

FEATURES OF EXTERNAL CONTROL OF ESTIMATING AUDIT QUALITY

Kushmatov Otakhon Kurbanalievich

Independent researcher, Tashkent institute of finance

e-mail: qotaxon@mail.ru

ABSTRACT

In this article discussed the form, criteria and procedures of quality control of the auditor's work during the audit and given recommendations for improvement.

Keywords: audit organization, auditor, international standards on auditing, national standards, normative documents, objectivity, licensing, a form of control, professional level, liabilities, client.

INTRODUCTION. Adapting the accounting data of business entities to the requirements of international standards faces many challenges. To date, the liberalization of the economy and further deepening of reforms in the country will contribute to the successful development of business, the reliability of financial statements of businesses, the need for auditing to provide them with advice, guidance and other practical assistance to improve reporting. The development of auditing depends in many respects on the improvement of theoretical, legal, normative, practical aspects of the organization on a scientific basis. In this regard, a number of positive steps have been taken in recent years to form and develop auditing. It is necessary to pay special attention to the development of the market of audit services in our country, improving the quality of their services in increasing the role of audit organizations in the economy.

LITERATURE REVIEW. The issues of assessing the quality of audit work have been studied by economists. In particular, economist R. According to

Dusmuratov, today there are many problems in assessing and controlling the quality of audits. There is talk of developing the market of audit services in our country, paying special attention to improving the quality of their services in increasing the role of audit organizations in the economy. [1].

According to M. Tulakhodjaeva, Sh. Ilkhomov, K. Ahmadjanov, “Every audit organization should develop and adopt the principles and rules of quality control, as well as their application. This is to ensure that the audit process does not conflict with generally accepted auditing standards.” [2].

According to B. Hamdamov, “Every audit organization should develop and adopt the principles and rules of quality control, as well as the process of their use. This is necessary to ensure that the audit does not conflict with generally established auditing standards.” [3].

ANALYSIS AND RESULTS. In the context of modernization of the economy, the strategic decision of foreign investors will largely depend on the reliability of financial statements and the objective assessment given to them. The development of auditing in the Republic of Uzbekistan and abroad shows that users of information have high requirements for auditors. This shows that information risk depends on the professional qualifications of auditors and the quality of its work. An important factor in the quality of auditors’ work is the actual control over the quality of the auditor’s work.

National auditing standards are gradually being developed in our country. In developing national auditing standards, first of all, international standards are used. International Standards on Auditing are developed by the International Committee on Auditing, which has the status of a standing committee within the International Accounting Standards Committee. The committee was established in 1973 by professional accounting bodies from nine countries: Canada, Austria, Germany, France, Japan, Mexico, the Netherlands, the United Kingdom and the United States.

The organization of quality control of the auditor’s work should be based on the standards of auditing. In practice, the International Auditing Standard 220 "Audit

Quality Control in Audit" (ISA-220) is established. According to the definition, "Audit quality control includes a system of organizational measures, methods and processes used to verify compliance with audit standards and other regulations governing auditing in the Republic of Uzbekistan in the conduct of audits and the provision of audit-related services" [4].

The general directions of audit quality control are as follows (Picture 1).

