, audit procedures, or payment. But first, the auditor must agree on the possibility of such contact with the client. In the event that there were litigation or disputes between the former auditor or the client, the new auditor should be advised that any information may not be provided to him. The auditor needs to carefully evaluate the situation if the client did not give permission to receive information from the previous auditor or if the previous auditor refused to give information. In addition, the auditor can use the information provided by lawyers, other audit firms, and entrepreneurs. The assessment of the possible continuation of cooperation is also carried out by firms that have been cooperating with the client for more than a year. Controversial issues may lead to the termination of cooperation. When evaluating the reasons for inviting the auditor, the latter should determine the most likely users of the financial statements. If the reporting is used intensively enough or the enterprise will be sold (reorganized) in the near future, the auditor should collect a larger amount of material with confirmation of the reliability of the reporting.

General information about the enterprise is necessary in order to further make a reasonable conclusion about the reliability of the reporting. In particular, it is

necessary to find out the specifics of the activity and industry characteristics of the enterprise, understand its organizational structure, determine production, financial and other ties, get acquainted with legal obligations, and obtain information from various sources. Discussions with management staff, meetings with senior management and executive staff, and conversations with managers and non-accounting personnel contribute to obtaining first-hand information. Visiting and inspecting the main sites, production units, and warehouses allow you to see for yourself the availability and safety of assets, to form an idea of the production conditions. It is important to use external and internal reports and publications. External reports are business press and newspapers, industry analyst reports, comparisons with key competitors and industry averages, government and tax laws and regulations, and official statements; internal reports are financial reports, monthly financial information, minutes of meetings of the board of directors, management board, management, shareholders, reports of managers, including budgets, forecasts, projects, internal reports of auditors, consultants, instructions on procedures, policies within the company. You should get acquainted with the history of enterprise development, types of activities, and accounting policies that existed in previous years, study special literature and meet with the client's auditors. It is very important to obtain information about the company's policy in various areas; the degree of responsibility and rights of managers of different levels; circle of persons who have the right to change the policy of the enterprise. One of the most important questions to be clarified at this stage of the work is the definition of parties related to and associated with the enterprise (related parties are subsidiaries and any other parties that can influence the management and operational policies of each other). Information about them should be disclosed if it is material: the nature and extent of transactions between the parties should be described (sales and purchases between a subsidiary and a parent company, equipment exchanges between subsidiaries and affiliates, loans and financial assistance, transactions with key customers and suppliers, etc.), as well as a mutual debt between them.

We believe that each audit company is unique and does not offer standard solutions. The internal control system should be appropriate to the nature and scale of the operations carried out. In addition, we should remember that the State without control is not the State, because the purpose of auditing is to control the execution of the laws of the State and it is a key to the development of the country.

Literature:

Planning an audit of financial statements in accordance with international auditing standards. Planning an audit of financial statements in accordance with International Standards on Auditing Standards Planning ISA 300 330 (tandem-agro.ru)

Audit of credits and loans of the enterprise. Revision of settlements with banks on loans (com-roseltorg.ru)

On Audit Activity - "Adilet" LIS (zan.kz)

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.

Karimov I. A. Global financial and economic crisis, ways and measures to overcome it in the conditions of Uzbekistan. -T.: Uzbekistan, 2009. 56 p.

Audit / Ed. M. M. Tulakhodzhaeva, T. I. Dzhuraeva, F. G. Gulyamova. - Tashkent: TSEU, 2013.

Sanaev N., Narziev R. Audit. -T.: Shark, 2001

Stages of implementation and problems of implementation of international auditing standards in Uzbekistan (cyberleninka.ru)