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THE EXPERIENCE OF STUDYING AUDITING ACTIVITIES IN THE COUNTRIES OF THE WORLD

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Abstract:
The paper studies the joint control of auditing activities in the countries of this region by state bodies and public associations, and considers them in the article in the form of examples as a result of researching public associations of auditors of European, American, Asian and CIS countries, the joint control of auditing activities in the countries of this region by state bodies and public associations, and we will consider them in the article in the form of examples.
Keywords: Consultant-accountant, audit activity, audit report, scientific research, international certificate, public associations, audit market..

INTRODUCTION

International Financial Reporting Standards have played an important role in the convergence, harmonization and further improvement of financial reporting standards worldwide. They are used for the following purposes:

- serve as the basis for national accounting and reporting requirements in most countries;
- to be used as an international benchmark for individual countries developing their own accounting and reporting requirements (including industrialized countries as well as emerging markets, such as China, other Asian countries, and former Soviet Union countries);
- in cases where stock exchanges and regulatory bodies require the preparation of financial statements in accordance with international standards of financial statements;
- used by national bodies, such as the European Commission, which decided to rely entirely on international standards of financial reporting in the development of standards for capital markets;
- Use of financial reporting in countries where international standards are not required due to the increased number of companies.

Due to the above, the international standards of Financial Reporting are more widely used and recognized throughout the world. Even some countries are using the International Financial Reporting Standards (IFRS) as their standards without changes, and some are making some changes depending on the country's characteristics. Large multinational companies emphasize that it is convenient for them to use international financial reporting standards.

One of the most important events proving the recognition and increasing use of international financial reporting standards is the adoption of international financial

reporting standards for foreign quotations by the International Organization of Securities and Exchange Commissions.

The European Commission recognizes the importance of maintaining a fair and effective competitive environment in the European Union in terms of harmonization of reporting and accounting in general with the International Financial Reporting Standards. The European Commission has officially declared that the cooperation with the International Financial Reporting Standard is effective in the harmonization of financial reporting standards.

On April 11, 1996, the US Securities and Exchange Commission set forth the following rules:

- the standards should include the main part of accounting requirements that provide a comprehensive basis of accounting;
- standards must be of high quality, as they must ensure comparability, clarity and complete coverage of information;
- standards should be interpreted and strictly followed.

Thus, it can be concluded that the use of the standards developed so far by the ICRC is highly effective for the international community.

LITERATURE REVIEW

Audit activities in European joint-stock companies began to take shape due to the need to resolve controversial issues between shareholders, creditors and tax officials. At that time, there was a growing need for specialists who could independently work and give accurate conclusions about the production and financial activities of the enterprise. As a result, in 1862 in England, in 1867 in France, and in 1937 in the USA, laws on compulsory auditing were adopted. Currently, audit institutes with their own organizational and legal infrastructures are operating in countries with developed market economies.

The world economic recession of 1929-1933 gave a great impetus to the development of auditing activities. During this period, most of the joint-stock companies and other enterprises faced a crisis. As a result, there was a need to strictly define the procedure for approving the reports, in particular, the information on the balance sheet, profit and loss, and to check their correctness and truthfulness by independent auditors.

Auditing also began to emerge in Scotland in the middle of the 19th century. In Scotland, the first formal associations of professional accountants were created under separate Royal Decrees. On October 23, 1854, the Society of Accountants of Edinburgh (The Society of Accountants of Edinburgh); The Institute of Accountants and Actuaries in Glasgow (The Institute of Accountants and Actuaries in Glasgow) on March 15, 1855; The Society of Accountants in Aberdeen was founded on April 10, 1867.

Auditing in the US was influenced by the British practice of auditing. American author William Stemberg points directly and writes: "the audit function was brought to the United States by British accountants at the end of the 19th century." When British railroads, insurance companies, and other investors headed to North America, independent auditors went with them to protect the interests of the big British investors. Until the

beginning of the 20th century, auditing in the United States was based on a non-English model that involved a detailed examination of balance sheet information. In the USA, auditors are divided into 3 types of certifiable specialties (Figure 1).

