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Article

Possibilities of Applying Advanced Foreign Experience in Audit Planning

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Abstract: In this article, the possibilities of using advanced foreign experience in the planning of audits are discussed in the implementation and organization of economic models, ways of their effective use, advantages and disadvantages, existing problems related to their application and ways to overcome them. and usage prospects are explored.

Keywords: Audit planning, IFRS, ISA, CEPA, ISAE, ISRE, modernization, diversification, investor, international auditing standards (IAS), transnational auditing organizations, BAI, board of commissioners, court of cassation, corporate regulatory body.

Introduction

Many foreign economists have conducted scientific research on creating and improving the theoretical and methodological foundations of the auditing methodology E.A. Arens, D.K. Lobbek, A.D. Sheremet and V.P. Suyts can be included in their list. Economists of our republic have studied only the theoretical aspects of auditing activities in textbook monographs and training manuals, as well as published scientific articles and theses. For example, they include R.D. Dusmuratov, N.F. Karimov, Z.T. Mamatov, M.M. Tolakhojaeva, INQoziev, BQHamdamov and IIMeliev.

Analysis: The integration of the Republic of Uzbekistan into the world economic system, in turn, gradually joining it, requires the implementation of fundamental changes in the auditor's activity, as in all areas. In our country, a strong normative and legal framework of auditing activities and a unique national auditing services market are being formed, and effective economic factors and tax incentives are being used for its development, the licensing system of auditing activities has been seriously simplified and liberalized. Special attention has been paid to the processes of modernization and diversification of the economy since the last years, when the audit market is developing steadily in our republic. After all, the need for audit services is increasing year by year. Therefore, development of this activity in Uzbekistan and organization based on international standards is becoming a demand of the times.

In accordance with the requirements of international standards, the simplified system of auditing, accounting and reporting helps to form a complete picture of the activities and economic situation of the economic entity, which, in turn, prepares the accounting documents. increases the convenience of all users, including foreign investors.

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Foreign audit planning experience should not have unique characteristics related to financial accounting and recording, but should have global characteristics. For example, the most popular global standards used in preparing and auditing financial statements are:

1. "International Financial Reporting Standards" (IFRS) are standards used to create and audit financial statements worldwide.
2. "International Standards on Auditing" (ISA) are rules and skills used to regulate the auditing process, provide auditing services, review reports and solve other auditing problems.
3. "Code of Ethics for Professional Accountants" (CEPA) - these standards were created in order to provide ethical rules that are implemented in the service of needs in the preparation and auditing of financial statements.

There are other standards created in the field of auditing in the world, such as "International Standards on Assurance Engagements" (ISAE), "International Standards for Review Engagements" (ISRE), etc.

In addition, there are many private organizations for providing financial reporting and auditing services in Uzbekistan, one of which is Mazars Uzbekistan. Mazars Uzbekistan is a member of the global Mazars society, which provides high-quality financial reporting and auditing services in Uzbekistan and around the world.

In order to find out the possibilities of using foreign experience of audit planning in Uzbekistan, first of all, we need to consider the following areas:

1. Legal entities: In order to provide auditing services, you will need to obtain a permit for private organizations, that is, audit organizations. Auditing organizations must follow the Civil Code of Uzbekistan and the laws on the implementation of auditing activities. Audit organizations assist organizations in document review, analysis of reports and expert processes, and provision of audit services.
2. Foreign companies: Foreign companies have not come to Uzbekistan to provide their services. They have the opportunity to provide audit services for the development and monitoring of business development in the territory of Uzbekistan. Audit organizations provide additional support to them in running a company and preparing reports.
3. Banks: Banks rely on auditing services to prepare many reports that do not have a single position. The Legislation of the Republic of Uzbekistan contains specific indicators that must be prepared in accordance with international standards. At the same time, banks can also use auditing services to verify their accounts and help prepare reports for financial regulatory authorities.
4. State organizations: In Uzbekistan, the use of auditing services is required by the state in important institutions and business associations, as well as other private organizations. It includes many skills in analyzing reports and financial statements, gathering and recording business documents and other financial information.

He has been cooperating with foreign experts and foreign audit companies in Uzbekistan.

