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## AUDIT QUALITY CONTROL IN UZBEKISTAN AND ALL OVER THE WORLD

**Abstract:** The article analyzes the method of quality control for audit services. The role of external and internal control of audit quality is revealed as well as the stages in its organization and performance. Special attention is dedicated to the description of key directions in the external and internal test of audit quality.

**Key words:** audit, control, standard, quality, test.

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### Introduction

In the context of globalization of the world economy, audit quality control is organized on the basis of international standards. Audits in the Republic of Korea, Latvia, Singapore, Brazil are organized on the basis of full international auditing standards, auditing activities in the Russian Federation, China and Japan are based on national and international auditing standards.[1]. A definition issued by the American Chamber of Accounts states that a quality audit is an audit that is conducted in accordance with generally accepted auditing standards and guarantees the reliability of the financial statements[2]. Therefore, conducting audits in accordance with the requirements of international standards serves to improve the quality of audit work.

As a result of research conducted in the world practice, special attention is paid to improving the quality control of audit work by the relevant competent authorities and public organizations. In the current world audit practice, inspections are not fully organized on the basis of international standards, audits do not comprehensively study the issues of quality of work requires in-depth research in this area. It is also necessary to establish effective mechanisms for the organization of external control over the quality of audit work, to ensure functional coherence and consistency between the various oversight bodies

in the system, to establish support for the effective operation of the principles of priority and subordination between audit organizations and professional public associations. Improving the application of standards is a pressing issue.

In recent years, Uzbekistan has been carrying out intensive reforms to increase the prestige of auditing and expand the membership of audit organizations in international networks. However, there are still shortcomings in the development of auditing in our country. In particular, "there is no effective system of external quality control of audit organizations, which does not allow the licensing authority to take prompt action against cases of poor quality audit services and dishonest actions of auditors"; the existence of such problems as [3] creates certain difficulties in the activities of audit organizations in accordance with international requirements. The existence of legal, methodological and practical problems in the implementation of quality control of audit organizations and auditors in our country requires research on this topic.

Current issues of audit quality development should be addressed on the basis of the main elements of the regulation of audit activities and the theoretical and methodological basis for ensuring the quality of audit services, audit standards that reflect the level of organization of audit activities.

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To ensure the quality of audit services, it is necessary to develop methodological recommendations that increase efficiency in the organization and regulation of audit activities. These guidelines should be established in every audit firm. The objective needs to improve the quality of auditing in Uzbekistan is explained not only in theory, but also in its practical direction. In addition to the development of theoretical, methodological and organizational guidelines for improving the quality of audits, we need to develop practical recommendations and conclusions, as well as contribute to the reform and implementation of auditing in the Republic of Uzbekistan. Using scientific data on what quality is, the quality of work of audit organizations, the quality of audits and the quality of audit work from domestic and foreign economic literature, we have reflected a personal approach to this issue.

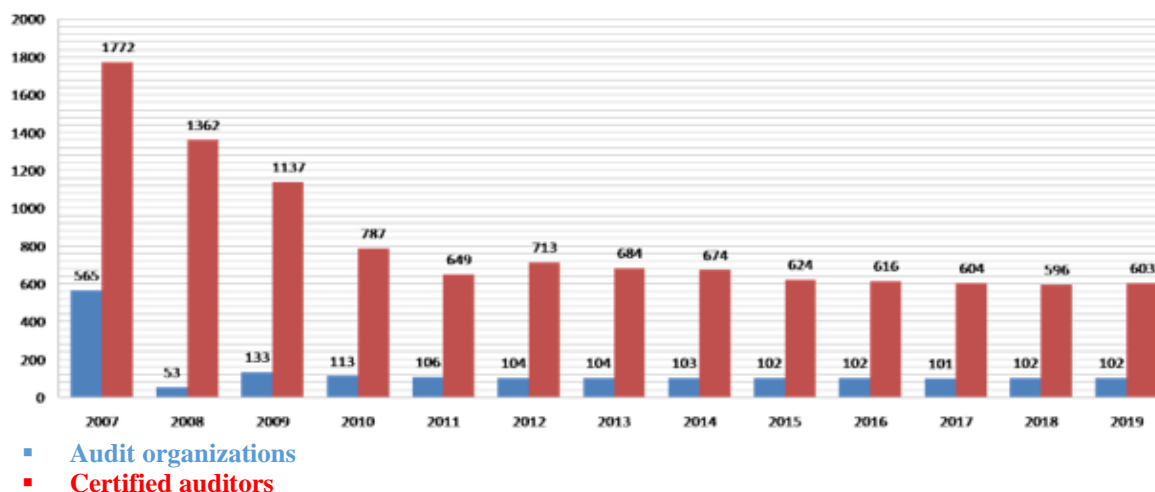
The concept of quality plays an important role in auditing. Numerous studies have been conducted on quality issues, as well as requirements set by international standards for quality assurance and control. There are various approaches to ensuring

quality control in auditing, all of which put forward specific approaches to addressing quality assurance issues.