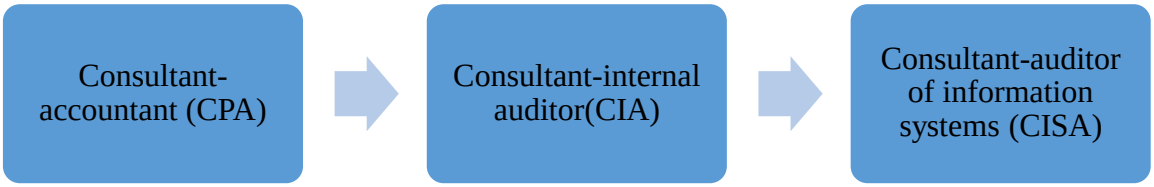


Figure 1. Specializations in which auditors are certified in the USA

RESEARCH DATA AND METHODOLOGY

International accounting standards (IAS) play an important role in the development of the international accounting system in the context of economic modernization. CSIs serve as an important tool in developing cooperation between countries, including economic relations, and improving the investment climate in countries. That is why the number of countries that recognize international standards is increasing day by day. The Republic of Uzbekistan also chose its own way of transition to the CIS.

According to the Decree of the President of the Republic of Uzbekistan dated April 24, 2015 No. PF4720 "On measures to introduce modern corporate management methods in joint-stock companies", in 2015-2018 all joint-stock companies must publish annual financial reports and in accordance with International Auditing Standards and International Financial Reporting Standards it is determined that the commission to conduct an external audit and increase the efficiency of joint-stock companies and improve the corporate management system should approve the schedule of publishing the annual financial report of joint-stock companies in accordance with international standards by July 1, 2015.

After that, according to the Decision of the President of the Republic of Uzbekistan dated December 21, 2015 No. PQ-2454 "On additional measures to attract foreign investments to joint-stock companies", it was determined that the share of foreign investors should be attracted to the authorized capital of joint-stock companies in the amount of not less than 15 percent.

DATA ANALYSIS AND RESULTS

In Germany, the professional self-regulating organization of auditors - the Chamber of Auditors represents the professional interests of all auditors, auditors, audit firms and societies, and supervises the fulfillment of professional obligations by them. The Chamber of Auditors has 7 representative offices on federal lands, which assist the central office, but cannot be legally independent.

The development of economic relations in Russia, like in all countries, is associated with the emergence of joint-stock companies, as well as the implementation of banking reforms aimed at revitalizing credit capital and activating the stock market, which ultimately led to the formation of audit, which is interpreted in a modern way.

Currently, auditing activities are carried out in accordance with the Federal Law No. 307-F3 "On Auditing Activities" adopted on December 30, 2008, as well as other regulatory legal documents regulated by the state and professionally.

Regulatory documents in the Russian audit legal regulatory system can be divided into 4 levels (Figure 2)