Figure 1. Ways in the use of foreign experience in the field of auditing in the market of Uzbekistan

In international audit standards, 100 numbers or positions are given for each object. Since there are 11 standardization objects, a total of 1100 standards can be developed. Since there is no need for such a number of standards in practice, most of them are not used. For example, the standardization object called "Planning" (300-399) consists of three standards; 300-"Planning", 310-"Business knowledge", 320-"Significance in auditing". So, seven more standards can be adopted for planning issues. In addition, up to 10 sub-standards can be opened for each standard. These standards play an important role in improving the quality and status of auditing activities at the international level.

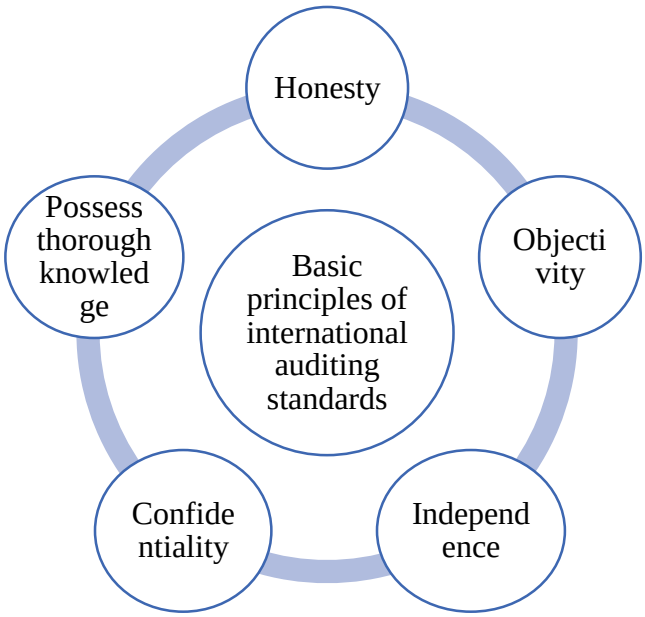


Figure 2. Basic principles of international auditing standards.

In the USA, certified public accountants can work in the manufacturing sector, in the positions of financial director, chief accountant and internal auditors. Most of the independent accountants are engaged in transnational audit organizations, national audit organizations and individual activities.

There are 4 major audit organizations that are the most developed in the world, and it is called the "big four". These are the following:

Price Waterhouse Coopers is headquartered in England

Deloitte and Touch is headquartered in America

Ernst and Young is headquartered in America-Japan

KPMG is headquartered in the Netherlands, including Peat Marwick, VDO and others

These organizations provide services in many countries.

To date, international audit organizations have become stronger and to further strengthen their position, they have formed a type of "testimonial audit" (Table 1).

Table 1

A comparison of the generally accepted standards of the auditor and the audit on common standards.

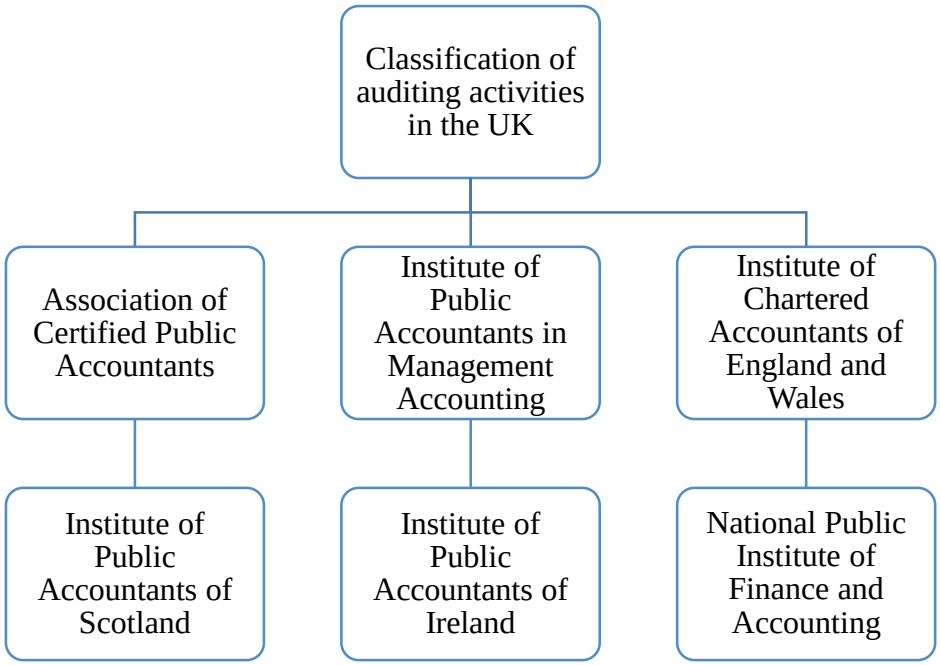
Witness standards	The general acceptance of the audit made standards
General standards	
1. Contractual obligations must be performed by experts with special technical training in testifying. 2. The obligations of the contract must be performed by specialists who have special knowledge on the issues submitted for approval.	1. The auditor must have special technical training and professional behavior qualities of auditors in conducting the audit. 2. The auditor or auditors must be independent in performing any task.