Insufficient research on audit quality control has not been conducted in the Republic of Uzbekistan. Audit quality control is reflected in the Law of the Republic of Uzbekistan “On auditing” №677, adopted on February 25, 2021. However, technical, organizational and methodological issues of quality control have not yet been resolved. There is no specific regulation on the quality control of audit work. In addition, the extent to which international auditing standards and internal standards of audit organizations should be used to ensure quality control remains unclear.

Before assessing the quality control of audit work in the Republic of Uzbekistan, it is expedient to know on the key indicators of the audit services market.

Figure 1.1 shows the number of audit organizations and certified auditors in the Republic of Uzbekistan for 2007-2019.



**Figure 1. Number of audit organizations and certified auditors in the Republic of Uzbekistan for 2007-2019 [4]**

Compared to 2015, the number of auditors decreased by 20 people in 2018, while the number of audit organizations recorded the same figure. More than half of all audit organizations and auditors operate in the capital, Tashkent, and currently 1 to 7 organizations and 6 to 57 auditors are registered in the regions.

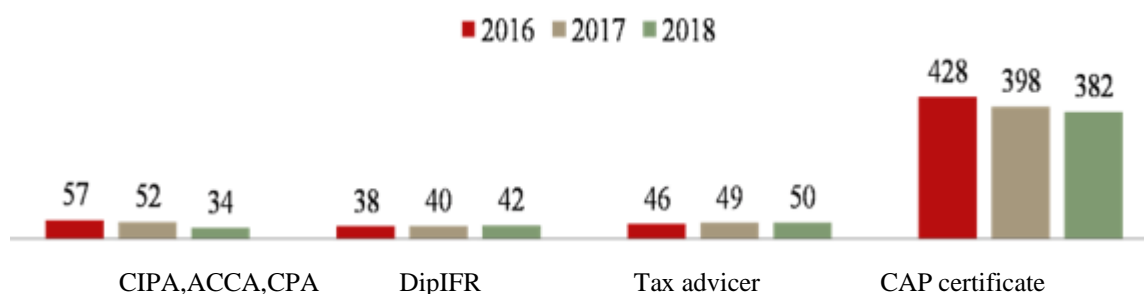
We can note that since 2015, the volume of audit services provided increased from 47108.1 million

soums to 65701.5 million soums. In the last two years, inspections were conducted in 20,794 business entities, more than 95% of which were positive. [5]

Along with the activities of audit organizations, it is important to assess the level of qualification of auditors. The following figure shows the status of auditors operating in the country with certificates of competency (Figure 2).

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**Figure 1.2. Status of certificates related to auditing in the Republic of Uzbekistan.**[6]

As of January 1, 2018, 34 auditors had CIPA, ACCA, CPA certifications, and 42 auditors also had DipIFR and ACCA certifications. Compared to 2014, the number of audit organizations conducting audits in accordance with international standards increased from 10 to 52, and the number of audits increased from 62 to 357.

Nearly a decade ago, in our country, much attention was paid only to certificates obtained under the CIPAEN program. However, later new types of international certification programs began to enter our country. In particular, the demand for the ACCA program is growing today. Under this program, applicants pass the following levels:

- F1-F8 - fundamental sciences;
- P1-P7 - professional sciences.

However, the composition of these disciplines by ASSA is constantly changing.

The SRA is a U.S. accountant certification program that is widely used, primarily in the United States and neighboring countries.

Recently, the demand for certificates under the DipIFR program in our country is growing. This program is an acceptable option for Russian-speaking applicants for the ASSA program.

In assessing the audit services in the Republic of Uzbekistan, it is necessary to pay attention to the situation in Karakalpakstan, which is an administrative component of it. It is necessary to increase the number of audit organizations and the number of certified auditors in the Republic of Karakalpakstan. As far as we know, there are only 2 audit firms in the Republic of Karakalpakstan, which cannot inspect all enterprises in the Republic of Karakalpakstan that are subject to mandatory audits almost simultaneously and provide them with the

necessary audit opinions. Therefore, first of all, it is necessary to increase the number of auditors and audit organizations in the Republic of Karakalpakstan. To this end, it would be expedient for us to conduct training courses for auditors to obtain external and internal audit qualification certificates in the Republic of Karakalpakstan at regional universities and to issue these certificates issued by the Ministry of Finance in the same region. We all know that most of the large enterprises in the country, which undergo a mandatory audit, apply to audit organizations in the center of the country. This leads to overspending by businesses. First, we will avoid overspending, and second, we will increase competition among audit firms so that businesses can benefit both financially and qualitatively.