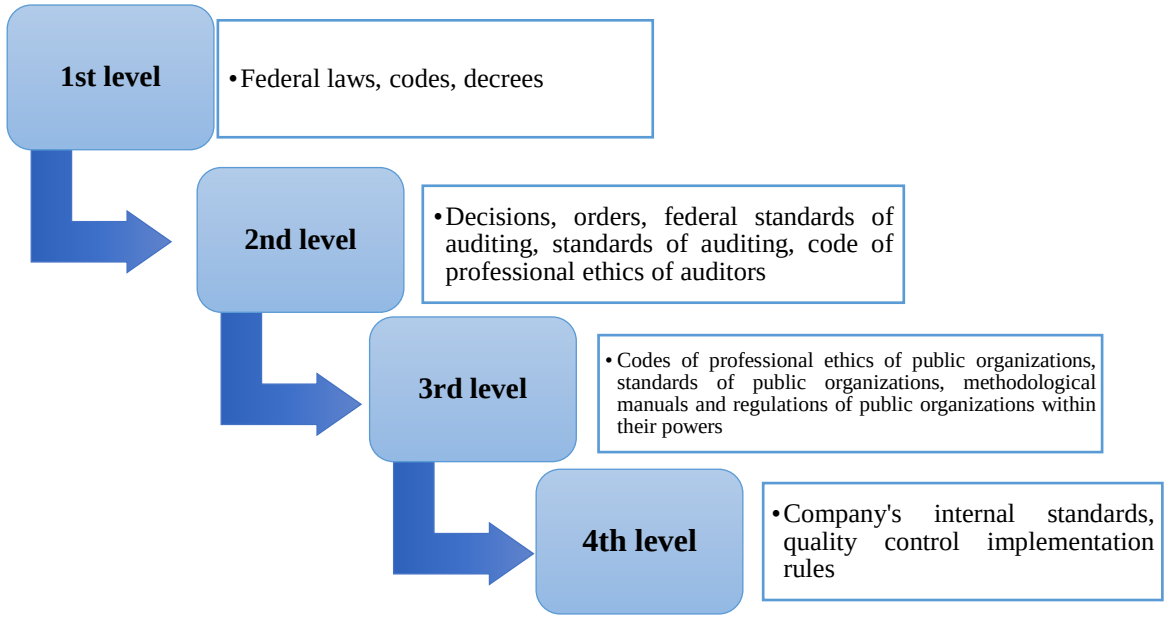


Figure 2. Regulatory system of auditing activity in Russia

While describing the participants of the market of audit services, it should be noted that the federal body that regulates audit activities in the country, from the very beginning, is the Ministry of Finance of Russia. According to his information, as of January 1, 2020, 4,100 auditing organizations and about 600 individual auditors (entrepreneurs) had a license entitling them to conduct auditing activities (Table 1).

Table 1

Audit organizations in the Russian Federation and number of auditors

Number of entities engaged in auditing activities / years *(in thousands)*	2016	2017	2018	2019	2020
Auditors	5.1	5.0	4.8	4.7	4.4
Audit organizations	4.4	4.4	4.2	4.1	3.9
Auditors	19.7	19.6	19.6	19.5	18.8
Individual auditors	0.7	0.6	0.6	0.6	0.6

From the data in the above table, it is possible to see the decreasing trend of auditing organizations and individual auditors in Russia in 2016-2020. The main reason for this is the increased demand for audit organizations, healthy competition and the importance of the quality of audit work. The description of the general audit activity of the Russian Federation is given in Table 2.

General audit activity of the Russian Federation

Audit activities	External Internal
External	Mandatory Initiative style
Audit services	Accounting automation Financial reporting Organization and maintenance of tax accounting Financial management tips

According to the Law of the Republic of Azerbaijan No. 882 "On Auditing Service" adopted on September 16, 1994, state regulation of auditing activities in the country was established. The Chamber of Auditors of the Republic of Azerbaijan is an independent financial control body.

CONCLUSION

The main links of the multi-level system of European, American, Asian and CIS countries, laws, regulatory bodies, standards, legal forms of audit organizations, description of audit organizations and requirements for auditors were explained in detail. Also, the activities of the audit organizations of the most developed countries of these regions, their structure and legal status, similar services offered by the audit organizations, as well as the requirements for auditors were studied and analyzed. As a result of researching the international practice of auditing, the legal control system was divided into two: control by the state and regulatory systems by public associations and audit institutes.

As a result of the study of international audit markets and the experience of developed countries, taking into account the latest changes in the economy of our country, recommendations for the organization of individual audit activities in the audit system were developed. The role, status, functions and powers of the public associations of developed countries in the audit activity were studied, the activities of the republican public associations of auditors operating in our country were compared and the necessary recommendations were developed.

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