3. A specialist fulfilling contractual obligations must fulfill contractual obligations when the following requirements are met: - if the approval provides assessment in accordance with the required criteria; -validation provides measurement using valid values or criteria. 4. The executor must independently solve all issues related to contractual obligations. 5. Competent diligence is required during the execution of the contract.	3. Professional skill is required from the auditor when conducting the audit and preparing the conclusion.

In Great Britain, since 1983, the National Audit Office (National Audit Office) has been appointed as the supreme state audit body of the United Kingdom of Great Britain and Northern Ireland. Here, the role of the Office is to report on the results of the parliamentary audit, and to protect the interests of taxpayers and how public funds are used. In addition, the activity of the office, which has the status of an independent parliamentary body, ensures an increase in the scope and efficiency of state administration. The headquarters of the National Audit Office (National Audit Office) is located in London.

Today there are 6 main professional bodies that unite accountancy in the UK and they are as follows (Figure 3).

Figure 3. Classification of auditing activities in the UK.



The UK's National Audit Office conducts financial audits based on its auditing standards, in addition to the relevant international auditing standards of private sector auditors and the International Federation of Accountants. This is because government-initiated audits and independent reviews of accountability have led to an increase in the number of organizations under the control of the National Audit Office.

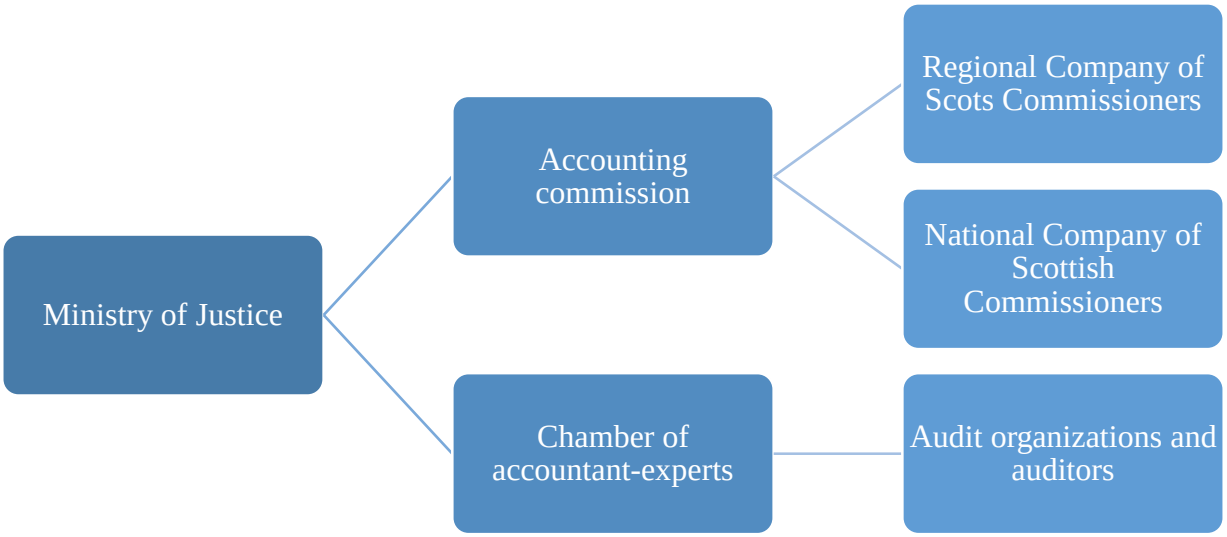
In our opinion, the basis for ensuring the democratic nature of the work of the National Audit Office is its relationship with the State Accounts Commission. In addition to specific areas, the National Audit Office and local government institutions contribute to the work of private

professional accountants, who develop auditing standards for the public and private sectors in the UK.

In France, another developed European country, the audit field is managed by the Ministry of Justice. The functions of professional auditors in them are mainly performed by settlement commissions. Audit activity in them consists of two stages. These are regional stages and national stages.