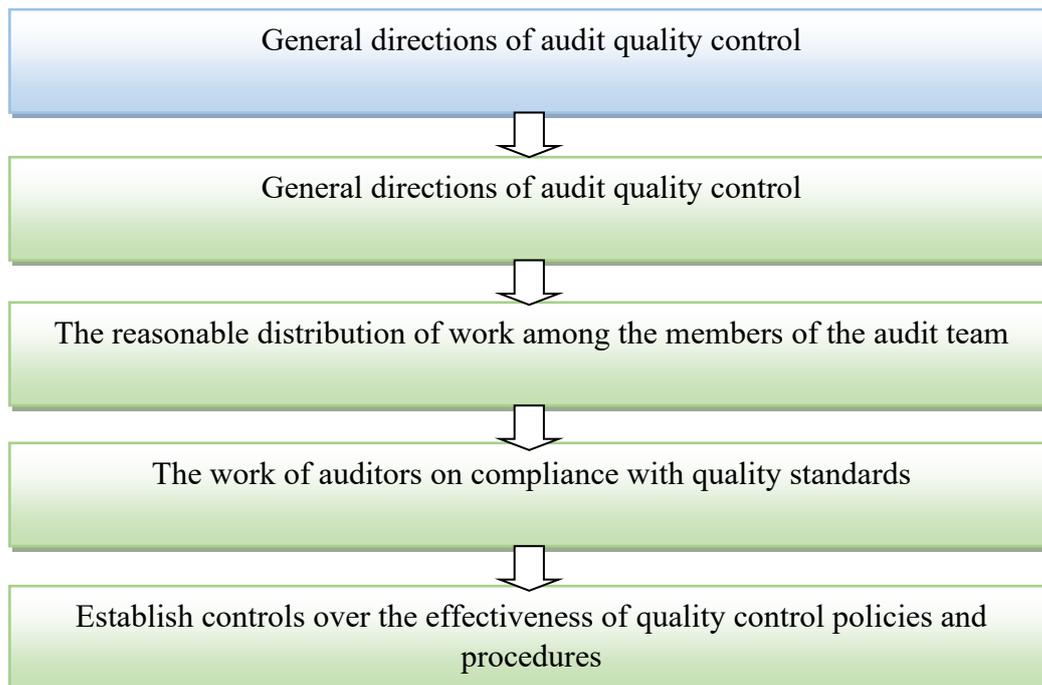


Figure 1. General directions of audit quality control

The high quality of the audit activity should ensure its initial, current and subsequent control. Preliminary control is carried out at the stage of certification and licensing of auditors and audit organizations.

Current control is carried out in two directions: control of individual audits and general control of audit [5].

Areas of organization of quality control of the auditor's work include[6,7]:

- criteria for quality control of the work;
- control directions;
- control forms;
- The main criteria for quality control of the auditor's work are the

provisions of the Law of the Republic of Uzbekistan on Auditing;

- Requirements of the Regulation on licensing of auditing activities;
- Rules of professional ethics; Requirements to the national standards of auditing of the Republic of Uzbekistan; Includes requirements for international standards that meet our national standards;
- Auditor quality control activities include: control of individual audits and general quality control activities.

Supervision of individual audits includes [8,9]:

1. The order of establishment in regulatory documents:
 - a) The order of establishment in regulatory documents;
 - b) Ensuring free movement for auditors;
 - c) Use of written audit software.
2. Tracking:
 - a) ensuring current control over the work of auditors;
 - b) knowledge of problematic issues in the accounting of business entities in order to accept impartial action;
3. Inspection:
 - a) review of all work carried out by auditors to ensure compliance of audits with standards, completeness of documents, achievement of objectives.

General quality control: independence; duty to servants; advice; observation; hiring; professional development; service shifts; customer relations and the duration of work with them, as well as control.

The head of the audit organization must be pre-approved by the head and the auditor for the audit to be performed and to be reflected in the overall audit plan. The head of the audit and the auditor should analyze the professional skills of the audit participants and distribute the work based on the knowledge and skills of each participant [10,11].

The quality control of the auditor's work is organized in three ways.

The first is the principal auditor's control over his assistants:

- The principal auditor should constantly monitor and direct the assistants working in the audit process;
- An assistant is a person who differs from the principal auditor in his or her professional level;
- Unlike the assistant, the principal auditor assumes full responsibility for the audit performed;
- Assistants should be properly instructed in the application of their responsibilities and actions, ie the problems that arise in the audit of business entities, which affect the scope and nature of the audit;

The system of quality control of work of the audit organization should consist of:

