



PRACTICAL RECOMMENDATIONS FOR THE IMPLEMENTATION OF AUDITING ACTIVITIES BASED ON THE EXISTING DOCUMENT DOCUMENTS "PROFESSIONAL STANDARD" AUDITOR ".

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| Article history: | Abstract: |
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| <p>Received: June, 21st 2021 Accepted: July, 17th 2021 Published: August 26th 2021</p> | <p>The draft "Professional standard auditor" in the Republic of Uzbekistan is still at the stage of development and approval. The purpose of developing this professional standard is to consolidate the auditor's profession in the regulatory framework, to attract qualified specialists to work and to increase the level of professional competence of auditors.</p> <p>The approval of the professional standard "auditor" will allow to systematize the existing requirements for the level of necessary knowledge, skills and abilities of auditors, will also make it possible to widely use professional potential to improve the efficiency of management of Uzbek companies, create a basis for the development of educational standards and the introduction of an audit course in higher professional institutions for training of highly qualified specialists.</p> <p>Timely implementation and development of this standard will undoubtedly contribute to the development of a systematic and integrated approach to auditing in the Republic of Uzbekistan. Similar standards already exist for accountants, company managers and others. Professional standards significantly improve the image of the profession and help attract young professionals.</p> |
| <p>Keywords: Audit, audit activity, accountant, internal auditor, audit quality control, Self-regulatory organizations of auditors, Ministry of Finance, standards, economics, Professional standard auditor, auditor's report, labour function, job description, the Unified Tariff, Qualification Reference Book of Work and Professions of Workers (ECTS).</p> | |

INTRODUCTION.

For a long time, there has been a constant growth of interest in the growing role of audit in the Republic of Uzbekistan. In the Republic of Uzbekistan, the courage of audit firms is now functioning, departments are being formed in organizations that perform the functions of internal audit, as well as divisions for internal control.

For the optimal functioning and raising the prestige of the profession, it is necessary to legally establish the rules of professional conduct and norms for the auditor.

MAIN PART.

The draft "Professional standard auditor" is being developed with the aim of strengthening the authority of the auditor profession in the republican regulatory and legal framework, attracting highly qualified specialists to the profession as much as

possible and increasing the level of necessary professional competencies.

The professional standard "auditor" will allow to systematize the existing requirements for knowledge, skills and abilities of auditors, to use more widely the potential of the profession to increase the effectiveness of management of organizations, to create a basis for the development of educational standards and the introduction of a course on internal audit in higher educational institutions for the preparation of highly qualified specialists.

Practical adherence to the requirements of generalized labour functions of the professional standard and the desire to build activities in accordance with the requirements of labour functions for each qualification level highlighted in the professional standard will contribute to a systematic and integrated approach to conducting internal audit in Uzbek organizations.



The Ministry of Labour of the Republic of Uzbekistan issued an Order "On the approval of the professional standard" Accountant ", which legislatively formed the rights and obligations of accountants in the exercise of their professional activities. This standard considers from various angles activities related to accounting, analysis and reporting, and also enshrines the rights and obligations of persons related to this profession.

The implementation of this professional standard is aimed at:

- formation of an array of professional information;
- timely documentation of information about the facts of economic life;
- full orientation to the relevant legislation of the Republic of Uzbekistan;
- preparation of financial statements based on all the facts of economic life;
- disclosure of financial information about the position of an economic entity at the reporting date;
- preparation of financial results of the company;
- tracking the movement of funds for the reporting period and others.

For the "Professional Standard Auditor", the following are determined:

- the main goal of professional activity;

- a description of the required professional skills;
- a map of the type of labor activity, based on the operation of the legislation;
- generalized characteristics of labor functions, in order to comply with professional competencies;
- a list of required professional competencies;
- requirements for education and training of auditors are established;
- specifying the special conditions of admission to work;
- for each job function, indicators of qualification levels are fixed;
- the required amount of skills and knowledge required for the implementation of professional activities is established.

RESULTS AND DISCUSSION.

The specifics of internal audit are fundamentally different from external audit. However, for all economic agents, there needs to be a relationship between the work of internal auditors and external auditors. This close relationship improves the efficiency of all forms of audit and reduces the likelihood of errors and duplication of work.

For the most clear presentation of the differences between external and internal audit, it is advisable to draw up Table 1.1.

Table 1.1. - Differences between internal and external auditor

| № | Difference criterion | External audit | Internal audit |
|----------|-----------------------------|--|---|
| 1. | Audit object | - The reliability of the preparation and formation of accounting (financial) statements - The quality of the internal control system | - Internal control system of the enterprise - Formation of the internal control system at the enterprise |
| 2. | Purpose of the holding | - Formation of an opinion on the reliability of accounting (financial) statements - Increasing the investment attractiveness of the company | - Implementation of effective processes to improve the quality of activities - Improvement of corporate governance |
| 3. | Main results users | - Owners - Shareholders - Investors - Lenders - State | - Board of Directors - Top management - Management - Responsible persons |



| | | | |
|----|--|--|---|
| 4. | Regulation | <ul style="list-style-type: none"> - Law "On audit activity" - Republican rules (standards) of auditing activity - Republican standards of auditing activity - Code of professional ethics - Internal standards | <ul style="list-style-type: none"> - Regulatory and legal documents - Internal documents |
| 5. | Openness of information on the results | <ul style="list-style-type: none"> - The auditor's report is an open document - The auditor's report is published in the public domain (Internet, mass media) | <ul style="list-style-type: none"> - Results of internal controls - internal documents - Not intended for a wide range of users |
| 6. | Relationship with the client | <ul style="list-style-type: none"> - Equality and partnership - Reimbursable provision of services | <ul style="list-style-type: none"> - Subordination to management - Accountability to management |
| 7. | Periodicity | Annually | <ul style="list-style-type: none"> - Continuously - As directed by the management |
| 8. | Focus | Aims at identifying errors, including systematic and inaccuracies | Focus on strengthening internally |

Source: compiled by the author, using data

The above differences indicate significant differences in the very specifics of the provision of audit services for external and internal audit.