In France, the main task of the Court of Accounts is to provide practical assistance to the government and parliament in tax law. The judicial body is independent in relation to the rest. The Court of Accounts, together with the State Council and the Court of Cassation, constitutes the highest state administration and judicial system.

Figure 4. Classification of French auditing activities.

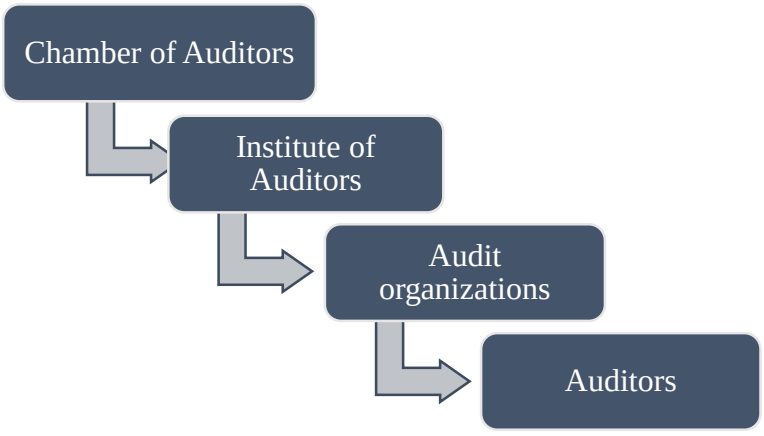


If we focus on one more developed country, that is Germany. It is no exaggeration to say that fundamental changes have started to take place in the field of audit since 2007. The reason for this is that the statutes ensuring the independence of auditors dated January 24, 2007 were approved in accordance with the law, and it was determined that an auditor is a person who is called to perform the profession wisely in front of the public and who has been confirmed by personal and professional suitability by passing an appropriate examination.

The highest federal body in this country is the Chamber of Accounts. Here, the Federal President has the same status as the Federal Chancellor and the Federal Ministries. The financial control body is subject only to the law. No government authority can give him any orders. The Chamber does not evaluate the decisions made.

Figure 5. German audit classification.

Features of ensuring the collegiality of decision-making by the highest body of the German state audit. Therefore, collegiality in the Chamber of Accounts of the Federal Republic of Germany



is distinguished by the existence of non-regular, "discretionary" (two-person) panels that have the right to make certain decisions on a voluntary basis.

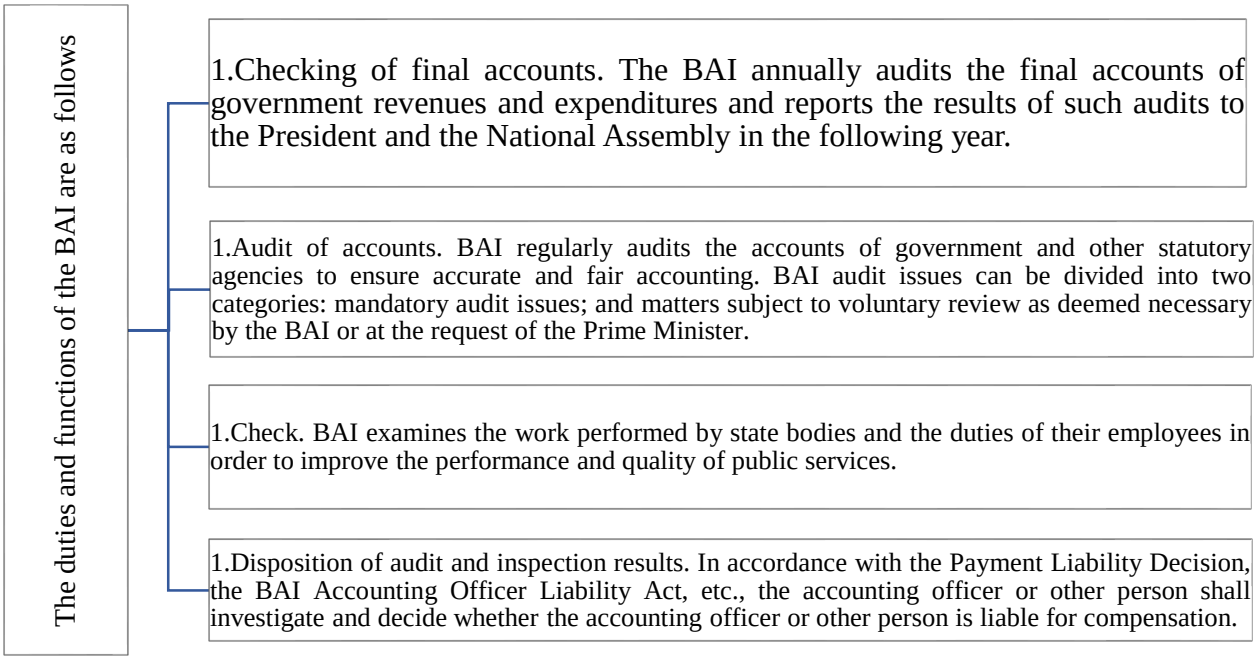
Asian countries, along with European countries, have their own characteristics in the field of audit. In particular, we consider it appropriate to study the audit experience of Japan, South Korea and Singapore.