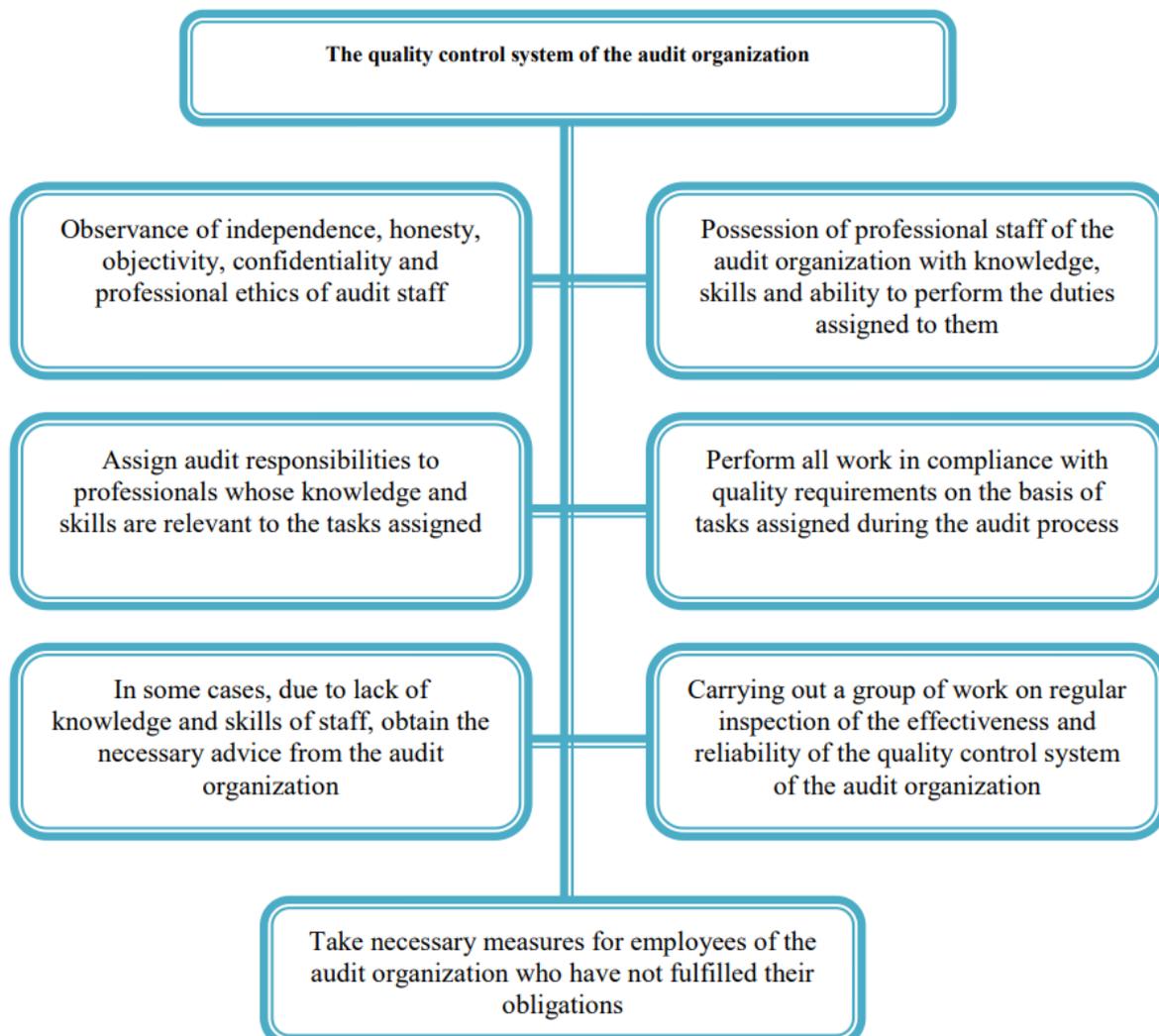


Figure 2. The quality control system of the audit organization³

³ Made by author

Second, the audit organization's control over the auditor's work:

- Reviewing and reviewing the validity of the audit plan and program of the audit conducted for the client;
- Strict adherence to auditing principles (as an auditor, advising the client or restoring his accounting, not directed to him by the audit, etc.);
- Re-verify that the client has re-examined the conclusion issued by the previously audited principal auditor, free of charge.

Third, the establishment of external control. External control is carried out by government agencies, which are carried out on a periodic and mandatory basis in accordance with applicable law and regulations [12].

The object of external quality control of audit work are: internal standards of the audit organization, the system of internal quality control of the audit organization, separate audits. Depending on the objects of quality control of this work can be divided into three main areas of external quality control of audit work:

- 1) verification of the existence of internal standards of the audit organization and their compliance with the applicable ISA;
- 2) check the organization and effective functioning of internal quality control in the audit organization;
- 3) check the quality of separate audits.
 1. Internal standards of the audit organization
 - a) Area of audit quality control;
 - b) Checking the compliance and availability of existing internal standards.

The following activities will be carried out under the control:

- Checking the existence of internal standards developed and adopted by the audit organization;
- Development of internal standards and verification of compliance with control requirements;
- Analysis of internal standards and verification of compliance with content requirements;

- Verification of compliance with the requirements for the preparation of internal standards;
- Checking the compliance of the organization with the requirements for the organization of internal control, aimed at compliance with the requirements of the internal standard;
- Verification of compliance of adopted and developed internal standards with current regulations and standards;
- The structure of internal audit quality control of the audit organization:
 - Direction: control over the organization and effective maintenance of the internal quality control system.
 - Scope of control: Checking the effectiveness of the internal control system of the quality of work of the audit organization.

CONCLUSION.

In conclusion, as a result of the scientific article, we make the following recommendations for improving the quality control of audit work:

1. In developing internal auditing standards, it is important to ensure that documents such as the audit program, time spent on the audit and the overall audit plan are interrelated. This connection helps to establish effective control over the quality of the audit. The development of standards requires a lot of money and practical experience. Therefore, these can only be done with the practical assistance of large audit firms with significant scientific potential. In this regard, the professional associations of auditors of the republic should unite the efforts and aspirations of audit organizations.