The quality of the audit includes the quality of the work of the audit organization and the quality of the auditor's work. The quality of the audit organization and the auditor's work is directly related to the audit, which is reflected in the following figure (Figure 3).

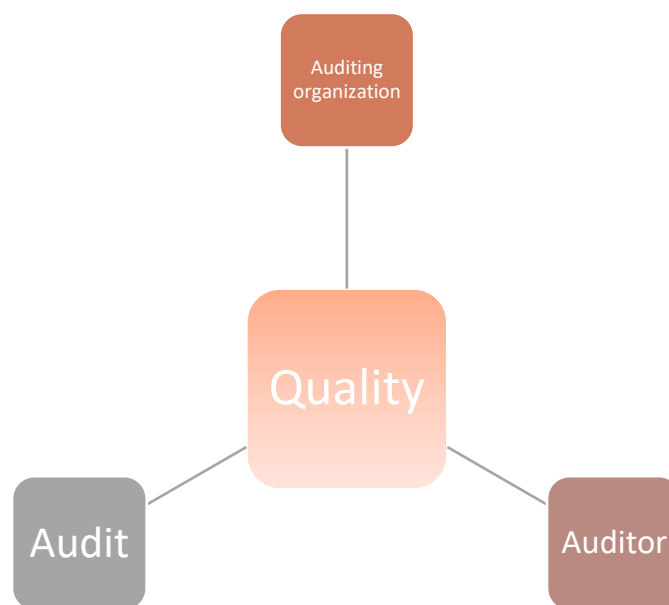
As can be seen from Figure 1.3, the quality of the audit is influenced by the audit organization, the audit and the auditor. Here, first of all, it is necessary to dwell on the essence of the quality category.

Quality is a philosophical category that represents the important accuracy of an object. Throughout the history of philosophical thought, the content of the quality category has changed many times.

One of the first philosophers to interpret the category of quality was Aristotle. Aristotle stated in his *Metaphysics*: "The quality of everything depends on its essence." [7]

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**Figure 3. The relationship between the audit organization and the quality of the auditor's work[8]**

Dr.J. Locke Commenting on quality said: “The power that awakens an idea in our minds. For example, a snowball is capable of creating white, cold, and round ideas in us. So we have the forces that give rise to these ideas, and because they are in a snowball, I call them features.”[9].

According to Gegel, "quality shows that whatever is with its quality, if it loses its quality, it ceases to be something"[10].

We can apply the philosophical ideas of Aristotle, J. Locke and Hegel mentioned above in the field of auditing. Therefore, the quality of audit activities depends on the quality of audit services and the audit of financial statements by auditors. In addition, the quality of auditing depends on who is interested in it.

R. Hoyer, B. Hoyer's "What is Quality?" in the article[11] presents the views of the top eight experts in the field of quality: F. Crosby (1979), E. Deming (1988), A. V. Feygenbaum (1983), K. Isikav (1985), Dj. Djuran (1988), R. M. Piercing (1974), U. A. Schuxart (1931), G. Taguti (1979). According to the authors of the article, despite the many similarities in the concept of quality, the greatest experts in the field of quality have not yet introduced a single concept of "quality".

F. According to Crosby, “quality is about meeting the requirements. This also applies to business. The requirements must be clearly defined, otherwise we will not be able to understand each other. After that, measurements should be taken on a regular basis to determine if compliance is indeed ensured. The basic rules of quality definition are as follows: quality marks must be clear (installed),

otherwise it is impossible to know how to manage it, in other words, we need to know what the set requirements are and how to transfer them to the characteristics representing the product or service.

In connection with the audit, it is considered in accordance with the requirements of the concept of quality - the requirements of the regulations (audit standards, rules of professional ethics of auditors). Such an approach can lead to taking into account formal features.”[12].

E.. According to Deming, “quality is to be defined in terms of customer satisfaction. He says that quality is multidimensional and it is not possible to determine the quality of a product or service with only one feature or only one perspective.”[13].

In the field of auditing, the ideas expressed by the above scholars can be applied.

We A. V. We present Feigenbaum’s most important statements on quality assurance. Quality should be defined in terms of customer satisfaction. Quality is determined by the customer, not the engineer, marketer or manager. It is based on the consumer’s actual assessment of the product or service in relation to their requirements [14].

A.V. Freygenbaum is paying more attention to the consumer. This approach cannot be fully applied to an audit because it is a unique service whose purpose is defined by regulatory documents and therefore the auditor cannot be fully customer-oriented.

I.f.d., Professor A.Z.Avlokulov noted that once the legal framework for audit is created and the organizational framework of auditing is fully formed, the main focus should be on improving its quality.

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Quality indicators of audit services serve to increase the efficiency of the audit [15].

It is clear from the above considerations that while economists have tried to explain the essence of

the quality category, they have not fully elucidated the essence of the quality of the audit work.

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