In South Korea, one of the developing countries in Asia, it is called "The Board of Audit and Inspection - BAI". Its main task is to check the calculations of state and administrative bodies. Korea has two independent audit supervisory bodies: the Financial Services Commission (FSC) and the Financial Supervisory Services (FSS). FSC and FSS are members of the International Forum of Independent Audit Regulators (IFIAR).

The Board of Commissioners consists of seven commissioners, including the chairman.

Figure 6. Duties and Functions of BAI.

If we look at the country of Singapore, all companies there must undergo a mandatory audit. An audit in Singapore is mandatory unless it is exempt under applicable law. A business requires adherence to standards set by the Accounting and Corporate Regulatory Authority. Complies with the Accounting and Corporate Regulatory Authority (ACRA) that conducts regular audits.



If an organization is required to conduct an audit, it must meet the requirements of ACRA. ACRA has established specific guidelines if an organization is required to conduct an audit and will need to follow these specific guidelines. The following should be considered for an audit in Singapore.

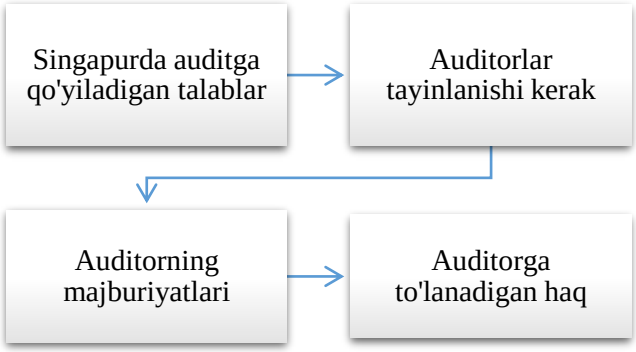


Figure 7. Audit requirements in Singapore.

Auditors must be appointed as required Under the Singapore Companies Act, a company must appoint an auditor. This requirement is mandatory if the company is required to conduct an audit in Singapore. Appointment of auditors should be in accordance with ACRA regulations. If companies are exempt from this requirement, then no auditor needs to be appointed.

The central regulatory authority for auditing in Singapore is the Accounting and Corporate Regulatory Authority (ACRA). All organizations are required to submit an audit in Singapore. In addition, the Singapore Companies Act regulates the rules for conducting routine audits in Singapore. However, certain companies are exempt from auditing in Singapore. They must meet the eligibility criteria for this. The Companies (Amendment) Act 2014 amended the Singapore Companies Act to exempt small companies from audits.

Classification of the multi-level system of audit activity of European and Asian countriesgiven in the table below.

Table 2

Classification of the multi-level system of audit activity of European and Asian countries

Indications	England	France	Germany	Japan	South Korea	Singapore
Basic law and normative documents	Law on companies	Decree of August 12, 1969 and Government Decision of January 24, 1994	The law on the professional charter of auditors	Council constitution	Constitution	Singapore Companies Act.
Regulatory body of audit activities	Committee of certified accountants and auditors	Ministry of Justice, Chamber of National Auditors of the Order of Accountants-experts	Chamber of Auditors	Chief Executive Office	Audit Control Board (BAI)	Accounting and Corporate Regulatory Authority
Audit standards	National	XAS	XAS	National, Khas	National, Khas	National, Khas
Standards Certification Organization	ASSA prof. organization	Supreme Audit Council	Chamber of Auditors	Cabinet of Ministers	Audit Control Board	Accounting and Corporate Regulatory Authority
Licensing organization	Ministry of Finance	The Supreme Council of Auditors and the Ministry of Finance	Chamber of Auditors	Ministry of Finance	Board of Commissioners	Ministry of Finance
Controlling organization	Ministry of Finance	Ministry of Justice	Ministry of Economy	Ministry of Finance	Board of Commissioners	Accounting and Corporate Regulatory Authority
State audit organization	National Audit Office	Court of Accounts	Accounts Chamber	Chief Executive Office	Audit Control Board	Accounting and Corporate Regulatory Authority