2. If the head of the audit organization has the right to sign the audit report drawn up on behalf of the audit organization and assumes general responsibility in accordance with the charter of the audit organization, the powers of the head of the audit organization may include:

- Negotiations with a potential client before the conclusion of the contract for

the audit of the audit organization;

- making a decision on the possibility of conducting an audit of the financial statements of a particular business entity, taking into account all the information received during the initial review of information;

- developing a strategy for the audit organization to deal with unusual, problematic situations (for example, if it is clear that the audit opinion may be negative as a result of the initial planning, the feasibility of the audit should be addressed immediately);

- Active participation in the appointment of the head of the audit and the formation of the audit team.

3. It is necessary to support the high qualification of the audit organization's staff. It is advisable to organize qualification examinations for recruits. Examinations (tests on accounting, taxation, finance, auditing and law) take place in several stages. In the first stage, general tests are conducted to determine the candidate's level of knowledge and, accordingly, the number of positions he or she can claim. To evaluate the answers, it is required to set a minimum knowledge limit appropriate for each level.

REFERENCES

1. Файзиев Ш., Дусмуродов Р., Каримов А., Қўзиев И., Авлоқулов А. Аудит. Дарслик.- Т.: ИҚТИСОД-МОЛИЯ. 2015 йил 396 б.

2. Аудит, Дарслик. I-жилд. М.М.Тўлаходжаева, Ш.И.Илхомов, К.Б.Ахмаджонов ва бошқалар.Ўз.Р. Олий ва ўрта махсус таълим вазирлиги, Тошкент давлат иқтисодиёт университети.-Тошкент: NORMA/ 2008/-320 б.

3. Хамдамов, Б. К., Очилов, Ф. Ш., & Алиев, Ш. (2021). Интеграция Узбекистана в мировое экономическое сообщество в рамках стандартизации бухгалтерского учета на основе МСФО. Экономика и социум, (4-2 (83)), 591-600.

4. Israpilovich, K. M., & Shavkatjonovich, O. F. (2023). PROBLEMS IN

CONDUCTING INVENTORY AUDIT AND WAYS TO ELIMINATE THEM. Galaxy International Interdisciplinary Research Journal, 11(4), 84-90.

5. Nematovich, K. I. (2023). Accounting of Provisions and its Prospects for Application in Uzbekistan. EUROPEAN JOURNAL OF BUSINESS STARTUPS AND OPEN SOCIETY, 3(5), 51-57.

6. Ochilov, F. (2020). ECONOMIC ESSENCE OF LIABILITIES AND THEIR THEORETICAL ASPECTS IN ACCOUNTING. International Finance and Accounting, 2020(4), 28.

7. Shavkatjonovich, O. F., & Mukhtarovich, R. B. (2023). PROBLEMS OF SETTLEMENTS WITH SUPPLIERS AND CONTRACTORS. SCHOLAR, 1(1), 33-41.

8. Nematovich, K. I., Ravshanovich, A. I., & Shavkatjon, O. F. (2021). Customer Accounts Creation By Means Of Foreign Experience. Turkish Online Journal of Qualitative Inquiry, 12(7).

9. Шеримбетов, И. (2022). ХУСУСИЙ КАПИТАЛ ҲИСОБИНИ ТАКОМИЛЛАШТИРИШ ЙЎНАЛИШЛАРИ. Economics and education, 23(6), 336-341.

10. Sherimbetov Inomjon Xalilullayevich. (2023). FEATURES OF ACCOUNTING EQUITY CAPITAL COMPONENTS. International Journal on Economics, Finance and Sustainable Development, 5(10), 55-61. Retrieved from <https://journals.researchparks.org/index.php/IJEFSD/article/view/4873>

11. Sherimbetov Inomjon Xalilullayevich. (2023). Improvement of the accounting of formation of share capital. American Journal of Economics and Business Management, 6(7), 35–38. Retrieved from <https://globalresearchnetwork.us/index.php/ajebm/article/view/2332>

12. ШЕРИМБЕТОВ, И. Х. (2016). ОСНОВНЫЕ НАПРАВЛЕНИЯ ПРИМЕНЕНИЯ МЕЖДУНАРОДНЫХ СТАНДАРТОВ АУДИТА В РЕСПУБЛИКЕ УЗБЕКИСТАН. In Актуальные вопросы совершенствования бухгалтерского учета, статистики и налогообложения организации (pp. 261-265).