Despite the presence of the Republican Law "On Auditing", Republican rules (standards) of auditing, Republican standards of auditing, the approved "Professional standard "Accountant ", the Code of professional ethics of auditors, the development of the "Professional standard "Auditor" has not yet been completed. Currently, in fact, apart from the above documents, there is no specially developed document with actual recommendations for the implementation of their professional activities by auditors and audit associations.

The scientific community and the state assume that there will be a step-by-step replacement of the outdated Unified Tariff and Qualification Reference Book for Workers and Professions of Workers (ECTS) and the Unified Qualification Reference Manual of the Positions of Managers, Specialists and Employees (TSA) with professional standards.

When creating the draft "Professional Standard Auditor", the developers relied on the regulatory and legal framework of the Republic of Uzbekistan in the field of audit activities, the experience of Uzbek and international audit organizations, they also used documents and developments of the SRO, IFAC documents, and other sources recommended by the Ministry of Labour and Social Development of the Republic of Uzbekistan ... The developers of the

professional auditor's standard collect, generalize and develop and develop the main criteria - requirements for specialists of different levels in the field of auditing.

It is planned to include the positions of employees in the draft professional standard of the auditor, starting with auditor assistants (assistants, specialists) - specialists with little professional experience and ending with the controlling and management personnel of audit firms. One of the most interesting features of this project is that it involves discussion by a wide range of users. It is planned that the project should take into account the interests of not only large, but also small audit firms, which should have the most positive effect on the audit services market as a whole.

The main content of the professional standard is a description of the direct labor functions included in the professional standard (for example, a functional card of the type of professional activity), as well as requirements for qualifications, level of education and training, practical work experience, special conditions for admission to work.

CONCLUSION.

The professional standard of the auditor is aimed at eliminating possible misunderstandings on the part of the employee and the employer in terms of requirements: education, professional competencies, practical skills, necessary skills, experience and suitability for the positions held. The main aspect of the



implementation of this standard is the preparation of a modern professional auditor standard will help to develop an appropriate Uzbek educational standard for this profession.

Practical recommendations for the implementation of audit activities:

Determination of the purpose of professional activity;

Development of working specialties in an audit firm, in accordance with the duties performed;

Drawing up a detailed list of labour functions, using job descriptions, as well as their detailed description;

1. Identification of the required level of qualifications for each position;
2. The board of directors of the company is recommended to determine the most optimal way of organizing the internal audit - through the creation of a separate structural unit (internal audit unit) or with the involvement of an independent external organization;
3. Allocation of the necessary professional skills, abilities, competencies and education corresponding to each position;
4. Highlighting additional characteristics that may be useful for positions of the corresponding level;
5. Formation and decoding of the list of necessary knowledge and skills for each position;
6. Ranking of professional tasks and necessary professional competencies for each of them;
7. When carrying out internal audit, it is recommended to assess the effectiveness of the internal control system, assess the effectiveness of the risk management system, assess corporate governance, as well as apply generally accepted standards in the field of audit;
8. It is recommended that the Board of Directors, at least once a year, organize an analysis and assessment of the functioning of the risk management and internal control system;
9. When organizing internal audit, it is recommended to apply generally accepted standards of activities in the field of internal audit, as well as the formation of documents;
10. Mandatory application of the entire array of regulatory and legal documents adopted and approved in the Republic of Uzbekistan for audit and audit-related services;
11. General information on regulatory legal documents governing the type of professional

activity for which a draft professional standard has been developed;

12. Formation and generalization of quality criteria for the provision of audit-related services and other services;
13. Unified standards for documenting professional activities;
14. Description of the requirements for the experts involved (qualifications, categories, number), as well as those involved in the development and discussion of the draft professional standard, and a description of the training methods used;
15. Implementation into practice of training specialists in the field of audit and management of audit firms for the transition to the use of this standard, as well as its high-quality implementation in companies;
16. Formation of requirements for professional certification of audit firms, according to the quality of application of this professional standard;
17. Preparation of information about the organizations - developers of this standard with the justification of the objectivity of the selection.

The given practical recommendations will make it possible to formulate and implement the "Professional Standard "Auditor" for a wide range of users in a high-quality and detailed manner. Thus, to gradually abandon the use of the Unified Tariff and Qualification Reference Book of Work and Professions of Workers (ECTS), as well as the Unified Qualification Reference Book of the Positions of Managers, Specialists and Employees (TSA). "The professional standard" Auditor "will include all the necessary aspects that affect the quality of audit activities, as well as the quality of the provision of audit services.

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