Indications	England	France	Germany	Japan	South Korea	Singapore
Basic documents to be shown from auditing organizations	Law, tax, financial consulting	Law tax	Tax, national account	National reports	Tax, national reports	Tax, national and international reports
A person conducting audit activities	Auditors of the auditing organization or separate special auditors.	Auditors who have a diploma of accountant-export or are in the register of the accounting commission	Individual auditors or auditors of auditing organizations	Employees should have high qualification in auditing activities	Auditors of auditing organizations	Auditors of auditing organizations
Legal form of the audit organization	OJSC, LLC in the form of a partnership	OJSC, LLC in the form of a partnership	AJ, LLC in the form of a partnership	OJSC, LLC in the form of a partnership	AJ, LLC in the form of a partnership	AJ, LLC in the form of a partnership
Requirements for auditors	Must have completed a Bachelor's degree in Finance, Accounting or Business Administration. Also, large auditing firms may require certifications such as CPA, ACCA, and ACA.	Having a higher education or having at least 15 years of experience	Having a higher education in economics, law or technical specialization and having 4 years of work experience in the audit system	Must have higher education and audit experience most importantly	Having a higher education and a highly qualified auditor	Having a higher education and a highly qualified auditor

Foreign experiences help companies learn best practices. In turn, increasing the comfort of companies also exposes them to new ideas and advances.

Auditing helps to improve the financial statements and other activities of companies. Foreign experiences help to improve the planning of these events, and also reveal advanced ideas and opportunities for companies.

Foreign experiences play an important role in improving audit planning and increasing its own convenience. They help companies improve by learning the guidelines and finding the metrics that match them.

Of course, foreign experiences also have their own shortcomings. We can see the achievements and shortcomings of the foreign experience of audit planning in Table 3 below.

Table 3

Achievements and shortcomings in the implementation of audit planning in foreign experiences

Achievements and shortcomings in the implementation of audit planning in foreign experiences	
Achievements in the implementation of audit planning in foreign experiences	Weaknesses in the implementation of audit planning in foreign experiments
Foreign experiences help in the implementation of audit planning	Language problems: Language problems can arise between auditors and companies. Because auditors are multilingual and do not know the proper translation, they are unable to help companies improve their financial statements.

In support of international standards: Adherence to international standards and regulations is of great importance in enhancing audit planning. Foreign experiences help to support these standards and identify indicators that are compatible with them.	International Laws: Understanding and complying with international laws and international standards can be a challenge for auditors without foreign experience. Such situations may weigh on the quality of audit planning and increase the risk of violations of applicable laws.
In support of international standards: Adherence to international standards and regulations is of great importance in enhancing audit planning. Foreign experiences help to support these standards and identify indicators that are compatible with them.	Financial concepts: Financial concepts can vary between organizations. These differences can make it difficult for auditors to improve financial statements and comply with applicable regulations.
In financial reporting: During audit planning, checking and organizing financial statements according to them, shows convenience through foreign experiences. This can help improve reporting and facilitate compliance.	Joint activities: Joint activities between foreign companies and audit organizations are also important. Such activities can cause significant problems for auditors in creating specific estimates and complying with the relevant regulations.
In financial reporting: During audit planning, checking and organizing financial statements according to them, shows convenience through foreign experiences. This can help improve reporting and facilitate compliance.	Technical and multilingual approach: For auditors working in a technical and multilingual approach, providing translation services and communicating manuals with companies can lead to errors.

Opportunities to use foreign experience in Uzbekistan are high, therefore, for any person and organization operating in the financial sector of Uzbekistan, it is necessary to study, train and apply foreign experience. These can be implemented on the basis of mutual cooperation and knowledge and will help to ensure the high quality of activities adapted to international standards in the field of finance of Uzbekistan. It is worth noting that if we use the German experience, our auditing field will develop further. The reason is that in the German state, the Federal President with auditors has the same status as the Federal Chancellor and the Federal Ministries. The financial control body can be dissolved only according to the law. No government authority can give him any orders. The Chamber does not evaluate the decisions made.

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