



COMPARISON OF FOREIGN EXPERIENCE IN QUALITY CONTROL OF AUDITS

¹Utegenova Sarbinaz Turdimuratovna

¹Karakalpak State University named after
Berdak Teacher of Accounting and Audit
Department, Uzbekistan

²Bayjanov Sarsengali Xalmuratovich

²Head of Accounting and Audit Department at
Karakalpak State University named after
Berdak, Uzbekistan

ABSTRACT

The article discusses the quality control of auditing in the Republic of Uzbekistan, and the article also conducts a comparative analysis of the quality of audit of the Republic of Uzbekistan with foreign countries.

KEYWORDS: *audit, audit quality, standards, certification of auditors, internal control, external control*

DISCUSSION

The subject of quality control of audit services Following the 2002 scandal involving the falsification of Enron's own reports, lawsuits against Arthur Andersen, an independent audit firm of Enron, and the audit firm were accused of concealing financial fraud, after which both companies ceased operations. In this criminal case, Arthur Andersen paid serious attention to what professional standards the audit organization violated, and there was a need to control the quality of audit work.[1].

There are five models of accounting in the world known to us, which are listed in Table 1 below. In the table, the models are distinguished based on the characteristics of each state related to religious revenge, economic level, the role of the state in the economy, democratic policies in the state.

Today, the Republic of Uzbekistan pursues an open economic policy. In this case, the economy of each country in the world is connected with

the second economy, resulting in the integration of economies. Under the leadership of the head of our state, a policy of rapid development is being pursued in all spheres of the Republic. The policy of rapid development pursued under the Action Strategy should be not only quantitative, but also qualitative.[2] The President emphasizes that: "Ensuring the quality of audit services is necessary to strengthen the position of the audit of the Republic of Uzbekistan in domestic and foreign markets, increase competitiveness and international recognition. We need to develop new requirements for the concentration of the audit business, the formation of national networks and their integration into international networks, corporate governance, technologies for the provision of audit services, the development of internal standards for audit organizations". This means that the audit can be performed only if there is a high quality theoretical, methodological and organizational basis.



Table 1. Five models of accounting in the world.[3] .

Models	States			Features
Anglo-American models	Australia, the United Kingdom, Hong Kong, Israel, Ireland, Iceland, India, Canada, Cyprus, Mexico, the Netherlands, Central America, the United States, and other countries with British influence.			- Orientation of accounting to the needs of investors and creditors; the existence of a developed securities market; high level of professional training in accounting the existence of multinational corporations.
Continental models	European countries, French-speaking countries, etc. These are Austria, Belgium, Greece, Italy, Spain, Norway, Portugal, France, Germany, Switzerland, Sweden, Japan.			- close production relations with banks; detailed legal regulation of accounting and reporting. Accounting is very conservative; accounting and reporting in the interests of the state tax administration; strong influence of the EU.
South American model	Argentina, Brazil, Peru, Chile, Ecuador.			high inflation. A characteristic difference of this model of accounting is the adjustment of accounting data to the inflation index; strict state requirements for accounting and control of income of firms and the population. The information required to monitor the implementation of tax regulations is well reflected in the accounting records; unification of accounting principles (there is no freedom in choosing the accounting system and procedure, accounting policy is strictly defined)
International model	National systems of Eastern Europe Founded in 1930-1932. Composition - about 15 countries.	National systems of the European Union (EU) countries Founded in 1968. About 12 countries.	National systems of UN countries. Founded in 1977. Used by multinational enterprises.	The need for their existence and development is explained primarily by the need for international consistency in accounting in accordance with the interests of international companies and foreign participants in international currency markets.
Islamic model	It is widespread in the Middle East and operates under the influence of religious ideas			It is prohibited to receive dividends as profit; market prices are mainly used in valuing assets and liabilities. Hatfield classification is also used; classification based on the general economic situation in the country; Rene David's classification; American Association of Auditors Classification; American Accounting Association Classification.



Quality control of audits is also a new phenomenon for Russian audits, but they began to move to International Standards on Auditing before us (fully transitioned to International Financial Reporting Standards in 2011, transition to International Standards on Auditing in 2015). Thus, the Director of the Accounting Regulation, Financial Reporting and Auditing Department, L.Z. In an interview with Izvestia[4], Schneidman elaborated on the concept of external audit quality management, saying: has its own characteristics per day. Foreign auditors work in accordance with international auditing standards, and the transition to international auditing standards should be carried out primarily by Russian organizations. If Russian auditors work in accordance with international standards, one of the competitive advantages of foreign auditors will be lost. We will introduce additional, more stringent requirements to the system of internal and external quality control of auditors, which has one goal: we want to improve the quality of services provided by Russian audit organizations. This means that the Russian Federation has also begun to move to ISAs, recognizing the advantages of international experience.

China is one of the most ancient civilizations we know. In China, the audit function is part of the state administrative structure, i.e., the National Audit Office of China is responsible for audits in accordance with the provisions of the Constitution of the People's Republic of China and a number of other laws and regulations[5].

Auditing in China is a highly developed field and the government in China supports public accountants and auditors. In this regard, the number of public accountants and auditors in China is increasing year by year. There are more than 50,000 audit organizations and 70,000 internal auditors in the country. Despite the quantitative development of this industry, the quality of the audit has also received a lot of attention from the Chinese government. The Chinese government controls the complexity of the examination process and the quality of the work of state audit organizations in China with punitive laws to obtain the qualification of a certified auditor.

The People's Republic of China has the following regulations governing auditing:

1. Interim rules of audit of the State Council.
2. Audit Rules of the People's Republic of China.
3. Law of the People's Republic of China on Auditing.
4. Rules for checking the responsibility of key employees and management staff in state-owned enterprises.

In China, there are the following regulatory documents governing the quality of audits:

1. State audit standards of the People's Republic of China.
2. 100 audit quality management rules.
3. Temporary rules for checking the quality of audit activities, etc.

In China, laws are generally accepted and there is no division into federal, state, and local laws like in Russia and the United States.

In conclusion, in theory, it is difficult for the Chinese themselves to determine the exact difference between IAS and Chinese audit standards[6].

In the United States, adherence to the generally accepted principles of accounting - GAAP - (Generally Accepted Accounting Principles) is mandatory for all accountants and auditors. In the U.S. itself, accounting standards are approved by an independent board - the Financial Accounting Standards Board (FASB) - after a lengthy public discussion.

Along with accounting standards, audit standards also apply. In the United States, they are called the Generally Accepted Auditing Standards (GAAS). They are used in the organization and conduct of audits, as well as in solving problems. The standards were developed by a special division of the American Institute of Certified Public Accountants (AICPA). They are mandatory for all accountants in the country. In case of non-compliance with the standards, the courts and other bodies supervising auditors have the right to suspend their activities. The diversity of accounting and auditing systems in countries around the world has required the harmonization and implementation of standards in the field of accounting and auditing. In particular, the IAPS deals with this event. The International Auditing Practices Committee (IAPS) under the IFAC coordinates the application of international auditing standards in order to enhance the status of the profession in less developed countries. The auditing activities of the United States, Canada, and the United Kingdom are governed by national standards, and international auditing standards are used for information.

We compared and analyzed the quality control activities of audits in Uzbekistan, Russia, the People's Republic of China and the United States. We studied the following indicators of these countries:

- 1) Level of compliance with IAS;
- 2) Organizational and methodological features of audits
- 3) Accounting system maintained in each country
- 4) Specific features (legislation) of quality control in each country

Taking into account foreign experience, there is a need to further improve the methodological, organizational and legislative tools in the field of quality management of auditing in the context of Uzbekistan.



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