



## Implementation of International Audit Standards and its Prospects

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**Abstract:** Currently, in the improvement of auditing practice by the leading countries of the world, ensuring that inspections are conducted in full accordance with international auditing standards, implementing the legislation and advanced experience of developed countries, creating a modern system of professional certification and licensing of auditors based on international standards are among the most urgent and necessary issues to be studied. This article explains the requirements of international standards and discusses the introducing and application international auditing standards in Uzbekistan.

**Key words:** International standards on auditing, internal standards of auditing firms, audit market, financial statement audit, professional services of auditing firms, modern auditing practice, and professional associations of government audit evidence, professional personnel.

Today, in order to ensure the quality and international recognition of audits in the world's modern auditing practice, it is required to organize them using modern software tools in accordance with international auditing standards. In accordance with the international standards of auditing, audits in Malaysia and Singapore are organized entirely based on the requirements of international auditing standards, while in countries such as Australia, Brazil and the Netherlands, taking into account their national characteristics, audits are conducted partially based on the requirements of international standards. It should be noted that in recent years, the main goal of the world audit practice is to provide audit guarantees to business entities by applying international audit standards, that is, to transfer the audit practice from "confirmation" to "guarantee".

Currently, in the improvement of auditing practice by the leading countries of the world, ensuring that inspections are conducted in full accordance with international auditing standards, implementing the legislation and advanced experience of developed countries, creating a modern system of professional certification and licensing of auditors based on international standards are among the most urgent and necessary issues to be studied. Many scientific studies are being conducted in foreign countries aimed at organizing the planning and conducting of audits based on international standards in the context of the globalization of the economy. As a result of the research carried out in the international auditing practice, the procedures for organizing the audit, determining the levels of audit risk and importance, and ways of reducing the risk were developed, a single methodological procedure was achieved for evaluating the sufficiency of evidence in forming a reliable auditor's opinion and presenting the results of the audit, international auditing standards (further issues of forming an audit report and conclusion that conform to the requirements of the KAS) are scientifically based. Many foreign and local economists have conducted scientific research on creating and improving the theoretical and methodological foundations of applying international audit standards to the practice of Uzbekistan. Changing the audit in accordance with international

requirements is becoming an increasingly urgent task for Uzbekistan. In accelerating market relations, the deeper penetration of our republic into the world market requires the development of economic reforms, adaptation of auditing activities to international standards for the wider realization of economic relations.

In particular, according to A.Z. Avloqulov, "The main goal of the transition to international standards is to enter the international market and attract investments. Also, international standards make an important contribution to the qualitative development of the country's economy. In this process, a favorable investment environment, openness of activities of economic entities, accountability of management to shareholders, introduction of modern methods of corporate management will make an important contribution to the development of joint-stock companies. Some Uzbek scientists say that "international standards allow to objectively and realistically reflect business, management and performance results in official published reports, to clearly see the important trends of business continuity, development and progress." This creates a basis for increasing the volume of attracted foreign investments, strengthening international relations, forming a group of potential buyers, and generally increasing prestige in the international sphere.

In international practice, the following two main types of regulation are implemented by means of standards:

- state - standards include all legislative requirements of the state in relation to audit;
- by non-governmental - auditing public organizations.

Currently, the auditing standards system includes international and national standards. The standards include general approaches to auditing, scope of audit, types of audit report, methodological issues of auditing and basic principles of auditing.

According to another economist, I.I. Meliev, "Problems of applying international audit standards in the practice of Uzbekistan were researched." In particular, I. Meliev said, "Today there is a problem of lack of professional personnel in the field of international audit standards in Uzbekistan. If it is determined that the implementation of the standards will be controlled by state bodies, the problem of increasing the costs of state financing will arise. In addition, since state control officials do not know all the subtleties of the audit, there is a risk of "leakage" of information. If the supervision of the implementation of standards in practice is entrusted to public organizations, the issue of objective assessment of standards compliance by public organizations will arise."

The increase in the number of clients of audit organizations and the increase in the quality of their services, the need for audit services is increasing from year to year, the need to develop this activity in Uzbekistan and organize and conduct it based on international standards is increasingly becoming a demand of the times. In our opinion, for the thorough creation of internal standards by audit organizations, deep scientific and practical research should be conducted, and the created standards should include the following elements:

- a list of key terms and concepts defining the purpose of application of the internal standard, as well as an introduction reflecting the scope of its application;
- the goals and tasks of applying the internal standard;
- the principles, methods and procedures for performing analytical actions used in the performance of audit tasks, as defined in the internal standard;
- the list of audit work documents and instructions for the application of the standard, which must be prepared by the auditor in accordance with the requirements of the standard, and others.

Internal standards created in accordance with the above elements and criteria ensure the introduction of international standards on the basis of short term and optimal procedures, regulate the technology of providing audit services, and they serve as a legal basis for the implementation of internal and external control of the quality of audit work.

International auditing standards can be used as national standards only by countries that are members of the International Federation of Accountants. International auditing standards are published in English. International Federation of Accountants audit standards independently or provides official translation into other languages through other organizations. International auditing standards and their official translations into other languages, including Uzbek, are the intellectual property of the International Federation of Accountants. In this regard, in our opinion, the issue of obtaining the rights to relevant texts by the International Federation of Accountants for the use of international audit standards in the Uzbek language in the territory of Uzbekistan is one of the most urgent issues of auditing practice in Uzbekistan today.

In order to organize and conduct auditing activities in our republic on the basis of international auditing standards, it is necessary to clarify the solution of the following issues:

- Improvement of legislation on audit activities in Uzbekistan, including, on the basis of international standards, to increase the quality of audit services and the business community formation of an effective system of external control of the quality of work of audit organizations aimed at supporting trust in the results of the work of audit organizations;
- Development of software that provides auditing of the national auditing practice based on international standards of auditing and its implementation;
- Increasing the level of involvement of audit organizations in international audit networks, including organizing active methodological support of audit organizations and auditors in the application of international auditing standards;
- Publishing the perfect official translation of the international auditing standards in the national language;
- Creation of a web portal compatible with the application of international standards of auditing in the market of auditors of Uzbekistan;
- Cooperation with international organizations that set international audit standards of higher education institutions and public associations of the republic that prepare personnel in the field of "Accounting and Audit" education, and the world's advanced experience in the field of application of these audit standards further improvement of popularization;

Futhermore, in our opinion, one of the main areas of implementation of international auditing standards or ensuring that audits are conducted at the level of international standards. We believe that the development of internal standards for the implementation of the requirements of international standards in the organization will be reliable.

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