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## **PRACTICAL STATUS OF EXTERNAL QUALITY CONTROL OF AUDITS: ON THE EXAMPLE OF UZBEKISTAN AND FOREIGN COUNTRIES**

*Abstract. This article is about the current state of external audit quality control and its analysis on the example of the Republic of Uzbekistan and foreign countries. It also includes sources of audit control in Uzbekistan.*

*Keywords: financial statements, audit, audit standards, NAUU, supervision, authorized body, investigation, control over auditors*

**Introduction.** One of the main means of ensuring the transparency of business entities is the financial statements of these entities, approved by audit firms. On their basis, economically important decisions are made.

The essence of the audit profession is characterized by the acceptance of responsibility to the audit client and society as a whole, on the basis of which the issues of monitoring and improving the quality of audit services are very relevant for all foreign countries. It is also important to ensure mutual trust between the CIS countries in the audit results.

The Republic of Uzbekistan has internal and external sources of quality control of audits, which is one of the features of many countries around the world. Hence, the internal source of quality control of audit work is the internal audit standards of audit organizations. Internal audit standards of auditing organizations should show that auditors carry out their control procedures in a clear manner and include specific recommendations that will help auditors improve the quality of their professional activities.

However, in most audit organizations today, the development of internal audit standards is reflected in the formality and the specifics of the audit organization that develops the internal standard, as copies of samples developed by public associations of auditors. Analytical section. External quality control of audits Today, the website aud.mf.uz of the Department for External Quality Control of Audit Organizations within the Ministry of Finance has been launched. This site submits electronic reports of audit organizations located in the Republic of Uzbekistan and checks the quality of audit organizations on the basis of risk analysis.

The National Association of Accountants and Auditors of Uzbekistan (NAUU) carries out external control of audit organizations.



Differences between the external control over the quality of audit organizations within the Ministry of Finance and the external control of audit organizations of the National Association of Accountants and Auditors of Uzbekistan (NAUU):

At NAUU, only the quality of audits of audit organizations that are members of the association is monitored, and this is assessed in the annual audit rating conducted by the association. In the department of external control over the quality of work of audit organizations within the Ministry of Finance, all audit organizations operating in the Republic of Uzbekistan are selected and inspected on the basis of risk analysis.

In accordance with the Action Plan for the implementation of the third phase of the CIS Economic Development Strategy until 2020 (2016-2020), approved by the CIS Council of Heads of Government on October 30, 2015, in order to strengthen the protection of investors by serving the public interest and improving the quality of audits. The Coordination Council on Accounting under the Committee prepared recommendations on the control of auditors and audit organizations and introduced the following definitions: Supervision - control (including quality control) and (or) audit organizations and audit organizations in accordance with the legislation on auditing, international auditing standards, ethics and other mandatory documents.

The purpose of control is to ensure the quality of audit services and to ensure the transparency and accuracy of reports to encourage investment activity. Authorized body - auditors and audit organizations to identify violations of the law on auditing activities, international auditing standards, ethics and other mandatory documents, as well as the above-mentioned control and application by the entities.

Activities that are highly valued by the public, defined by the state, public entities, social organizations, community organizations, public companies.

Investigation is the conduct of inspections and audits of the actions of audit organizations.

Following a series of financial crises and corporate scandals in the United States, the Sarbanes-Oxley law was passed in 2002, creating a global trend of transition from self-regulation in the audit profession to auditing in state-owned companies.

The purpose of the Board is to inspect the activities of open joint stock companies in order to protect the interests of investors and the public interest. The European Parliament and Council of Europe Resolution No. 537/2014 of 16 April 2014 "On the Requirements for the Compulsory Inspection of Public Interest Entities" (external European auditors) is a very important public opinion. The principles of the system of quality control of auditing activities have been published by the International Forum of Independent Auditors, which unites 55 countries, including the Russian Federation, among the CIS countries. The basic principles of IFIA are aimed at developing effective independent oversight through auditing activities around the world, and IFIA's 11 key principles are based on the effectiveness of audit management, quality control and audit systems, some of which are:

- be independent in their activities with the regulatory authorities. Independence refers to the ability to carry out regulatory activities, as well as the ability to perceive and implement regulations without the intervention of law enforcement officials;

- Audit regulators, at least in the case of socially important organizations, are subject to professional standards, independence requirements and other laws,

Audit organizations should be periodically audited to assess compliance with the rules and regulations. The United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the United Kingdom) is a country with many years of independent oversight experience. Changes are currently taking place in the FRC to ensure independent oversight in the field of auditing. The UK government is looking at attracting investors in the auditing sector, compliance and compliance with the highest standards as a key element of economic growth. Legal basis for control over auditors and audit organizations conducting mandatory audits of the CIS member states International auditing quality standards Audit quality regulation Auditing of audit organizations and individual auditors, setting standards, quality control of audits and non-compliance with audits including the issuance of a license to take disciplinary action. Nationwide, these functions are usually performed by independent governing bodies or professional accounting organizations, or both.

Thus, today the system of control over auditors and audit organizations conducting mandatory audits in the CIS member states consists of various national systems, and the following models of audit control are used:

the first model is the control of the state body (persons) by the state;

the second model is in the formation of professional (self-regulatory) organizations with control functions, including the task of developing standards;

the third model is a mixed audit performed by professional audit institutions and at a clearly defined level by the state.